



ANNUAL INTEGRATED REPORT 2017



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About this report

How to read this report

The Bidcorp annual integrated report for the year ended June 30 2017 reports consolidated information gathered from the global spread of the group's divisions. Bidcorp's geographic reach encompasses 34 countries on five continents. Due to the expanse of local geographic regulations, we only include limited material sustainability information in the annual integrated report. Additional information is available on request.

In line with the guidelines from the Integrated Reporting Committee of South Africa we have incorporated the relevant six capitals as a platform to inform this review. By using the Global Reporting Initiative (GRI) framework while striving for concise reporting, only information relevant to the specific Bidcorp environment is reported.

We stress that this report should be read together with the information available on the Bidcorp website (www.bidcorpgroup.com).

Financial performance

Bidcorp has, in addition to its actual audited results, provided shareholders with pro forma financial information in relation to the comparative year-end due to the unbundling from The Bidvest Group Limited in May 2016, to enable a full appreciation of the true performance of the group.

Assurance

To ensure the integrity of the annual integrated report, Bidcorp adopts a combined assurance model, which includes management, external audit, internal audit and other independent assurance providers.

Materiality

Our report focuses on issues which the board believes are material to stakeholders and could impact value creation in the business. We aim to demonstrate the connectivity between our business model, strategy and our risks and opportunities analysis. The material issues are monitored by management on an ongoing basis and have been reported herein.

Forward looking statements

The annual integrated report may contain statements regarding the future financial performance of the group and specific businesses, which may be considered to be forward looking statements. By their nature, forward looking statements involve risk and uncertainty, and although we have taken reasonable care to ensure the accuracy of the information presented, no assurance can be given that such expectations will prove to have been correct.

Board responsibility

It is the board's responsibility to ensure the integrity of the annual integrated report. The audit and risk committee and social and ethics committee acknowledge their responsibility to ensure the integrity of this annual integrated report. The board has accordingly applied its mind to the content of the report and in the opinion of the board, believes it addresses all material issues and presents fairly the integrated performance of the organisation and its social and environmental impacts.

The annual integrated report has been prepared in line with best practice pursuant to the recommendations of the King IV Code. The Bidcorp board has authorised the annual integrated report for release on October 11 2017.

Feedback

We value your comments and suggestions, should you feel that there is important information that you would like to see included in future reports, please contact us on admin@bidcorp.co.za.

Serving those who serve great food



Divisional reviews
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Australasia

Australia	www.bidfood.com.au
New Zealand	www.bidfood.co.nz



United Kingdom

Bidfood UK	www.bidfood.co.uk
Bidfresh	www.bidfresh.co.uk
Logistics	www.bidvestlogistics.com



Europe

Netherlands	www.bidfood.nl
Belgium	www.bidfood.be
Czech	www.bidfood.cz
Slovakia	www.bidfood.sk
Poland	www.farutex.pl
Italy	www.gruppodac.eu
Baltics	www.nowaco.lt
Spain	www.guzmangastronomia.com
Portugal	www.frustock.pt
Germany	www.pier7.de
Austria	www.pier7.at



Bidcorp, operating as Bidfood in most geographies, has adopted a decentralised model which encourages the entrepreneurial spirit contained in each of its businesses. Each business is directly responsible for its product range, its buying and sales approach. Businesses retain their local brand, tone of voice, look and feel. The cultural differences are important to differentiate the regional locations. Customers should see each business as an autonomous, small, local business.



Emerging Markets

Middle East

Al Diyafa www.diyafa.com.sa
Horeca www.horecatrade.com
Turkey www.aktaes.com.tr

South America

Chile www.bidfood.cl
Brazil www.iavelino.com.br

Africa

Bidfood SA www.bidfood.co.za
Crown Food web.crownfood.co.za
Chipkins Puratos www.chipbake.co.za

Asia

Hong Kong www.angliss.com.hk
China www.angliss.com.cn
Singapore www.angliss.com.sg
Japan www.angliss.com.sa/miumi

We want our customers to be confident in our ability to deliver above average quality and value at unsurpassed service levels. We want our staff to be passionate about the products they sell and the customers they service.

Passionate about FOOD

Passionate about SERVICE

Passionate about PEOPLE

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Pursuing opportunity

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Unlocking value

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Continued growth

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Solid performance

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-  Cross-reference content within this report
-  Further information available within our online report
-  All definitions are included in our glossary on pages 159 and 160.



Bidcorp's six capitals defined



Financial capital

The funding and financial resources available to and deployed by the group; including bonds issued, finance raised, revenue generated, interest income and funds reinvested.



Intellectual capital

Organisational knowledge, systems, protocols and intellectual property in particular the innovative cutting edge online customer & supplier interfaces being used internationally to simplify, streamline and create efficiencies in our business process end-to-end; providing us with our competitive advantage.



Manufactured capital

The physical infrastructure used to sell products; includes distribution centres (owned and leased) and the IT systems throughout the business enabling us to procure, import, deliver and sell our products and services around the world.



Human capital

The competencies, capabilities and experience of our employees and globally diverse management team, enabling us to deliver our products and services and implement our strategy, thereby creating value for our stakeholders.



Social and relationship capital

Stakeholder relationships and engagement making up the critical, long-term relationships that we have cultivated with customers, suppliers and business partners in developing our internationally recognised corporate reputation.



Natural capital

Environmental resources form the foundation of our products and services. Sourcing food products locally, delivering them efficiently and responsibly whilst protecting and enabling the long-term sustainability of food production.

Our story so far

1989

Acquired 100% of Chipkins and Sea World signalling the start of Bidcorp's foodservice operations in

South Africa.



1992

Acquired Crown Food Holdings which later merged with National Spice.



2009

Acquired 94% of Nowaco, a leading foodservice provider operating in the **Czech Republic** and **Slovakia**, and 91% of Farutex, a foodservice provider in **Poland**.



2007

Acquired 100% of Angliss, a leading foodservice wholesaler and distributor in **Singapore** and **Hong Kong**.



2006

Acquired 100% of the **Netherlands** and **Belgium** foodservice company, Deli XL and an 80% stake in Horeca Trade, a small **UAE**-based foodservice distributor.



2011

Acquired 100% of Seafood Holdings, a market leading fresh fish foodservice business operating in the United Kingdom.



2012

Acquisition of 80% of Deli Meals in **Chile**, our first entry into South America.



2013

Acquisition of 51% of Aktaes Holdings, a small Foodservice provider in **Turkey**.



1995

Bidcorp was incorporated on August 17 1995 as a private company in SA. Acquired an initial 40% interest in listed Australian foodservice business Manettas, the start of our business in

Australia.



1997

Acquired control of Manettas following a rights offer and Manettas was renamed Bidvest Australia Limited.



1998

Established Bidvest plc (now Bidcorp Foodservice International Limited) and Bidvest Australia Limited's shares were exchanged for shares in Bidvest plc.



2004

Bought out the minority shareholders in Bidvest plc.

2001

John Lewis Foodservice acquired and incorporated into Bidvest Australia, creating the leading foodservice distributor in Australia.



2000

Bidvest plc enters the **New Zealand** foodservice market with the acquisition of 100% of Crean Foodservice.



1999

Booker Foodservice, renamed 3663 First for Foodservice, acquired by Bidvest plc.

United Kingdom



2014

Acquired a 60% stake in Distribuidora E Importadora Irmãos Avelino, a foodservice provider in **Brazil.**



2015

Acquisition of a 60% stake in Gruppo DAC S.p.A, a leading Italian foodservice provider in **Italy** and 100% of PCL24/7.



2016

Separately listed and unbundled the foodservice operations, renamed the entity Bid Corporation Limited (Bidcorp).



2017

Bidcorp moves into **Spain** through its acquisition of a 90% stake in Guzmán Gastronomía & Cuttings (Guzmán).

guzmán

Bidcorp global rebranding.



Strategy: “All about the food”



We continue to focus on high margin independent business.

Adopting a “direct-to-customer” model continues to deliver improved results.

“Foodservice is our core business”

Bidcorp commitment to sustainability

The diverse environmental and socio-economic realities in which we operate, demand different and flexible responses to issues of sustainability. In line with Bidcorp’s managerial approach, we believe that our individual companies are best positioned to respond to the sustainability priorities of their operations – from a legislative, resource availability, employee and social investment perspective.

Bidcorp builds on this decentralised base through group-wide policies on bribery, corruption, environmental management, and critical sustainability metrics businesses are required to report on.

Sustainability governance

The board’s social and ethics committee oversees the quarterly reporting of the

group’s sustainability activities. While the decentralised business model promotes appropriate responses from our companies, the committee is guided by a group-wide materiality assessment and stakeholder impact analysis. Key among these, include responsible product sourcing, environmental impact, employee well being, and our responsibility as a corporate entity to support social investment programmes.

Responsible product sourcing

As a foodservices company, our global products are sourced from a variety of third party suppliers in differing geographies. We must be able to guarantee quality and ethically produced products and, hence, we uphold a code of conduct that stipulates environmental standards, human rights,

employee working conditions, occupational health and safety standards and business ethics that we believe reflect the integrity of Bidcorp.



See: www.bidcorpgroup.com

Environmental commitment

We view our environmental reporting as an ever-developing strategic focus. Environmental management equates to sound business management as much as it relates to protection of our planet. Our environmental impact is largely driven by consumption of various resources that are high-cost items in our operational budgets such as fuel sources for our fleet. Of these, we have achieved consistency in consumption over the past two years against a backdrop of higher growth.

LABOUR

	Number of employees	Fatalities	Payroll spend
	25 613 2016: 24 064	0 2016: 0	R14 034m 2016: R12 500m
	Female employees		Employee training spend
	7 015 2016: 6 448		R84,3m 2016: R34,4m
	Male employees	Lost-time injury frequency rate (LTIFR)	
	18 598 2016: 17 616	40 2016: 73*	

SOCIAL

CSI spend
R27,1m 2016: R10,0m*

Key to our strategy remains category development and growth of high value specialist products.

Opportunities exist in each of our markets to grow an entrepreneurially led business like Bidcorp.

Bidcorp businesses driving innovation, customer friendly solutions and quality service delivery.

Capitals affected



This year we have expanded the reportable metrics of environmental measurement across our group. This provides a more complete picture of our global carbon footprint and wider environmental impact. Going forward we will intend to report on emissions from air-conditioning and refrigerant equipment, and begin to track relevant emissions from our supply chain.

Although our own operations are not significant water consumers, we acknowledge that many of our suppliers are reliant on suitable quantities of good quality water to produce our products and they may be located in water stressed areas. Climatic change will have an impact on these operations and we need to be cognisant of how water is managed in our value chain.

Waste continues to be an important and relevant issue. Most of our waste is associated with packaging materials and food waste. We try to manage these issues by encouraging recycling (often promoting enterprise development as a result) and partnering with charitable food banks to ensure waste is minimised.

Employee development

Employee numbers have increased in line with business growth. Our management teams are committed to diversity and transformation principles in new appointments and internal promotion.

Employee training programmes are receiving attention, as skills development and retention is critical. Group-wide expenditure on employee training programmes has increased by 145% during 2017.

The number of lost time injuries has decreased by 45% across the group, indicating increased focus on our occupational health and safety measures. We are pleased to report that for a second year running there were no workplace fatalities to report.

Community and social support

We are aware that we are part of a larger social fabric and encourage our companies to contribute in meaningful ways to the communities in which they operate. Such support typically centres on educational projects, hospitals, orphanages and hospice donations. Contributions vary from product and financial sponsorship to time and expertise.



See divisional reviews from page 22.

ENVIRONMENTAL

	Diesel (litres)*	Petrol (litres)	LPG (kg)	LNG (kg)	Biodiesel (litres)
	67 588 415	3 265 317	91 161	1 778 962	42 967
	2016: 69 164 701	2016: 3 314 127	2016: 79 971*	2016: 1 724 806	2016: 74 319

	Electricity (kWh)			Municipal water (kl)	Scope 1 emissions (tCO ₂ e) (excl refrigerants and aircon gases)	Scope 2 emissions (tCO ₂ e)
	Non-renewable	Renewable				
	293 931 773	1 353 572		1 010 145	193 403	154 750
	2016: 279 340 855	2016: 860 459		2016: 890 439	2016: 187 090	NR

* Restated. NR = not reported.

Bidcorp's recipe for success

Just like a truly great dish, a dynamic and successful foodservice partnership requires the right ingredients. As a leading distributor to the foodservice industry, Bidfood has come to understand this particular recipe intimately. It involves maintaining a balance between leading edge innovation and a consistent, reliable delivery of "the classics". We offer a wide selection of local and internationally sourced products that have been tailored to suit all customer types – large and small.

We believe that the key ingredients Bidfood brings together create a robust and forward looking framework for us to deliver the reliability, support and inspiration our customers have come to expect.

Suppliers are of the utmost importance to our businesses. Our suppliers are: specialists in the food they sell; ethical and sustainably minded; and located as close to the source of the food as possible.

As well as being a quality wholesale food supplier, we also provide a large range of catering equipment and non-food essentials.

Bidfood provides customers with a product range from around the globe, as well as top local products. In order to ensure transparency we provide all the product information necessary: nutritional values, presence of allergens, presence of GMOs, yield, instructions for use, conditions of conservation, etc.

We are proud to say we take a sustainability-based approach to product sourcing, minimising the impact of our carbon footprint.



Responsible procurement and marketing

Bidfood has identified many opportunities for value-add light processing and bespoke manufacture to make our customers' lives easier.

Around the world we have our own purpose-built facilities offering additional value-add services such as skilled on-site butchers, the industry pioneer in the sous vide (under vacuum) preparation of meat, and a fantastic range of food and drink, catering supplies, cleaning products and more, providing a one-stop shop for catering needs.



Value-add processing and bespoke manufacture



Customer engagement

Our mission is to deliver service excellence. Everything we do has the customer at heart, and is led by research and insights, be it into food trends to keep a step ahead of the curve, or the latest technological advances allowing us to continuously develop our service offering.

We have dedicated teams who research insights, trends and sales data to create informative and visual concepts packed full of brilliant ideas. Recipes, ingredients, imagery, innovative products and much more are utilised in every concept, and they all show exactly what can be achieved when engaging with Bidfood.



Embracing e-commerce solutions for customer and product engagement

Embracing our bespoke in-house development of a market leading e-commerce solution that facilitates communication and service excellence directly with our customers.

BidOne is a convenient and efficient way to order all your supplies. Customers have access to products across all Bidfood divisions; real time stock and pricing; product and sourcing information; planning and costing facilities, as well as intuitive complementary product suggestions for our customers' requirements.



Unique mixes of the key ingredients shaping our future

We invest in depots with state of the art sustainable new capabilities. We utilise voice pick technology in our picking processes, and telematics onboard vehicles to ensure an efficient and accurate service. Coupled with anti-error systems, this technology has several advantages, including the reduction of preparation errors, the improvement of the working conditions and the safety of our workforce.

Our fleet is equipped to simultaneously transport products at positive and negative temperatures. Modular compartments allow for the adaptation to specific transport needs, different capacities, powerful refrigeration units, continuous recording of temperature in the various compartments.



Warehousing and distribution excellence



Leading the market with innovative solutions at every step of the process



Bidfood is focused on technological innovation that makes a difference. With the most advanced systems in the foodservice industry, Bidfood is constantly making changes to the way business is done.

By using technology to deliver operational efficiency, implementing smart solutions faster through sharing of learning and ideas across businesses, upgrading, modernisation and simplification of IT infrastructure.

The innovation and development that takes place assists customers, suppliers and our business. With the leading tech minds in the industry, no stone is left unturned when looking for a better way.



Service excellence



We are serious about service, getting it right the first time. Developing longstanding, mutually beneficial partnerships with our customers and delivering the best customer experience in the foodservice industry.

From customers and suppliers through to industry bodies, Bidfood around the world continually advances relationships with stakeholders at every level of the foodservice industry.

At Bidfood, we firmly believe that our great partnerships with customers, colleagues across the industry, and, importantly, our own teams is what makes us who we are.



Risks and opportunities



Customer engagement

Reputational damage from adverse publicity

A good reputation is critical particularly in selling our own brand products. Any event that damages our reputation such as adverse publicity about the quality, safety or integrity of our products could quickly affect our results. Instances of food-borne illnesses, food tampering or other health concerns, even those unrelated to our products, can result in negative publicity about the foodservice industry and dramatically reduce our sales.

 Bidfood continually monitors the social media platforms where we gain customer feedback and insight on product and service experience. We have an independently managed tip-off line for any dissatisfaction to be reported. We ensure a quick direct response is triggered as soon as contact is made and will seek professional guidance to amend any material issue reported.

Product liability claims

As a reseller of food products, we may be exposed to liability claims should our products cause injury or illness. The impact, if we do not have adequate cover for a liability related to defective products, could be significant. It is critical that we source from the best possible suppliers both locally and internationally.

 We generally seek supplier contractual indemnification and insurance coverage. We have group liability policies in place. The selection of our suppliers is based on ensuring they respect our standards and provide the transparency required in the rigorous evaluation procedures completed.

Responsible procurement and marketing

Product cost volatility

Foodservice distribution is characterised by high inventory turnover at relatively low profit margins. Volatile product costs have a direct impact on margins. Our profit levels may be negatively affected by product cost deviation.

 We do not enter into long-term customer agreements on pricing. As such, our businesses are able to react quickly to changes in product pricing.

We adopt a decentralised model where purchasing decisions are based on the quality and price of the local product, and according to customers ever changing needs.

Group purchasing organisations

Some customers purchase through group purchasing organisations (GPO) in order to reduce prices paid on the foodservice orders. Recently this includes the emergence of "informal" buying groups using Peer to Peer apps such as "WhatsApp" to facilitate communication and price comparison between customers.

 We offer innovative, real-time engagement with our customers through our bespoke industry leading e-commerce solutions. We are small enough to be agile and meet the most demanding requirements; but global enough to source even the most hard-to-find product. Fundamental to our success is the strength of the real personal human connection we strive to develop with our customer.

Value-add processing and bespoke manufacture

Intense competition

Foodservice distribution is highly competitive, driven by local presence, geographic reach, private label offerings, purchasing power, cost efficiencies and meeting varied customer requirements. The cost of switching is very low as are the barriers to entry in this market.

 The group structure although decentralised provides a channel into markets not available to competitors. Each Bidfood local operation has access to a global platform to present new culinary trends, unique product ranges and introducing a variety of cuisines.

Embracing e-commerce solutions for customer and product engagement

Industry disruptors

The ever changing landscape of how we engage in the world today, combined with the real-time immediate gratification requirements of business to date has seen new technologies and entrants into our market, changing the expectations of our customer base.

 Bidfood has invested in solutions development capability, driving online innovation to an established customer base. By listening to their needs, we have adapted our approach and continue to develop solutions, not being stuck with "the way it has always been done". We are vigilant in this task ensuring we remain ahead of the competition curve.

Bidcorp recipe –**Unique mixes of the key ingredients shaping our future**

Each key ingredient is mixed differently, determined by local management, entrepreneurially driving and engaging directly with their stakeholders, developing the unique locally adapted flavour for their own Bidfood recipe for success.

Warehousing and distribution excellence**Timely infrastructure investment**

Timely future investment in infrastructure development is key to creating the capacity demanded by growth. Expansion requires distribution centres and depots to be large enough to be economically viable, yet small enough to be agile and customer focused.

 Investing in our own purpose-built facilities for food preparation and processing has been a key focus in the year to date. We invest in depots with state of art sustainable capabilities and efficient vehicles to remain ahead of the cost curve.

Driver development

The role of the driver and recruitment in this role is presenting itself as a challenge globally. Supporting this role with training, positive working conditions and innovative tools to make it easier for the driver, recognising the importance of the role and supporting career opportunities is critical.

 We have invested in driver training programmes coupled with incentives and better work environments. With onboard tracking and monitoring systems we are able to improve our drivers safety.

Extreme weather conditions and natural disasters

Some of our facilities and our customers' facilities are located in areas that may be subject to extreme, and occasionally prolonged, weather conditions. Such extreme weather conditions may interrupt our operations and may impede our access to customers.

 We ensure robust disaster recovery plans established in all businesses. Our network of smaller warehouses and distribution centres allows us to support any business interruption through assisting those impacted sites. We have the necessary global insurance policies in place protecting our assets and business interruption risk.

Fuel and other transportation costs

Fuel costs often negatively affect consumer confidence and discretionary spending. Increasing fuel costs increase product prices, and delivery costs. These factors affect our sales, margins, operating expenses and returns.

 Ongoing communication with our customers regarding pricing changes and product sourcing challenges is key to our success. Problem solving these obstacles to find mutually beneficial solutions has stood us in good stead and grown our trust relationship with our customers.

Leading our market with innovative solutions at every step of the process**High dependency on technology**

To effectively serve our customers requires IT systems able to support our operations. These include purchases, orders, warehouse management, efficiently loading trucks, storage space optimisation and e-commerce. Technology disruptions can negatively impact our customer service, decrease volumes and result in increased costs and lower returns.

 Our decentralised model ensures that we do not have a global dependency on a single system, but are locally independent and therefore a material group-wide system failure impact is unlikely. We have invested and continue to develop our technology, business continuity and disaster recovery plans.

Cyber security

We rely upon IT networks and systems to process, transmit and store electronic transactions in virtually all of our business processes. This gives rise to cyber security risks such as security breach, espionage, system disruption, online platform hijacking or unauthorised access to information.

 We have rolled out a group-wide rapid response plan. We have implemented measures to prevent security breaches and cyber incidents. Insurance policies have been purchased, awareness programmes rolled out and ongoing vigilance for attacks are key to our risk management programme.

Service excellence**Environmental, health and safety compliance**

Compliance is non-negotiable. Non-compliance results in lawsuits, investigations and reputational damage. We face a broad range of international, national and local laws and regulations governing issues such as discharges to air, soil and water; hazardous substances; contamination exposures; employee health and safety; and fleet safety.

 The cost of compliance is significant, and although we are committed to ensuring we remain compliant, the risk is ongoing. We invest in assurance teams, compliance tools and engage outsourced professional standard setters to promote the highest levels of quality and safety demanded.

Debtor collection

Economic conditions are tough and this could impact on customers' ability to pay us timeously. Even when contracts with these customers exist, if customers are unable to meet their obligations, it does adversely affect our collections, resulting often in negotiating discounts or financing terms.

 Finance teams around the world monitor and manage the ongoing financial risk our businesses are exposed to. By staying close to the customer, monitoring the detail, maintaining a robust internal control environment we have been able to effectively manage this risk.

Growth through organic expansion and acquisition

Bidcorp may selectively pursue opportunities to supplement organic growth with strategic acquisitions. Any such acquisition or joint venture may change the scale of Bidcorp's business and operations and may expose it to new geographic, political, social, operating, financial, legal, regulatory and contractual risks.

 A global executive management team provides insight on all transactions. We ensure full and proper due diligence is complete before the acquisition is decided upon. We engage local management teams who are close to and understand their market to run these new acquisitions in line with the decentralised Bidcorp governance framework.

Succession planning

Bidcorp's ability to operate or expand effectively depends largely on the experience, skills and performance of its senior management team and technically skilled employees.

 With a robust and significant global footprint, international opportunities are provided to those with career progression requirements. Utilising experienced management skills to grow our teams ensures a strong succession plan is in place.

Macro-economic shifts**Economic, political or social instability**

Bidcorp is a geographically diverse business exposed to the changes or instability affecting the global economic, political or social environment in the various regions which could affect an investment in Bidcorp.

 Our globally diverse footprint, although exposed to high-risk environments, is a risk we monitor on an ongoing basis. We continue to grow in these markets and have a successful track record to date.

DELIVERING ON OUR STRATEGIC VISION:

GROWTH OPPORTUNITIES





Highlights

Impressive performance thanks to energetic teams worldwide

Year of innovation and growth

Currency effects do not put a brake on Bidcorp people

HEPS rises to 1 181,0 cents, up 9,4%

Entrepreneurial model demonstrates its value

Strong leadership enables further succession

Free-trade strategy gathers momentum

Continued organic and acquisitive growth projected

Brian Joffe
Non-executive chairman



Non-executive chairman's report

Resilience, local accountability and entrepreneurship remain the defining characteristics of the Bidcorp business and continue to serve us well.



Overall appraisal

Exciting growth in all regions characterised the year under review. Currency effects may diminish the profit in rand. They cannot diminish the ongoing strides made by teams in all Bidcorp geographies in home currencies.

Last year's unbundling from Bidvest was a momentous step. After such radical change, there is an obvious temptation to move forward slowly. This did not happen at Bidcorp.

The pent-up energy of local teams drove us forward as our people went all out to achieve strategic differentiation as foodservice specialists who relish the task of delivering unique foodservice solutions.

We know we have got a lot on our "plate". Foodservice is an intensely competitive industry. But all the indications are that Bidcorp is well positioned to optimise potential in all targeted market segments. Significant progress has been made to differentiate our offering versus our competitors.

Results

Bidcorp results were highly satisfactory. Headline earnings per share (HEPS) moved 9,4% higher to 1 181,0 cents (pro forma comparison with 2016: 1 080,0 cents). Basic earnings per share (EPS) rose by 16,7% to 1 207,1 cents per share (PF2016: 1 034,0 cents).

A model that has worked for many years

Most business models work when the going is good and economic conditions are buoyant. The real test comes when the business cycle gets tough.

Our model has been shaped by business conditions in many different markets at all stages of the market cycle, including periods of intense pressure on businesses and consumers. To succeed in challenging circumstances, an entrepreneurial mindset and rigorous financial discipline are required, especially in fragmented markets.

Our decentralised business model enables management to exploit opportunities by remaining close to local challenges.

Resilience, local accountability and entrepreneurship remain the defining

characteristics of the Bidcorp business and continue to serve us well.

The continuing relevance of our model is evident in all Bidcorp markets. For example, consider the progress made by our South American businesses. In this part of the world, economic conditions are often difficult and the politics usually uncertain, but still our operations grow and develop. Challenge appears to have an invigorating effect on Bidcorp managers and people. The business benefits immeasurably as a result.

A good time to let go

Certainly, Bidcorp has shown itself to be a sturdy addition to the JSE and has performed in line with expectations. The business is in good hands; at business unit level, regionally and strategically. Chief executive, Bernard Berson, has shown himself to be a strong, capable leader with the capacity to secure sustained growth.

The executive chairmanship was always a transitional arrangement and it is now clear the transition has been well managed. I can step away from the executive and assume a non-executive position on the Bidcorp board in the knowledge that the business is strongly positioned and the future bright.

Sovereign rating

Today, South Africa accounts for only a small part of Bidcorp volumes, but this does not lessen the commitment to the group's home country. Senior management are close to socio-political developments and fully support the growth of democracy and efforts to secure a better life for all South Africans.

Downgrading of South Africa's sovereign rating to subinvestment levels by two major ratings agencies was therefore a big disappointment. Our country kept its investment grade for 17 years. Achievement of this status after the isolation of the apartheid years was a signal the rainbow nation was vibrant, growing and had the discipline needed to meet long-term objectives.

Downgrading after so much hard work was therefore a blow. At Bidcorp, we are disappointed, but there is no reason to be downcast. South Africa has huge potential and resourceful people. It has repeatedly proved its ability to bounce back and will do so again.

Integrity without compromise

Serious consideration has been given to the continued audit services by KPMG Inc. following the grave allegations made against them in South Africa. Bidcorp's activities are approximately 90% outside of South Africa and are independently audited by KPMG International in these jurisdictions.

In short, the opinion of the Bidcorp board is that the group retain the services of KPMG as our global auditors, based on the current information that has been presented and the response of the KPMG International team.

Bidcorp welcomes the independent investigation which will be undertaken by KPMG International and awaits the outcome thereof.

Appreciation

Bidcorp's growth is impressive. This would be impossible without loyal customers and reliable suppliers. We thank them all for their support in an exciting, but challenging year.

The Group's people and managers put in a tremendous amount of hard work to ensure our 2017 year was a highly successful one. I thank them for their efforts. They did us proud.

Newcomers to Bidcorp also made telling contributions. Numerous acquisitions were made during the year, including the Guzmán business in Spain. New staff members should be congratulated for settling in so quickly. Bidcorp is delighted to have them on board.

Finally, I also wish to extend my thanks to my fellow directors and the senior executive team. This exceptional group of people put in a sterling performance in 2017.

The year to come

The period following our separate JSE listing was notable for high energy levels and total commitment by businesses in all markets. I see no sign of the energy flagging as we move forward.

Bidcorp people can see that the strategy of a free trade focus is paying off while opening up new opportunities. Sizeable growth potential exists in all channels. Teams in all geographies are enthusiastic about prospects.

Business conditions may remain challenging in some markets, but this should not impede the push for continued growth – both organic and acquisitive – in the year to come. I am confident Bernard Berson and his team will continue to deliver a superior level of performance.

Brian Joffe
Non-executive chairman

Highlights

Energetic management teams drive pleasing group performance

Results confirm value of a rebalanced customer mix

Trading profit up to R5,5 billion as trading margin reaches 4,2%

Global rebranding energises and empowers teams

Exciting progress with own-brand development

Spanish acquisition a platform for Iberian growth

Digital differentiator drives sales gains

Planned entry into new territories imminent

Continued organic and acquisitive growth projected

Bernard Berson
Chief executive



Chief executive's report

In 2018, we project continued growth in all regions. Our stable management teams are close to their markets. We therefore expect another year in which they deliver above-average returns no matter what the business conditions.



Overall appraisal

Local businesses in 30 countries and five continents were the driving forces as Bidcorp delivered pleasing results in its first full year as a distinct listed group. Economic growth in most Bidcorp markets was moderate at best. The real excitement was generated by local teams as they differentiated Bidcorp in market after market as foodservice specialists who add value through insight and innovation.

We are all about the food. In the process, we are all about helping customers address the challenges of an increasingly tough food industry. This positioning came over as never before.

As is often the case, the figures do not begin to tell the full story; especially as rand strength tempered financial gains made in euro, sterling, Australian dollar and other currencies. Even so, group trading profit rose 6.9% to R5.5 billion and trading margin improved to 4.2%. Net revenue growth of 4.6% was delivered in constant currency terms, though on rand translation, net revenue, at R131 billion, fell 6.8%.

In human terms, our 2017 story was dominated by the hard work of highly motivated Bidcorp people who increased market share, explored new categories and introduced new product lines.

We have a decentralised business model, but our operations share some important characteristics. One is the ability of local managers to generate above-average returns in home markets no matter what the business climate. This was a key factor as teams group-wide delivered substantial levels of organic growth.

Global rebranding

In 2017, businesses in all geographies embarked on our rebranding as Bidfood.

The process was not imposed from head office, or even orchestrated from the centre. Each business rolled out the new identity in its own way.

Interestingly, local managers at locations half a world apart adopted a similar approach. For them, this was not an opportunity to call in a sign-writer to fix the truck livery, but a chance to reintroduce Bidcorp and explain just how we add value.

From a customer perspective, rebranding fostered even stronger relationships. Internally, it empowered staff, channelled their enthusiasm and built pride.

Rebranding was not a distraction from our day job of building sales. It created added momentum as we built profit in markets that often exhibited mediocre growth and low inflation.

Strategic rebalancing

The numbers were not only affected by currency movements. Sales volumes also reflected the deliberate, strategic exit of contracts that offered low margins and distracted us from our focus on foodservice and food innovation.

On occasion, revenue streams suffered as national teams balanced their exposure between contract, national and independent customers. The net effect is to prioritise our commitment to the free trade or independent channel focused on smaller and mid-size foodservice providers.

Lost volumes chiefly relate to curtailed distribution contracts and involve work for large corporates looking for the maximum delivery capacity at the lowest price. In these circumstances, there is limited scope for a food specialist to add value and little opportunity to generate returns.

This gives rise to a situation whereby the more revenue you bring in the less money you appear to make. You either live with these frustrations or you move on. We have decided to make the move and reposition our offering.

We acknowledge greater free trade focus creates different challenges. There is a relatively high cost of service per customer when you meet the needs of multiple smaller players, rather than fill delivery orders for a few major groups. Credit risk may also rise. However, our track record shows we are good risk managers and build mutually beneficial customer relationships that often last for many years.

What's more, the focus on smaller foodservice providers offers better margins and enables us to build repeat business through added value products and services.

In the review period, significant growth was achieved in this area. By year-end, we estimated that 56% of our volumes were generated by independents, up from 51%. Volume growth was accompanied by margin improvement – a solid indicator we are playing in the right space.

The balancing act will continue as each business works on the ideal mix in its own market.

Though we have a firm view on our long-term positioning, we remain pragmatic traders. Local managers take local responsibility. Sometimes they may decide to sacrifice margin to maintain volumes. This is up to them. Local flexibility is built into our business model and will not change.

Own brands

Another area of opportunity – in which exciting progress was made – is the creation of our own brands. The product development space gives us the freedom to innovate and demonstrate our closeness to consumer trends and customer needs.

We take western gourmet foods to Asia, Japanese dishes to China and Italian specialities to a growing number of markets while simultaneously developing new lines for domestic markets that demand healthy eating and new options across all price ranges.

Food is local. Food is also global.

We take pride in local sourcing and support produce growers from surrounding areas. We also buy food products from a growing international network of outside suppliers while tapping intra-group resources as our operations become increasingly adept at creating brands with broad appeal.

Chief executive's report

Steady expansion of our globally active, but Asia-based procurement business was another 2017 success story.

Organic growth

Local growth was frequently driven by the pursuit of new opportunities in a wide range of specialist areas. These include food categories such as fresh produce, meat products of various kinds, seafood and speciality offerings.

Local managements in several regions are also exploring value-add processing and imports. This is not an attempt to compete with major international brands, but experience shows we can add value by doing the simple things well while responding to customer needs, eg slicing and dicing, adding breadcrumb coatings, repackaging and portion control.

In some Bidcorp markets, we have only recently begun to pursue these growth opportunities. It should also be remembered that we operate in a fragmented industry and serve smaller and mid-size players who are just as eager to grow as we are.

In addition, our market share is relatively low in many jurisdictions. This is even true of markets in which we have a significant presence. For example, it is estimated that we have less than 15% of the UK free trade market.

In other geographies, our penetration of the market is fairly recent and nowhere near saturation point. The Chinese market, for instance, offers access to 1.43 billion consumers. We currently serve only a small fraction of them.

The above factors indicate considerable room for organic growth as our teams invest in wider footprints, bigger product ranges and additional product categories as well as new facilities.

Acquisitive growth

It is also possible to grow our national footprint by acquiring businesses that widen our reach or accelerate our entry into various niche categories. This process of bolt-on acquisitions and consolidation has gone on for many years and will continue.

In many respects, local teams are their own M&A managers. They have a clear idea of what acquisition targets to pursue in which geographic areas or product categories. Down the years, our managers have demonstrated that closeness to markets is a good basis for successful deal-making.

In 2017, we concluded several transactions of this type, notably in Australia,

New Zealand, Brazil, Belgium, Italy and the UK, spending more than R590 million.

Acquisition also creates an opportunity to significantly upscale a national presence or gives us a chance to explore an entirely new national market.

Iberian expansion

The traditional Bidcorp progression – entry, exploration and upscaling – was highlighted by recent developments in Spain. We secured a Spanish foothold some years ago and became increasingly excited by a market with a domestic population of 50 million, augmented by an annual influx of up to 70 million tourists.

To create scale for meaningful growth, we have bought 90% of Guzmán Gastronomía and Cuttings (Guzmán), a leading national Spanish multi-temperature foodservice company that supplies hotels, restaurants, industrial caterers and other institutions.

This creates readymade exposure to all the elements of the customer mix that we regard as strategically important. The deal, at an enterprise value of €75 million (R1.1 billion), was concluded in April 2017.

Furthermore, we entered totally new markets early in the new period when we expanded into neighbouring Portugal via the purchase of a niche horeca business and moved into Germany and Austria after acquiring 70% of Pier 7 Foods, a niche foodservice business.

The Portuguese acquisition is modest in financial terms, but may be significant long term as we regard the entire Iberian Peninsula as an area of strategic opportunity.

The German business is based in Munich and covers five locations in southern Germany and one in Austria, giving us a vehicle from which to explore an exciting market.

Disposals

We remain largely happy with our portfolio and did not dispose of any significant business during 2017, but we did sell 50% of our South African bakery supplies business to Puratos NV. Our new joint venture partner, with head office in Belgium, is a major industry player and supplies the bakery, patisserie and chocolate sectors in more than 100 countries.

In no way can this be viewed as a bid to reduce South African exposure.

The new jointly controlled company is a platform for exciting growth as it enjoys instant access to the latest technology and will benefit from a strong new product

pipeline. Puratos is known for creating competitive advantage through constant innovation and we look forward to a dynamic, growth-focused partnership.

Forever young

In 2017, many of our businesses achieved double-digit profit growth while investing in modern infrastructure, harnessing new technology and buying complementary operations as a springboard to further growth.

Our businesses are dynamic and energetic. When we consolidate, it is preparation for a new growth spurt; not a signal that we are tired and ready to slow down.

Yet in some quarters, Bidcorp is seen as a mature company and by implication is regarded as a defensive business. This is at odds with operational reality and our track record.

We may have been around for three decades – on our own or as part of Bidvest – but we have never been a boring, stodgy company. We are acquisitive, innovative and ready for new challenges.

Foodservice may be a well-established sector in developed geographies and Bidcorp may be viewed as mature by some yardsticks, but we still have a lot of growing to do.

Digital differentiation

We are not a technology company, but we are enthusiastic adopters of new technology solutions and increasingly use technology as a key differentiator.

Bidfood Australasia has shown how digital convenience can be used to deepen customer relationships and achieve competitive advantage. For several years, the business has employed its own dedicated software development team. As a result of single-minded focus on foodservice, they have created the industry's most advanced online ordering system.

The online site offers customers free access to planning and costing tools, further entrenching customer relationships while growing repeat business.

The emphasis falls on win-win scenarios. We use software to benefit our own business and enhance operational efficiency, but we simultaneously create customer-pleasing features that encourage customers to stick with us.

From a group perspective, this digital proving ground creates opportunities for sharing best practice and ever closer inter-divisional cooperation was a feature of the year.

The digital template is not imposed on other regions, but without exception our local managers see the benefit of accelerating the pace of business development in their own areas by borrowing from this tried and tested model. Costs are cut and duplication avoided.

Divisional snapshot

All teams can be congratulated on impressive gains in a watershed year.

Australasia put in a strong performance, underlined by a great finish to the year. The “all about the food” focus drove impressive trading profit and margin growth in both Australia and New Zealand. The foodservice space became increasingly competitive, but our team has more than held their own.

United Kingdom performance was impacted by currency effects as the rand strengthened by 20% against sterling. However, trading profit was up strongly and exceeded expectation. Free trade volume growth of 8% was achieved. Logistics again disappointed. Corrective actions in this non-core area are being implemented, and we will be significantly downscaling our exposure in this segment over the next few years, hopefully not at significant costs to the group.

Europe delivered very pleasing results. In constant currency terms, trading profit rose 20.5%. Opportunities flowing from buoyant economic conditions in eastern Europe were maximised. In Spain, exciting growth potential opened up and our Italian business delivered impressive gains across all categories.

Emerging Markets delivered commendable results in sometimes volatile conditions. Bidcorp Food Africa recorded excellent results on strong penetration of the independent channel. Greater China finished the year strongly, underpinned by substantial mainland contributions. Hong Kong revenue was well up. Singapore delivered good growth following its transition to a core foodservice focus. Brazil recorded excellent results despite political uncertainty and economic challenges. Chile made continued gains. Middle East division performed well, significantly improving revenue and trading profit. Turkish losses persisted; however, we are confident of the potential of this business in a large market.

Appreciation

The people of Bidcorp put in a tremendous effort in a challenging year. Their ability to outperform in lacklustre business conditions is a continuing source of competitive advantage and I thank them for it.

I am also grateful for the continued support of our esteemed suppliers and loyal customers. Without them, business growth would be impossible.

In addition, I extend sincere appreciation to my chairman and long-time colleague and mentor, Brian Joffe, for his many years of leadership and wisdom, and Bidcorp’s board for its guidance and vision. Setting long-term goals requires insight and knowledge, but it takes fortitude to stick with the task when tough choices have to be made and I thank my directors for their strategic stamina.

The 2017 base

Our first full year was highly satisfying as so many strategic elements were put in place and such pleasing progress was made. However, it was hardly dramatic and was certainly not revolutionary.

At the time of our listing, we set out certain key goals, mainly focused on in-country growth (organic and acquisitive) in existing territories, complemented by additional gains as we explored new national markets. In 2017, we again executed on that strategy.

Keeping your head down and doing what you said you were going to do hardly makes for exciting reading at year-end. However, there is a lot to be said for living up to your promises and we derive a lot of satisfaction from that.

We understand the foodservice sector and have the experience and knowledge to make fair profits while building enduring relationship. That was our 2017 focal point and 2018 will be much the same.

We also understand that business is not a bunch of numbers. The figures that matter are people, not zeros. The ability of our people to achieve incremental gains in niche after niche was the key to our success in the review period.

We also witnessed greater cooperation across international markets as businesses shared best practice and exchanged ideas. This was not driven by head office gurus with spreadsheets, but by working managers with common issues and opportunities.

The people on the ground drove the business and did an amazing job of it. We expect more of the same in the coming year.

The future

In 2018, we project continued growth in all regions. Our stable management teams are close to their markets. We therefore expect another year in which they deliver above-average returns no matter what the business conditions.

There are always challenges to confront, but, in our view, there is more good news out there than bad.

Worldwide, the foodservice industry is characterised by growth and new opportunities, even in markets with ageing populations and modest economic prospects. Out-of-home eating continues to grow; so does the appetite for new taste experiences and cuisine with an international flavour.

Within Bidcorp, portfolio rebalancing will continue at a pace that suits our local teams. This includes dealing with the Logistics UK business which will be exited in the medium term.

In Australia, 87% of volumes are already accounted for by foodservice sales, with strong foodservice focus. Other regions are making the same journey and achieving similar gains. Benefits will become increasingly apparent as the new year progresses.

Businesses in existing markets continue to build momentum, via organic growth and, where appropriate, via bolt-on acquisitions. This is evident in markets in which we have long-established positions such as Australia, New Zealand, the UK and South Africa.

In more recent Bidcorp markets, we see tremendous future upside. For example, exciting potential exists in Spain – where we now have critical mass – and Italy. European economies look stronger, suggesting new growth possibilities in both western and eastern Europe.

Entry into new national markets is already under way. We obtained a foothold in the German, Austrian and Portuguese markets in the first quarter of the new period. Other territories are being investigated.

South America offers enticing opportunities and attractive valuations. In this region, further acquisitive growth in existing Bidcorp markets may well be considered in tandem with entry into new countries.

Exciting possibilities are also evident in other emerging markets.

We will always see international stresses and strains. We are not about to change that. Bidcorp is all about the food and for our part we see a world of opportunity.



Bernard Berson
Chief executive

Highlights

Net revenue at
R130,9 billion
(PF2016: R140,5 billion)

Gross profit percentage
rises to 21,7%
(PF2016: 20,8%)

Group trading profit up
6,9% to R5,5 billion
(PF2016: R5,1 billion)

Trading margin improves
to 4,2% (PF2016: 3,7%)

Operating expenses well
controlled, decreasing
by 4,9%

Net finance charges fall
25,6% to R219,2 million

Cash from operations of
R6,2 billion

Full year dividend of
500,0 cents declared

David Cleasby
Chief financial officer



Chief financial officer's report

Bidcorp delivered very pleasing results for the year ended June 30 2017. On a constant currency basis, excellent growth of 19,1% in HEPS was achieved, truly reflective of the strong performance of the businesses. Overall, Bidcorp expects another positive year.



Overview

Businesses in all geographies, with the exception of Aktaes Turkey and Logistics UK, performed well and achieved pleasing growth, ahead of last year and largely in line with management's expectations. Bidcorp's high standard of performance in home markets is not clearly evident when reported in rand terms as our reporting currency is schizophrenic at times. The rand appreciated considerably against three of our principal trading currencies; sterling, euros and Australian dollars.

This should not detract attention from the marketplace gains achieved in numerous Bidcorp jurisdictions. To give context to operational and currency effects, it should be noted that during the year the rand appreciated by nearly 20% against the British pound yet our UK-based foodservice teams (excluding the Logistics' business) still achieved home currency trading profit growth of nearly 18%.

The only significant disappointment related to poor performance at our Logistics UK business following previously reported management irregularities. Significant effort and cost were expended in dealing with these matters, which remain the subject of ongoing legal processes. In terms of dealing with the performance issues, remedial action is under way. However, this remains a non-core activity and management is committed to finding a viable solution for the business, hopefully at minimal cost as the business is downscaled over the medium term.

Rand reporting

Bidcorp is listed on the JSE in Johannesburg and has its corporate office nearby. We have reported in rand since our listing, and did so for many years prior to that in our 'previous life' as a key component of South Africa's Bidvest group.

We are well aware that nearly 90% of Bidcorp profit comes from our international businesses and it is well known that we measure and manage our operational teams in their home currencies. However, at this juncture, no one currency dominates in terms of contribution and therefore we see no reason to change our reporting currency just yet.

In South Africa, our shares are viewed as a rand hedge and receive significant support on that basis. Internationally, we are seen as a geographically diverse business with a growing presence in emerging markets of interest.

Bidcorp investors are well aware of currency-market see-saw effects and live with them. We are content to do so as well. If there is a material change in this situation, we will review our position, but that time has not yet come.

Since our listing in May 2016, our shares have enjoyed solid support across the investment community (local and international) and are currently held 55% by the international investment community.

Financial performance

Bidcorp has, in addition to its actual audited results, provided shareholders with pro forma financial information in relation to the comparative year-end due to the unbundling from The Bidvest Group Limited in May 2016, to enable a full appreciation of the true performance of the group. The following comment is based on the comparison to that pro forma information.

Bidcorp delivered very pleasing results for the year ended June 30 2017, though the true performance in home currencies was negatively impacted by rand strength across all major currencies. Headline earnings per share (HEPS) increased by 9,4% to 1 181,0 cents per share (PF2016: 1 080,0 cents) with basic earnings per share (EPS) increasing by 16,7% to 1 207,1 cents per share (PF2016: 1 034,0 cents).

On a constant currency basis, excellent growth of 19,1% in HEPS was achieved, truly reflective of the strong performance of the businesses.

Net revenue of R130,9 billion (PF2016: R140,5 billion) declined by 6,8%, in part due to currency impacts and the deliberate and planned exit of some low-margin contracts in various geographies, which still reflect in the comparative base.

These low-margin contracts are regarded as non-strategic and detract from our positioning as a provider of added-value foodservice solutions in the independent or free trade sector of our industry. The strategic thinking behind the deliberate exit of these high-volume contracts and the consequent rebalancing of customer portfolios has been well communicated to the investment community. In our core foodservice sector, solid revenue growth was achieved in local currency terms at most operations.

The strategic shift to the free trade sector helped us better manage our margins in highly competitive markets. Gross profit percentage increased to 21,7% (PF2016: 20,8%), reflecting the benefit of trading with the correct mix of business.

Chief financial officer's report

Operating expenses remained well controlled, decreasing 4,9% in absolute terms, despite wage pressure in a number of growing economies and higher sales and distribution costs as a result of higher activity levels.

Group trading profit increased by 6,9% to R5,5 billion (PF2016: R5,1 billion) and the trading margin improved to 4,2% (PF2016: 3,7%). Share-based payment costs increased to R97,6 million (PF2016: R64,0 million), the annual costs of long-term employee incentivisation across the group.

Acquisition costs of R46,1 million (PF2016: R8,9 million) were incurred in bringing various acquisitions to fruition. Although their contribution to overall group profitability has been limited to date, these businesses will assist in building our global presence going forward.

Net finance charges are 25,6% lower at R219,2 million (PF2016: R294,6 million) assisted by some deleveraging and lower interest rates. Cash generation has been solid, despite greater utilisation of working capital, impacted by higher activity levels, some strategic stocking, tighter supplier terms and impacts from a Logistics UK contract unwind.

Capital items mainly comprise net impairments in relation to goodwill for PCL 247 Limited, which was acquired in July 2014, closure of excess distribution capacity in UK Logistics as a first stage in the rightsizing of the business and the write-down of over-invested ERP software at Bidfood Netherlands. Net profit on the sale of businesses relates principally to the investment made by Puratos Group NV (Puratos) into the bakery business in South Africa and the IFRS fair value adjustment on the residual 50% investment.

Bidcorp remains well capitalised, with trading profit interest cover at 25,1 times (PF2016: 17,5 times). We remain conservative in our approach to gearing and retain adequate headroom for further organic and acquisitive growth.

The group's financial position remains strong. Total fixed assets have grown in home currencies, reflecting replacement and expansionary capital expenditure. Net debt is R1,7 billion, which is at the same level as June 30 2016 despite significant ongoing investment and acquisitions. Cash

generated by operations before working capital absorption was robust at R6,2 billion, average net working capital days was seven days and investment activities consumed R2,2 billion. Free cash flow (excluding dividends paid) was positive at R1,7 billion.

Despite more than adequate 'headroom' for further growth, we remain judicious in our approach to finding the right opportunities.

Distribution

Bidcorp declared a final dividend of 250,0 cents per share in accordance with our dividend policy. Combined with the interim dividend of 250,0 cents per share, we have paid 500,0 cents per share for our first full year as a separate listed group.

Interest rates

A rising interest rate trend is apparent in many international markets. Specifically, rates ticked higher during the year in the UK and Eurozone, largely driven by rising inflation.

Despite the firmer rates, the funding we raised for acquisitions and refinancing was undertaken at rates competitive in the underlying markets.

We maintained our longstanding risk management practice of matching assets and liabilities in the home currencies of the relevant operations.

Inflation in the UK, Europe and South Africa included a measure of food inflation. As long as food inflation does not reach runaway levels, it is traditionally beneficial for a business such as ours and our local teams took advantage of the positive effect on trading margins.

Acquisitions and disposals

The acquisition of 90% of Guzmán Gastronomía and Cuttings (Guzmán), a leading national Spanish multi-temperature foodservice company, was completed with effect from April 2017 for an enterprise value of €75 million (R1,1 billion). Guzmán has national reach and supplies restaurants, hotels, industrial caterers and institutions. It has a strong presence in the independent market and generates attractive cash flows.

The group also concluded a number of smaller bolt-on acquisitions in Australia, Brazil, Belgium, Italy and the UK totalling R590,4 million.

Investment disposals totalled R670,4 million. Bidcorp concluded an agreement with Puratos, which enabled Puratos to acquire

joint control of our South Africa-based Bakery Supplies business. The Puratos group is headquartered in Belgium and is the world's largest bakery ingredients business. This disposal does not represent a retreat from South Africa, but strategically will enable the business to develop new products using international innovation for the baking industry. The transaction was completed in April 2017 and is equity accounted in our results from that date.

Post year-end, the acquisition was completed of 70% of Pier 7 Foods, a small foodservice business based in Munich, Germany, incorporating five locations within Germany and one in Austria. An acquisition of a niche Portuguese horeca business was also completed.

Capital allocation, gearing and returns

Investment into capacity creation and innovation is a priority. Bidcorp has traditionally been well invested as this is a key ingredient of sustained organic growth. Furthermore, bolt-on acquisitions in existing markets enable geographic extension and product diversification, whichever is required. Management are encouraged to grow their distribution platforms via bolt-ons and these occur on a regular basis.

The timing of material acquisitions is difficult to predict. However, we retain significant financial headroom and the ability to act quickly to accommodate expansion opportunities, both acquisitive and organic.

Our gearing is low in comparison to peers. However, our journey as a separately listed business is short. We see this as a competitive advantage in an environment where opportunities abound. We have committed to a 2,5 times headline earnings cover for dividends in the medium term. Depending on free cash-flow generation from year to year, this may well be reduced over time.

In the event the anticipated opportunities do not materialise as expected, management will look to enhance shareholder returns via higher dividend pay-outs or share buy-backs, whichever is most appropriate at the time.

Fundamental to Bidcorp is our ability to continue to generate above average returns in each of our businesses in their home markets. Returns on funds employed remains the key measure of performance across all businesses.

Ratings

Bidcorp has no international credit rating at present. Processes are currently under way that in due course will enable us to apply for a rating.

The April downgrading of South Africa's sovereign credit rating to sub-investment grade had no discernible effect on our business operations in South Africa. Similarly, the full-year effects of downgrades in the UK and Europe had little or no impact on the performance of Bidcorp businesses in the affected jurisdictions. Given the correct positioning of our foodservice operations in their respective markets, our strategic view is that macro-economic factors should not act as an impediment to local management's ability to outperform their local conditions.

Taxes

There is little doubt inter-government collaboration on equitable tax dispensations for multinational enterprises (MNEs) will continue and probably gather pace. The Organisation for Economic Cooperation and Development (OECD) has worked for several years on plans to address the issue of transfer pricing across international jurisdictions, aka BEPS (base erosion profit shifting).

Early in our 2018 financial year, the BEPS Framework published additional guidance for tax administrations and MNEs on the implementation of country-by-country (CbC) reporting.

However, Bidcorp is not an MNE in the true sense of the word as we operate a decentralised business model where every country and every business within that country is self-standing and self-sufficient in terms of management and autonomy.

We ensure all our operations worldwide are aware of the latest CbC developments and updates while the group reporting systems and documentation are aligned with the latest CbC requirements. In addition, each financial team in each national jurisdiction works to ensure they comply with local taxation requirements.

We pay our taxes and respect the international BEPS and CbC processes.

Compliance and ESG

Taxation is not the only area in which rigorous compliance is necessary. Food and foodservice are heavily regulated industries. This is understandable as food safety and healthy eating are key issues for consumers and regulators.

We accept the need for strict adherence to the highest standards of food quality and integrity – along with the need to deal with environmental and social matters. Again, in line with our decentralised business model, these duties are undertaken by local teams. We operate in more than 30 countries. Different priorities apply in each region. For example, the black economic empowerment imperative is unique to South Africa. Local sourcing, food traceability and healthy eating, especially in schools, are major issues in Britain, Australasia and many European countries.

Managers on the ground are responsible for ensuring all national regulations are respected. In certain jurisdictions, they have an industry lead thanks to their familiarity with best international practice – a result of stepped-up information – and experience-sharing across Bidcorp businesses.

Group cooperation is growing, but central control is neither possible nor desirable due to geographic diversity, our decentralised business model and the lack of a single regulatory template. Accordingly, only material items that are common to all businesses are reported on through our ESG (environmental, social and governance) framework. Local teams are driven by sustainable business practices and have integrated these functions into their day-to-day workings. They continue to do an exemplary job.

The future

The group is well positioned for continued expansion in all geographies. Rising inflation is evident in many markets. This, combined with above average growth in the eating-out segment, indicates that prospects for our businesses remain positive. Cost pressures are evident, particularly in salaries and wages. However, the drive for efficiencies is built into the Bidcorp DNA and will continue.

Operationally, our people continue to demonstrate the potential for solid growth in largely fragmented markets. We therefore expect our businesses to achieve further organic growth and market-share gains.

In addition, we have ample resources to fund acquisitive growth in current markets and perhaps in new geographies in which we currently have no representation. Overall, Bidcorp expects another positive year.



David Cleasby
Chief financial officer



The annual executive strategy conference – Rome, September 2017

DELIVERING ON OUR STRATEGIC VISION:

REAL VALUE

IS FOUND ON THE PLATE
NOT ON A LOADING BAY





Bidfood Australasia

Revenue

R29,4bn

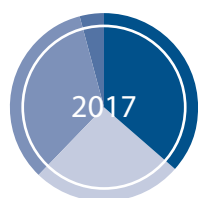
2016: R30,3bn

Trading profit

R2,0bn

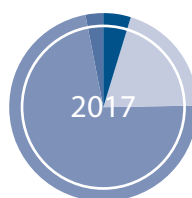
2016: R1,8bn

Product segmentation



	2017	2016
Frozen	37%	38%
Chilled	26%	26%
Ambient	34%	33%
Non-food	3%	3%

Market segmentation



	2017	2016
Logistics	5%	10%
Chain	20%	18%
Independent	73%	70%
Retail/other	2%	2%



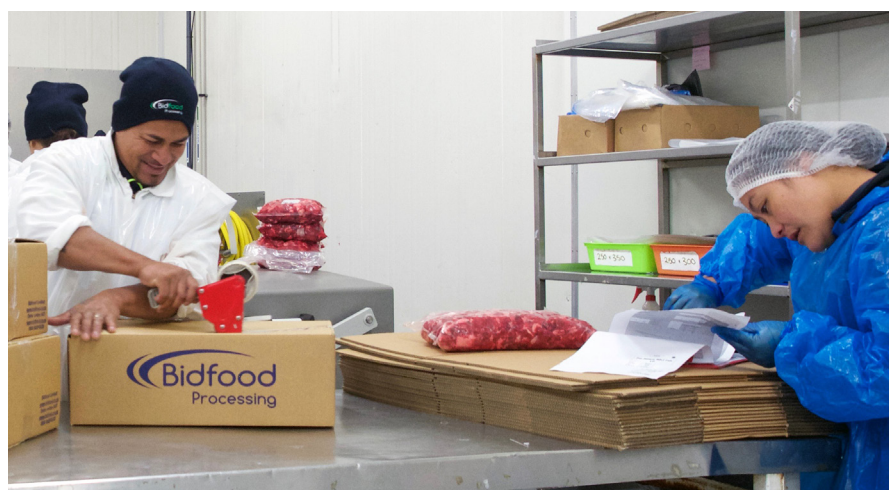
The region continues to make a substantial contribution to the group. Revenue decreased following the strategic exit of low-margin contracts by 2,9% to R29,4 billion (2016: R30,3 billion). Trading profit rose 9,8% to R2,0 billion (2016: R1,8 billion), which when translated in constant currency reflects a 12,0% increase. The successful strategic focus on the free trade sector is reflected in these results and management remain committed to keeping it “all about the food”.

Australia reported a great finish to the year which took trading profit 8,7% higher in a national economy that showed subdued consumption growth and almost zero food inflation. Net revenue fell 5%; however, this was expected as we continued to exit the low-margin Logistics business. Overall margins rose, mainly a function of the changing business mix.

Free trade sales – our main area of strategic focus – were up a pleasing 5%. Growth has come from new and existing business, and has been driven by hard working sales teams and focused initiatives.

In a year of significant change, the exit of some logistics contracts led to the closure of two sites. We relocated the Adelaide branch to a new purpose-built facility, and consolidated the Perth Fresh business into the Perth Logistics site. We opened a new branch in Port Melbourne, opened a new purpose-built branch in Yatala, Queensland and opened a new branch in Truganina, Victoria. The Sydney Support office was moved to a new facility in Botany that will also operate as a foodservice branch.

Three small, bolt-on foodservice acquisitions were made in Launceston, Tasmania, in Cairns, Queensland, and in Port Macquarie, NSW. Expansion is motivated by the strategic imperative for continued growth in the free trade market.



Chief executives

Rachel Ruggiero
Bidfood Australia



Phil Struckmann
Bidfood New Zealand



Foodservice division put in another strong performance, despite increasingly intense competition as new players enter this market.

We now have 36 foodservice operations, most of which performed well. Perth put in a particularly strong performance as the resources sector showed signs of a slight recovery. Further foodservice growth is projected for the year ahead, with the new branches positioned to contribute fully to continued momentum.

Imports division had a great year. The pace of new product development was maintained and the number of products in our home-brand basket continued to grow.

Fresh had a better year and returned a meaningful trading profit. However, more can be done to unlock the undoubted potential in this sector. Management changes were made in Sydney and Adelaide. Competition is intense, but a base on which to build has now been established.

The Classic Meats business showed pleasing trading profit growth, though some was attributable to the reallocation of meat sales from Brisbane Foodservice to Classic Meats Brisbane. Continued organic and acquisitive growth is planned.

Only one standalone Logistics business remains (in Perth) and the overall rebalancing of the customer portfolio is substantially complete.

Across the Australian business, significant progress was made with the strategy of creating a sustainable base that will foster continued growth in the free trade space and enable us to entrench our image as food people, not carton-movers. We are excited by positive change and the opportunity to achieve continued growth in our desired target market.

New Zealand delivered a strong fourth quarter which created the platform for 22.6% trading profit growth on prior year. Double-

digit profit growth was secured by most of the business units.

Nationally, the key growth driver was tourism, which offset a softening in some parts of the domestic economy. Weaker results in manufacturing and mining had little impact on a buoyant hospitality market.

Food prices rose sharply, with dairy, meat and fresh produce leading the way. A tight labour market created challenges and contributed to rising expenses. Margins were well protected, resulting in improved profitability in all divisions.

Gains were underpinned by a particularly strong performance by Foodservice. This division recorded 10% sales growth and benefited from improved buying and margin management. Imports had an outstanding year.

Free trade remained the key Foodservice focus area, though a high level of contract retention contributed to the strong divisional performance.

Fresh performed strongly, expenses were well controlled and margins were well protected.

Logistics division was bolstered by a good result at Auckland and an excellent one at the Christchurch branch.

Processing put in a stellar performance. Higher branch network volumes enabled the business to generate efficiencies. Improved buying created price stability and supported margins.

Across the business, returns improved, driven by excellent working capital management. Investment in fixed assets continued. Three new distribution centres are nearing completion.



LABOUR

	Number of employees	Fatalities	Payroll spend
	4 383	0	R3,2bn
	2016: 4 037	2016: 0	2016: R2,8bn
	Female employees		Male employees
	1 184		3 199
	2016: 1 042		2016: 2 995
		Lost-time injury frequency rate (LTIFR)	Employee training spend
		16	R1,8m
		2016: 12*	2016: R1,6m

SOCIAL

CSI spend
R2,3m
2016: R3,1m


Sustainability

As a primary market, with a long history in this region, sustainability and social outreach are important components of the work we do in Australasia. Our suppliers, customers and communities within whom we work are environmentally and socially aware, and expect the highest standards from us.

Environmental commitment

Fuel consumption, energy, water and waste are the key focus areas that drive our environmental initiatives. These form the foundation of our environmental management procedures, which includes the implementation of the ISO14001 environmental management system in all our Australian sites.

An increase in diesel consumption during the year was expected due to increase in business activity. Despite this, efforts are being addressed to ensure that we are as fuel efficient as possible. In 2018, we plan to pilot an electric delivery truck in New Zealand, in partnership with manufacturer Vuso. In addition to its environmental advantages, the truck is reported to incur 30% lower maintenance costs; with weight and payload specifications that make it an ideal inner-city delivery vehicle.

Deployment of various energy-efficiency technologies has been at the forefront of our drive to reduce electricity consumption across both countries. Smart (LED) lighting and motion sensor units have been installed in all our Australian branch warehouses and solar panel arrays installed at selected sites. In New Zealand, LED lighting and motion sensors have now been fitted in all our older distribution centres (DCs), and are standard features in all new DCs.

Our water consumption has largely remained constant, however we do recognise that we have operations in water sensitive areas that require astute management. At our Verissimo Drive plant in Auckland, our largest site in New Zealand, we have installed a 200 kilolitre rain-harvesting tank that is used for non-drinking purposes such as irrigation and the washing of our fleet.

At Verissimo Drive, two new compacting balers have been introduced to improve the cardboard and plastic recycling measures at the plant. In addition to saving physical space, our recycling rates and revenue generated from these initiatives has increased significantly.

Employee development

Unfortunately we are reporting an increase in our lost time injury frequency rate this year (12-16/200 000 hours). This is a concern to us as employee development is a key operational focus. Expenditure on staff training continues to increase and we are implementing innovative practices, such as eye training technology for our fleet in New Zealand that detects driver fatigue and poor driving practices.

Health and safety procedures are well-drilled in all our New Zealand sites, and close analysis made of typical workplace injuries and appropriate remedial action.

Our Australian operations are directed by a Quality, Safety, Environmental and Food Safety Policy that outlines strict occupational, health and safety procedures at all our Australian branches.



See: www.bidfood.com.au/about/sustainability

Community and social support

In addition to donations made to sports teams and smaller charities, much of our community outreach work has been in the support of youth development.

We have a long history of collaboration with the Graham Dingle Foundation (formerly the Foundation for Youth Development) in New Zealand. Over the past nine years we have been able to fundraise and direct some NZ\$600k, including NZ\$114k in 2017, in support of the Foundation's work with vulnerable children. This is achieved by donating a percentage of the sales of our Smart Choice home brand products to the GDF.

In a country such as New Zealand, which has the highest youth suicide rate in the OECD and in which 20% of children live in relative hunger, we believe the GDF's work to be well researched and sustainable. Our contribution is helping over 15 500 students in 89 schools build the emotional intelligence to cope with life's challenges.

In Australia we support the Daniel Morcombe Foundation, through fundraising and event support, in their programmes of child safety, awareness and assistance to young victims of crime. We directly support the KickStart for Kids programme through the donation of over A\$30k in milk that assists KickStart in providing breakfasts, lunches and mentoring programmes in Australian schools.

We directly sponsor two youth chef development programmes – "Fonterra Proud to be a Chef" and "Nestle Golden Chef's Hat Award". This forms part of our endeavour to promote and support the local food service sector in Australia.

ENVIRONMENTAL

 Diesel (litres)	Petrol (litres)	LPG (kg)	LNG (kg)	Biodiesel (litres)
9 339 735	720 184	81 603	0	0
2016: 8 733 167	2016: 742 534	2016: 62 030	2016: 0	2016: 0

 Electricity (kWh)		 Municipal water (kl)	Scope 1 emissions (tCO ₂ e) (excl refrigerants and aircon gases)	Scope 2 emissions (tCO ₂ e)
Non-renewable	Renewable			
73 142 923	0	233 420	26 852	43 948
2016: 70 732 231**	2016: 0	2016: 227 751	2016: 24 622	2016: NR

* Restated. NR = not reported.

** Australian 2016 electricity consumption extrapolated from expenditure records.

Community projects

New Zealand

Support for the Graeme Dingle Foundation (GDF) is central to CSI strategy at Bidfood NZ. GDF is a child and youth development initiative that transforms young lives, supporting over 25 000 kids at more than 100 schools.

GDF's work began over 20 years ago in response to a youth crisis and youth suicide rates that were of the highest in the developed world. 19.8% of New Zealand children live in relative poverty. The aim is to create stronger, healthier and happier young people.

Last year, Bidfood's financial donations helped almost 20 000 students in 89 schools. In addition, Bidfood teams give food to GDF events and support fund-raising drives.

In nine years, donations have topped NZ\$600k, and in 2016 to 2017 we gave NZ\$114k. Donations are underpinned by an annual profit percentage from SmartChoice sales. Research shows every donated dollar generates NZ\$7.15 in long-term benefits.

We also support associated school-based initiatives, including Kiwi Can (a life skills programme), Career Navigator (a work-readiness scheme), Project K (youth mentoring) and MYND (interventions to stop young offenders re-offending).

Local Bidfood staff participation is whole-hearted and often high profile – such as the time the head of marketing was pushed off the top of an Auckland tower in a "Drop-Your-Boss" fund-raiser.



Australia

A key community programme in Australia is KickStart for Kids. This programme, launched in 2011, is driven by the belief that every child, regardless of background, deserves an equal chance.

KickStart for Kids runs breakfast, lunch and mentoring programmes in South Australian schools. It also provides clothing and addresses healthcare needs.

If children are hungry or encounter hardship, they cannot fully engage at school. This hobbles educational outcomes, with the risk that the cycle of poverty and marginalisation will be perpetuated for another generation.

Research shows that children who grow up in hardship are more likely to be poorly educated and face deprivation as adults. KickStart for Kids tries to level the playing field.

To assist the programme, Australia donates a pallet of milk every week. This equates to an annual contribution of A\$30k and enables KickStart for Kids to serve around 40 000 breakfasts and 10 000 lunches a week at over 300 South Australian schools.



Bidfood United Kingdom

Revenue

R50,0bn

2016: R61,0bn

Trading profit

R1,3bn

2016: R1,5bn

Product segmentation



	2017	2016
Frozen	33%	33%
Chilled	29%	28%
Ambient	30%	30%
Non-food	8%	9%

Market segmentation



	2017	2016
Logistics	41%	42%
Chain	34%	37%
Independent	25%	21%
Retail/other	0%	0%



Revenue declined 18,0% to R50,0 billion (2016: R61,0 billion). However, excluding the effects of a strengthening rand, revenue increased 1,9% in constant currency. Trading profit decreased by 9,6% to R1,3 billion (2016: R1,5 billion). Excluding the currency effects profitability was up 12,4%.

Bidfood UK delivered pleasing trading performance underpinned by an excellent fourth quarter. Trading profit was up strongly and exceeded expectations in an economy that achieved only marginal growth. British employment is at record levels, but disposable income is under pressure, driven by higher inflation.

Overall sales growth was constrained by the strategic exit of a number of large, unprofitable contracts. However, free trade volume growth of 8% was achieved.

Margins were well managed and expenses contained, despite rising wages, fuel prices and other overheads. Continued focus was given to overall cost control and reduction of support costs. Cash flow remained robust and investment in the business continued, with fleet vehicle renewal a focus area. Rebranding to Bidfood was warmly received by the market.

In line with the overall growth strategy, the free trade sales mix showed continued

improvement with a benefit to total margins. National account margins were well managed while significant new contracts supported fourth quarter volumes.

Own-brand growth was strong across all categories of business.

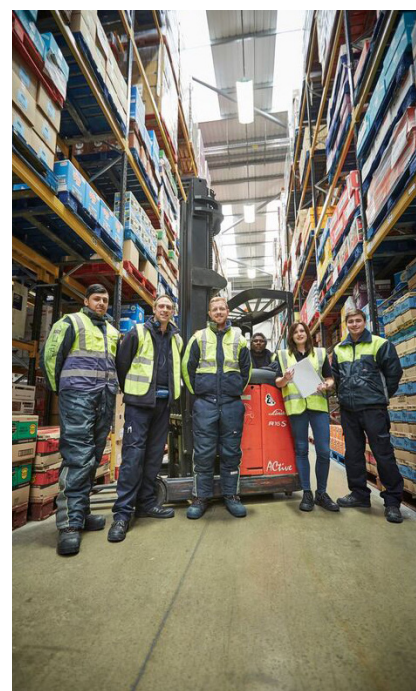
IT infrastructure was moved in-house and the transfer of data centre hosting to a new service provider was completed. Migration of e-commerce solutions was finalised early in the new period. All IT activity proceeded to plan without business disruption. Ongoing IT cost savings are envisaged.

The specialist focus areas of wine and meat achieved pleasing gains in volume and profit.

Across the wider business, ongoing growth is projected on the back of continued close alignment with Britain's growing free trade sector. Margin management and cost efficiency remain focus areas. We continue to investigate opportunities for acquisitive growth.

Bidfresh results saw good revenue growth with only a small growth in profit largely due to margin issues across the fresh categories. Performance was assisted by the acquisition of R Noone & Son (Noone), a Manchester fresh produce supplier to the catering industry, and Wynne-Williams, a butchery business based in Flint, Wales, both of which performed as expected since the acquisition.

Significant product cost inflation caused by farm gate inflation and adverse exchange movements put pressure on margins across



Chief executives



the businesses. Management consciously sacrificed some margin in order to maintain volumes. In addition to margin pressure, significant overhead increases in wages, insurance and IT costs were experienced.

The Seafood businesses experienced pressure on revenue and margin, but recovered well in the final quarter. Salmon prices have been volatile throughout the year with some levelling off in the last quarter. White fish prices have been getting firmer as the year progresses but we should see relief with the new quota season.

The Produce businesses had stable results. Margin pressure early in the year from a poor UK potato harvest, the poor weather in January and February affecting crops in Spain and surrounding areas, and the dramatic shortages in milk solids affecting butter, and more recently cheese, has been offset by strong sales growth.

The Meat businesses had mixed results. Plans are under way to expand capacity, build more unified buying strategies, and exploit the greater business reach across the country.

Logistics performance continued to disappoint, with trading profit well below that of the prior year, though a marginal improvement in sales volumes was achieved. Margins remained under pressure as the number of deliveries for major quick-service-restaurant (QSR) chains fell below expectation. The business exited a major QSR account in the fourth quarter.

Costs relating to handling and storage rose due to weak management. Vehicle leasing costs also moved higher following new investment in the fleet.

In PCL247 Transport, sales and margins also moved lower as the number of routes operated fell by 23%. The Aylesbury dairy

became fully operational, but this additional volume could not offset the closure of two other dairy sites. As a consequence of lower activity, Trafford Park distribution centre will be closed, the costs of which have been accrued accordingly.

Logistics remains a non-core activity and management remains committed to finding a viable solution for the future of the business. Underperformance has necessitated further management changes, the benefits of which should stabilise results going forward, in the most cost-effective means necessary.

Significant effort and costs have been expended in resolving the management irregularities that were reported on during the previous financial year. These irregularities remain the subject of ongoing legal processes. As a consequence of a part resolution of these issues, management has impaired the goodwill associated with the PCL247 Transport business by £9 million.



LABOUR

	Number of employees	Fatalities	Payroll spend
	8 928	0	R5,4bn
	2016: 8 978	2016: 0	2016: R5,9bn
	Female employees		Male employees
	1 906		7 022
	2016: 1 963		2016: 7 015
Lost-time injury frequency rate (LTIFR)		Employee training spend	
7		R51,3m	
2016: 15*		2016: R9,0m	

SOCIAL

CSI spend
R0,6m
2016: R0,6m


Sustainability

Sustainability is a key area of business focus at Bidfood UK. This is indicated by Bidfood UK, being recognised as the Federation of Wholesale Distributors (FWD) Green Wholesaler of the Year for the past four years in a row.

Such acknowledgement comes on the back of dedicated efforts to address all aspects of the business value chain from the sourcing of viable and sustainable food stocks to direct operations, and to our various distribution channels.

Responsible product sourcing

We continue to drive the "Plate2Planet" website platform that shares sustainability practices to the food wholesale sector. Information, articles and advice on wide ranging issues from ethical sourcing to efficient transportation are freely shared with the public and sector alike.



See: www.plate2planet.co.uk

Having achieved a 95% Roundtable on Sustainable Palm Oil (RSPO) certification in Bidfood's own-brand products, the company is now hoping to achieve 100% certification within the year.

Customers demand ethical trading, locally grown products and accredited certification on foodstuffs across all our companies and we are responding by proactively addressing these issues in our supplier contracts.

In conjunction with specialist waste-to-energy company Olleco, Bidfood UK offers free collection of customers' spent-oil, which is then recycled into biodiesel for secondary purposes.

Environmental commitment

We strive to achieve efficiencies in resource consumption and reduce our overall environmental impact. This is manifest in the reduction of our operational carbon emissions and lower diesel consumption, while increasing our overall revenue in 2017.

Both Bidfood UK and Logistics are active participants in the Climate Change Agreement (CCA), a UK government volunteer programme that sets sector-based greenhouse gas reduction targets in two-year instalments against a 2008 baseline. Numerous of our sites are engaged in the Agreement, with the current phase aiming for an 8,3% carbon reduction target against the baseline year.

Our actual 2017 carbon reduction of 6,9% per employee was awarded with The Planet Mark™ Sustainability Certificate, giving recognition to our commitment of engagement with staff and suppliers to drive environmental improvement, and also recognising our investment in the Eden Project education initiative and contribution to Cool Earth, an environmental charity protecting rainforest degradation in South America, Papua New Guinea and the Democratic Republic of Congo.

Other notable environmental achievements include reduction in our paper usage by 23%; recycling of over 70% of our waste; and, the transformation of our fleet to the new Euro 6 emission standards.

We are also targeting water reduction of 5% across all our operations.

Employee development

We take pride in being a fair employer, and an employer of choice, and have achieved a number of notable successes during 2017.

Over 83% of Bidfood's 4 625 employees actively took part in the "Your Voice" employee feedback survey. This surpasses the average of 76% for similar surveys in the UK private sector, and 74% of Bidfood's employees agree with the statement: "I believe our company cares about the environment."

Employee training and, especially, health and safety, continue to be key areas of concern. Significant increases in employee training, learnerships and bursaries were achieved – most of this within Bidfresh.

Across all our companies, lost time injuries decreased from 15 to 7 per 200 000 hours, and no fatalities were recorded during the reporting period.

Community and social support

Our corporate social investment spend has remained constant over the past year.

Bidfresh's CSI activities continue to support local junior football teams, schools, old age homes and hospices.

In addition to directly providing financial assistance to sport, environmental and career coaching charities, Bidfood UK employees are proactively involved in raising funds and providing expertise to numerous causes. Donated hours by staff doubled in 2016, and are ever increasing.

Bidfood UK continues to support the One Foundation in the provision of access to clean water and sanitation projects in Africa by supplying and encouraging customers to purchase "One" bottled water- the profits of which are directed towards the charity.

ENVIRONMENTAL

	Diesel (litres)	Petrol (litres)	LPG (kg)	LNG (kg)	Biodiesel (litres)
	38 658 316	828	0	229 522	0
	2016: 41 575 482	2016: 250	2016: 0	2016: 193 476*	2016: 36 063

	Electricity (kWh)			Municipal water (kl)	Scope 1 emissions (tCO ₂ e)**	Scope 2 emissions (tCO ₂ e)
	Non-renewable	Renewable			103 964	29 489
	83 879 995	1 343 572			2016: 108 180	2016: NR
	2016: 82 328 928	2016: 850 459		2016: 284 375		

* Restated. NR = not reported.

** Bidfood UK is the only Bidcorp division that reports its refrigerant and air conditioning gas emissions, totalling some 9 722 tonnes of additional CO₂e.

Community projects

The One Foundation

Bidfood UK has a proud record of community assistance and work to promote improved environmental practice. When the team commits to a project, progress can be significant. One example is the partnership with The One Foundation, a non-profit that brings clean, safe water to marginalised communities in a bid to break the cycle of “water poverty”.

Through this partnership, Bidfood UK is helping to fund water, sanitation and hygiene programmes in some of the world's poorest countries. Work includes the construction and rehabilitation of water points, hand-washing stations and school latrines while assisting public health initiatives and contributing to capacity-building.



Bidfood Europe

Revenue

R32,2bn

2016: R31,0bn

Trading profit

R1,2bn

2016: R1,1bn

Product segmentation



	2017	2016
Frozen	30%	31%
Chilled	36%	34%
Ambient	27%	27%
Non-food	7%	8%

Market segmentation



	2017	2016
Logistics	15%	14%
Chain	23%	24%
Independent	42%	39%
Retail/other	20%	23%

Revenue rose 4,0% to R32,2 billion (2016: R31,0 billion) while trading profit rose 11,5% to R1,2 billion (2016: R1,1 billion). In constant currency terms trading profit rose 20,5%. Eastern European businesses continued to deliver good growth, bolstered by the buoyant economic conditions.

Netherlands' trading profit and revenue met expectation as the national economy showed some growth and unemployment fell. Performance was driven by a strong showing in the hospitality sector. In the national accounts, institutional and catering channels, sales and margins are generally under pressure.

Free trade within the hotel, restaurant and catering channels has become a significant driver of the business. Particularly strong growth was seen in the south and west of the country. Further restructuring of the cost base is required to align activities with the focus on the free trade sector. Rebranding as Bidfood was successfully launched.

Belgium teams optimised sales opportunities as economic growth ticked higher and unemployment fell. Trading profit was also above budget. Margin pressure persisted, but was generally well managed. Cash generated from operations was up significantly due to good working capital management.

Revenue growth was driven by a strong performance in the horeca channel, assisted by the contribution of Bestfood, whose acquisition was completed in September 2016.

The institutional wholesale business exceeded expectations, boosted from October by strong volumes on the back of a new contract win. Logistics sales were also above expectation. Numerous contract renewals were achieved; in particular, a major QSR customer contract for five years.

The Bidfood identity was successfully implemented across the business during the latter part of the financial year.

Development of a new agile and scalable IT platform to support the business and its evolution is well on track.

Iberia was established with the newly acquired Spanish business, (Guzmán) (in April 2017) witnessed pleasing gains in the independent sector in both Madrid and Barcelona. Gross margins were impacted by product price increases caused by frosts



during the early part of the calendar year. However, these are normalising. Attention will be focused on efficiency gains through new IT upgrades and corporate structure streamlining.

Bidfood Spain failed to meet its objective of breaking even by year-end as mainland sales volumes stalled in the last two months of the year. Integration of our existing Bidfood Spain operation into Guzmán is a priority in the coming year. Specific initiatives include the integration of the Guzmán warehouse in Alicante with the nearby Bidfood Spain warehouse.

Acquisition of a niche Portuguese horeca business was completed early in the new financial year.

DAC Italy benefited from the Italian economy's continued gradual improvement and our team optimised opportunities. Trading profit exceeded budget and sales growth was seen in all product categories – ambient, frozen, chilled and non-food.

Frozen made pleasing gains, but the ambient category still accounts for the biggest slice of sales volumes while independent/street sales are the biggest customer category. Strong growth was maintained in this channel, which now represents about 81% of total sales volumes.

Own-brand growth continued and export sales moved higher.

Sales to sister companies in the Bidcorp group increased substantially, confirming the broad appeal of an authentic "Made in Italy" proposition in the global food business.

Chief executives



Dick Slootweg
Bidfood Netherlands



Thierry Legat
Bidfood Belgium



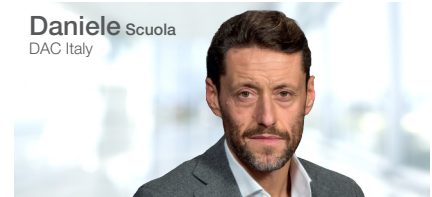
Bohumil Votr
Bidfood Czech/Slovakia



Paweł Świechowicz
Bidfood Poland



Ramūnas Makutėnas
Bidfood Baltics



Daniele Scuola
DAC Italy



Markus Erhart
Pier 7 Germany/Austria



Jordi Franch
Bidfood Iberia

Cash from operations showed good improvement.

The newly acquired Quartiglia Food Service performed in line with expectations in its first year and made a small overall contribution to the pleasing results.

Czech Republic and Slovakia Bidfood teams put in another strong performance. Revenue and trading profit were well up on the prior year and again exceeded budget, driven by a buoyant final quarter. June was one of the best trading months on record. Sunny skies and high temperatures underpinned pleasing growth in ice cream volumes and value-added products.

High productivity levels were achieved at our factories (ice cream, sous vide meat, ready meals, red meat and vegetables), but at one stage sales demand exceeded production and reserve stock was run down. Frozen fish processing capacity has been increased.

Sales into the retail channel were pleasing, particularly in the fresh produce, red meat and frozen bakery product segments. Strong interest was also evident in fresh and frozen fish, frozen ready meals, potato products and frozen vegetables.

Export volumes – notably meat and game – also moved higher. Good demand was seen from both EU and non-EU countries.

Return on funds employed achieved pleasing improvement, driven by good asset management and improved profitability.

Additional investment in new factories, depots and distribution capacity is envisaged in the coming year.

Farutex Poland recorded excellent increases in sales volumes as the Polish economy remained buoyant, significantly ahead of the comparative period. Trading profit also exceeded expectations.

Particularly pleasing growth was achieved in the free trade market. Sales of fresh produce and meat were particularly strong. Volumes in the national accounts channel also rose.

Margins remained stable, cash generation from operations was strong and return on funds employed moved higher. Staff numbers rose to cater for higher growth. Working capital was well managed and overall cash flow generation was robust.

Operational efficiency gains included an ERP system upgrade and continued investment in plant and machinery. The vehicle fleet was expanded.

Plans are well advanced for the expansion of depots in Gdansk and Poznan. Successful relocation and expansion of the Lublin depot is complete.

Baltics revenue rose on prior year, though the business overall recorded a small loss. Restructure of the smaller Estonian operations is under way to stem losses. The Lithuanian business is profitable.

Foodservice volumes were significantly up across the business. Growth is largely driven by broadening of our product portfolio. The foodservice client base showed continued growth. Foodservice now represents 51% of total revenue.

In the retail channel, our Nowaco exclusive branded frozen fish and seafood did well, as did chilled fish from our Riga fish processing plant. Good progress is apparent with our strategy of achieving wider distribution of our own brands.

Germany and Austria markets were added to the Bidfood European footprint post-year-end with an acquisition of 70% of Pier 7 Foods, a small foodservice business based in Munich, Germany, incorporating five locations within Germany and one in Austria.

LABOUR

		Number of employees	Fatalities	Payroll spend
6 230			0	R3,6bn
2016: 5 711			2016: 0	2016: R2,7bn
	Female employees	Male employees	Lost-time injury frequency rate (LTIFR)	Employee training spend
1 805	4 425	8		R17,2m
2016: 1 704	2016: 4 007	2016: 8*		2016: R13,8m

SOCIAL

CSI spend
R16,3m
2016: R5,1m*


Sustainability

Consistency in sustainability activities have been achieved across our European geographies against an operating background of increased sales, and a trading profit improvement of 20,5%. This performance is indicative of stable management and operational processes in the region.

Environmental commitment

Most of our environmental efforts in Europe have focused on energy efficiency at our sites of operation and fuel optimisation in our vehicle fleets through driver behaviour, and the routes they travel.

Driving skills are central to improved fuel efficiency. In the Netherlands driver training with regards to improved fuel efficiency has been a core focus, and a fleet telematics system has been introduced into 50% of the fleet. This is undoubtedly resulting in improved fuel consumption patterns. Account managers within the inner Amsterdam city limits utilise scooters instead of cars, and cycle-powered “bubble post” is used for local deliveries.

Our Belgium operations have also focused on driver behaviour and optimisation of routes travelled, generating confidence within the operation that fuel consumption will decrease by 5% by the end of 2019.

Electricity usage has also received attention in Belgium with LED lighting and motion detection systems being introduced into various sites; photovoltaic (PV) solar systems being installed in Thuin and Kruibeke; and employee awareness being encouraged to target a 6% decrease in consumption by the end of 2019.

Our Czech and Slovakian operations have been replacing warehouse lighting with LED solutions, and have converted one factory with an electricity-efficient microprocessor. A depot has installed a full photovoltaic (PV) solar energy system, allowing it to be completely independent of the national electricity grid.

Water availability, cost and quality are increasingly an area of concern. Our Belgium operations have introduced various water saving initiatives including the installation of rainwater harvesting tanks at its Flanders plant, which is used for the change room facilities. In the Netherlands, two sites (Ede and Schiedam) have introduced waterless washing processes for their truck fleet.

Employee development

Employee numbers have increased during 2017. The Netherlands has a specific focus on hiring employees living with disabilities, and has set itself a 2025 target of 5% of staff to be “distanced from the labour market” due to disabilities.

In Poland, a labour social fund has been established for direct benefit to employees with R8,3 million being directed towards this during 2017.

Expenditure on employee training and learnerships has increased to R17,2 million with most of this taking place within our Netherlands operations.

Although stable, our lost time injury frequency rate (LTIFR) remains a management focus area.

Community and social support

Expenditure on social projects increased significantly in 2017.

The nature of the supported projects are similar across all our European operations. This is characterised mostly by support to local sports teams, such as the Czech sponsorship of “Kralupy nad Vltavou” ice hockey team; unsold food donated to charitable food banks; and direct support to local charities, hospitals and hospices.

In addition to its support of sports clubs, the Netherlands continues to sponsor an annual “Ouderendag” (Day of the Elderly) in which staff and residents of local old age homes visit the Ouwelands Dierenpark wildlife sanctuary in Rhenen.

ENVIRONMENTAL

	Diesel (litres)	Petrol (litres)	LPG (kg)	LNG (kg)	Biodiesel (litres)
	11 905 247	793 347	9 500	1 003 418	0
	2016: 11 527 852*	2016: 791 305	2016: 17 941*	2016: 976 920	2016: 0

	Electricity (kWh)			Municipal water (kl)	Scope 1 emissions (tCO ₂ e) (excl refrigerants and aircon gases)	Scope 2 emissions (tCO ₂ e)
	Non-renewable	Renewable			36 487	38 057
	81 724 940	10 000			2016: 32 482	2016: NR
	2016: 74 316 791	2016: 10 000		2016: 143 952		

* Restated.

NR = not reported.

Community projects

Guzmán

The Group newcomers at Guzmán Gastronomía are known for their community spirit. They target their assistance at areas of greatest need. For example, they donate to food banks that assist disadvantaged people, provide fruit and vegetables to the homeless and at Christmas time give gifts of toys and sporting goods to children in hospital.



Belgium

Bidfood Belgium provides wide-ranging support in various areas of need. The business assists foodbanks across the country and, in partnership with suppliers, provides food and coffee for the homeless. The business is also a sponsor of Médecins sans frontières and La ligue Braille (a charity focused on help for the blind).

Staff participate in the annual 20km Brussels run – which becomes a vehicle for raising money for good causes, while the business is known for laying on “discovery visits” to its premises, thereby giving unemployed young people an insight into job opportunities.

Czech Republic

Our business in the Czech Republic and Slovakia assists in various areas of need. A major project in Czech Republic is support for the national Lunches4Kids project that ensures children from low-income homes receive filling, nutritional meals in their school canteens.

Various local charities, schools, nursery schools and sports clubs also receive assistance, sometimes financial and sometimes donations of food. The hockey club of the city Kralupy nad Vltavou, (where the Czech business is based) also receives support, with the focus on young hockey players, who wear apparel branded with our Nowaco logo.

Cultural support is given as well. The business is a long-time partner of the National Theatre in Prague.



The Netherlands continues to sponsor an annual “Ouderendag” (Day of the Elderly)

Bidfood Emerging Markets

Revenue

R19,3bn

2016: R18,2bn*

* Pro forma revenue

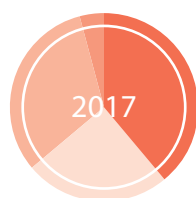
Trading profit

R1,1bn

2016: R0,9bn*

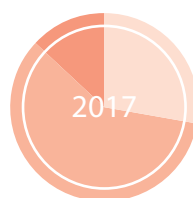
* Pro forma trading profit.

Product segmentation



	2017	2016
Frozen	39%	42%
Chilled	25%	24%
Ambient	32%	30%
Non-food	4%	4%

Market segmentation



	2017	2016
Logistics	0%	0%
Chain	28%	28%
Independent	59%	58%
Retail/other	13%	14%



These businesses continue to deliver commendable results. Revenue moved 5,9% to R19,3 billion (PF2016: R18,2 billion), with trading profit up 18,1% at R1,1 billion (PF2016: R0,9 billion). Excluding currency effects, profitability is up 20,8%.

Bidcorp Food Africa (BFA) recorded excellent results, despite low South African growth and pressure on consumers.

Net revenue growth of 10% was driven by strong penetration of the independent channel by Bidfood SA (BF) and Crown Food Group (CFG). Trading profit was up by 23,8%, reflecting improved trading margin.

With effect from April 1st, 50% of Bidvest Bakery Solutions was sold to Puratos NV, a European supplier of bakery and confectionary ingredients. The company, renamed Chipkins Puratos (CP), was equity accounted post the sale.

BFA's focus on its own manufactured products yielded positive results. Return on average funds employed increased and net working capital days improved. Cash flow from operations improved substantially.

Investment continued into delivery vehicles, manufacturing facilities and new distribution centres. Investment in IT system development tools and business collaboration systems is ongoing.

BF recorded excellent results, achieving the target of double-digit independent channel growth following the deployment of additional sales staff. BF's online ordering platform,

BFS247, continues to grow. Channel growth was assisted by increased private label product sales. National accounts growth was also achieved. However, challenges persisted in the industrial caterers' channel.

CFG's sales dipped marginally in a challenging trading environment. However, the trading margin showed some improvement, procurement savings were secured and a change in the customer mix proved beneficial. Pressure was significant in the additives and spices category, but good growth was seen in condiments, while volumes increased significantly in the natural casings category.

At year-end, a joint venture agreement was finalised between CFG and Griffith Foods, a US-based supplier of ingredients solutions, to focus on a niche segment.

CP put in a strong performance, driven by innovation and successful initiatives with own-manufactured products. Strong growth was achieved in the retail and supermarket sector. The wholesale bakery category also grew.

Angliss Asia delivered a strong finish. Substantial contributions from mainland operations underpinned a highly satisfactory performance, with trading profit well above

prior year. Double-digit revenue growth was broadly in line with expectation. Operational expenses remained high. Working capital was impacted by much tighter supplier terms on imported products, longer lead times and revenue growth.

Continued growth is forecast, driven by innovation and new product introductions.

Hong Kong revenue was well up on 2016. However, trading profits failed to meet expectation.

Results at the core Angliss Hong Kong foodservice business were impacted by rising costs and the need for further investment in warehousing capacity. The Him Kee dry goods business delivered solid growth. Sales at the PastryGlobal bakery and confectionary business were constrained by delayed shipments from European suppliers, but the strong profit-line was maintained.

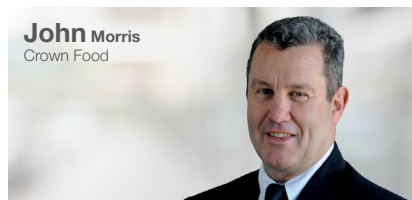
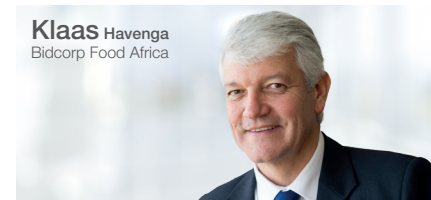
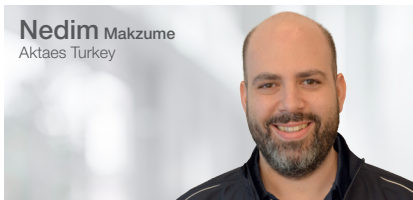
Trading profit also exceeded budget at Gourmet Cuisine. Miami, our Japanese foods business, witnessed continued strong growth of its Sabu Sabu line and frozen meat, frozen sashimi, meat and seafood. Nature and Organic Global gained further momentum, driven by growing sales of frozen foods.

Good sales of Ready-To-Eat processed products drove continued growth at the Macau operation.

Mainland China achieved good volume growth in Shanghai driven by robust demand from hotel and restaurant customers. Sales were strong in second tier cities in Jiangsu and Zhejiang provinces. Beijing's pastry volumes showed good growth. Beijing results were also assisted by pleasing contributions from second-tier regions such as Shenyang, Shijiazhuang and Shanxi province.

Guangzhou put in another strong performance, bolstered by buoyant bakery and retail demand. Its Chengdu operation

Chief executives



also achieved strong growth. Shenzhen enjoyed continued year-on-year growth on the back of firm demand in the restaurant and foodservice channels. Sales of President products assisted overall performance.

Singapore's trading profit and revenue growth continued as the company gained further traction following its transition from a business largely engaged in trading activities to one with a core foodservice focus.

The Foodservice division was the standout performer, registering good growth in key customer categories. Pleasing growth was seen across beef, poultry and butchery lines.

Sales remain under pressure at the Consumer, Marine and International Trading divisions. Working capital slipped. This will require focus in the period ahead. Post year-end, a further investment has been made into Malaysia through the acquisition of a majority stake in Aeroshield, a distributor of quality chocolate, pastry and bakery products.

Brazil achieved excellent revenue and trading profit growth, despite the challenges of low consumer spending and deflation, assisted by the acquisition of Mariusso, a foodservice distributor based in the greater São Paulo area.

The core business, Irmãos Avelino, continued to strengthen the sales function, while modernisation of the vehicle fleet drove distribution efficiency.

Continued growth is projected as the national economy is expected to recover

somewhat and we see growth potential in the frozen and chilled segments. In addition, opportunities exist to grow volumes across our existing retail customer base.

Further growth on the back of the Mariusso acquisition is also expected. In the coming year, Mariusso will launch telesales off the back of the Irmãos Avelino model.

Chilean business registered pleasing trading profit and revenue growth, despite continued deterioration of the national economy. Overall margins were well managed.

Santiago foodservice branch sales were especially strong. Processed meat volumes were significantly higher, with solid sales success recorded in the fast-food channel. The new seafood category presents an exciting opportunity.

Puerto Montt branch volumes were up, but below expectation. Margin improvement was evident as a result of the growing free trade focus.

Concepción branch volumes doubled from a low base, following the establishment of a local branch and our acquisition of a small foodservice distributor.

Continued growth is forecast, though tough trading conditions will persist. Debtors management has become a key focus area. However, good momentum has been built. A new branch at Viña del Mar became operational post year-end.

Middle East division performed well, improving both revenue and trading profit significantly. Sales were up, gross margins improved and expense control was rigorous across the value chain.

Revenue ticked higher at Horeca UAE, but failed to reach anticipated levels following a slowdown in hotel occupancy combined with the muted trading effects of the holy month of Ramadan late in the fourth quarter. Retail operations have been significantly downscaled.

In Saudi Arabia, Al Difaya's revenue was below expectation, but up on prior year. Margins were well managed and trading profit improved. Further expansion of the distribution footprint will open up more of the remote areas of the country, with significant growth in hotel occupancies in major cities anticipated through to 2020.

Horeca Oman recorded excellent sales, despite a slowdown in the economy. Performance was driven by a new brand introduction and continuing growth of the customer base. Horeca Bahrain grew on the back of aggressive promotional activity. Beverage marketing benefited from collaboration with Al Difaya.

Aktaes Turkey achieved revenue growth, but trading losses persisted. Operating expenses moved higher, but were broadly in line with management forecasts.

The Turkish economy rebounded in 2017, but uncertainty remains and hotel occupancy rates for most of the year remained low.

LABOUR

	Number of employees		Fatalities	Payroll spend
	6 046		0	R1,7bn
	2016: 5 315		2016: 0	2016: R1,1bn
	Female employees		Male employees	Lost-time injury frequency rate (LTIFR)
	2 110		3 936	9
	2016: 1 730		2016: 3 585	2016: 38
				Employee training spend
				R14,0m
				2016: R10,0m

SOCIAL

CSI spend
R2,2m
2016: R1,1m


However, in our fourth quarter, Istanbul occupancy rates moved up strongly and there were signs of a recovery in the hotel, restaurant and catering sector.

An exclusive agreement was signed with Campari for distribution of the group's products across Turkey.

Sustainability

With operations in four continents (Africa, Middle East, Asia and South America), managing sustainability in our emerging markets is as diverse as the regions in which we operate. From the sustainable sourcing of product to the social projects we invest in, each region faces unique challenges.

Responsible product sourcing

With strong consumer awareness in South Africa, the sustainable sourcing of product is a top priority. BF has upheld a sustainable seafood policy that ensures all seafood products on offer are properly labelled with information relating to species, origin and method of production.

Similarly, CFG (a manufacturer and distributor of meat, poultry, dairy and general food ingredients) requests all its suppliers to be accredited by Fairtrade or UTZ sustainable farming certifications.

Environmental commitment

In many respects, environmental challenges facing our operations in emerging markets require greater managerial response than those in more developed markets. In some instances the management of water, electricity and fuel is built into company management incentive programmes, and monitored frequently.

Due to volatility in availability and price, fuel conservation is critical to the successful functioning of our fleets. Despite the significant increase in our revenue and profit, our diesel and petrol consumption increased only marginally, indicating improved efficiencies in distribution of our product. In many regions, we implement driver-training programmes aimed at improved driving behaviour, and in our Turkish operation route optimisation is scrutinised to ensure fuel consumption is kept to a minimum.

Energy, and particularly electricity, is similarly managed. Although our overall electricity consumption has increased during 2017 (a result of larger warehousing in our UAE and South African operations), technologies such as thermostats in our Brazilian freezers; installation of LED lighting and sensor control in the BF operations; and timers on geysers at CP operations in South Africa, are just some of the energy efficiency initiatives being adopted.

Water consumption has also increased as a result of larger premises and increased production. As many of our operations are located in water stressed and vulnerable areas, there is an obvious need to focus on our water usage patterns. Rainwater is harvested and used in Brazil for bathrooms and vehicle wash bays; boreholes supply our evaporative coolers, gardens and wash bays in South Africa; and, high-pressure steam is being used instead of cold water for the cleaning of equipment.

Waste generation is an area of growing concern, with many regions implementing waste management and recycling

programmes. Turkey is obliged to report, by legislation, all potential waste entered into the market as a result of our activities. Consequently, an arrangement with the ÇEVKO Foundation ensures that 54% of the operation's packing waste is recycled.

Employee development

Due to the nature of the markets in which we operate, and the need for specialist commercial expertise, much of our employee development focuses on skills and career training. This includes both current and potential employees.

Programmes for disabled and unemployed initiated by BF and mentored through a Management Development Programme at the University of Witwatersrand's Business School (WBS). Following the academic training, all were offered internships and have ultimately been employed fulltime in the company.

Individuals, living with disabilities, are currently enrolled in a New Managers Programme at WBS, and will be offered future internships.

Community and social support

Outside of our internal employee investment activities, there has been a marked increase in expenditure towards external social programmes. Some of this has been in the form of direct support to charities, schools, and old age homes, such as with our Brazilian operations, whilst our UAE operations are increasing their investment in alignment with government directives and supporting autism, foodbanks and reading projects.

ENVIRONMENTAL

	Diesel (litres)	Petrol (litres)	LPG (kg)	LNG (kg)	Biodiesel (litres)
	7 685 117	1 750 958	58	546 022	42 967
	2016: 7 328 200	2016: 1 780 038	2016: 0	2016: 554 410	2016: 38 256

	Electricity (kWh)			Municipal water (kl)	Scope 1 emissions (tCO ₂ e) (excl refrigerants and aircon gases)	Scope 2 emissions (tCO ₂ e)
	Non-renewable	Renewable				
	55 183 915	0		317 727	26 100	43 256
	2016: 51 962 905	2016: 0		2016: 234 361	2016: 21 806	2016: NR

NR = not reported.

Community projects

South Africa

The South African business fosters job creation, enterprise development and personal growth. Its Certificate Programme in Professional Cookery has become a springboard into the foodservice industry for previously unemployed young people. Support for job-creating micro-business includes provision of premises and equipment for a truck-wash start-up,



Urban Grown



Twin Cities

called Twin Cities, now successfully supplying all BF's largest depot's truck-washing needs. A black female-owned farming and food processing business, Urban Grown, has also migrated to BF's supply chain following targeted support. BF has assisted them in positioning themselves as a larger scale commercial farming supplier to the broader fresh food market. Another beneficiary of the enterprise development initiative is a black-owned retail food product supplier, Athi Foods, now a successful entrant supplying the smaller retail food market.

Development programmes assist drivers through training in defensive driving while unemployed black graduates living with disabilities receive business school training in management skills, often a gateway into the business's internship programme. Selected black employees also benefit from management development programmes. One focus area here is talented black females. Additional training, mentoring and coaching programmes are designed to fast-track black staff into management and senior management roles.

Angliss Hong Kong

Our core China business has a longstanding reputation for community support and leverages enduring partnerships to help those in need. For instance, Angliss is a long-term supporter of SAHK, an association that assists 15 000 families with physically and mentally challenged family members.

This NGO provides world-class rehabilitation services with the aim of building self-reliance. It assists those with cerebral palsy, autism and Parkinson's disease, those experiencing developmental delay, those recovering from stroke and those with learning disorders.

Bidcorp Corporate

Bernard Berson
Chief executive



David Cleasby
Chief financial officer



Nigel Boswell
Chief development officer



Corporate cost
(R55m)

2016: (R88m)*

* Pro forma results

Number of employees
26

2016: 23

Female employees
10

2016: 9

Male employees
16

2016: 14

Overview

Johannesburg-based Bidcorp Corporate Services complements the work of decentralised operational divisions through a range of services, including:

- access to corporate finance;
- Bidfood brand support;
- compliance;
- executive training, oversight and management of Group-wide financial services;
- investor relations and corporate communications;
- risk and sustainability issues; and
- strategic direction.

The corporate centre adds further value by identifying strategic and investment opportunities while promoting experience sharing across divisions and fostering synergies and savings. Supported by a finance team in the Isle of Man, Bidcorp Corporate Services has developed an in-house financial consolidation tool ensuring smooth and efficient monthly consolidation process of our globally diverse businesses and internal reporting systems.

Bidcorp Corporate also houses the group's investments.

Bidfood Procurement Community (BPC)

Results were satisfactory. UK and European purchasing opportunities are now being pursued by a dedicated BPC staff member. The supplier and product ranges continue to broaden and the business is tracking well.

Sustainability

Our group corporate social investment, driven from our head office in Johannesburg, contributed R5,7m to local initiatives.

Decentralisation at Bidcorp is a platform for local initiative in a host of areas, including community support. However, local commitment is complemented in specific areas of need by strategic intervention from corporate office in Johannesburg.

At a central group level in Johannesburg, Bidcorp directly supports two keystone projects, namely the ORT education, skills and enterprise development project, to whom we dedicated R1,25 million, and Nkosi's Haven, a child and mother HIV and AIDS home, to whom we donated R1,5 million.

Community projects



Nkosi's Haven

One target for corporate assistance is Nkosi's Haven in Johannesburg, a facility that helps HIV+ mothers, their children and AIDS orphans.

Well-balanced meals and nutritional food are vital for Haven residents. Funding for ARVs and education is also needed. Bidcorp assistance helps ensure these needs are met.



ORT SA

For optimum effectiveness, Bidcorp partners with ORT South Africa, a non-profit developmental organisation committed to “Educating for Life”.

“Second Chance” is just one project where exceptional results have been achieved. This year-long maths and science programme helps post-matric students who require improved results for entry into tertiary institutions.

Another project has given a nationwide lead by bringing coding for computer software, apps and websites to township schools. The Grade 8 Coding Club for 14-year-olds is an extra mural activity in the Ivory Park township north of Johannesburg. These computer-savvy “coding kids” are now working on several projects, including a digital timetable for teachers, a motion sensor safety tool for the blind and a driverless bus.



Transformation in South Africa

Bidcorp and all the management of the businesses in South Africa are committed to transformation and the building of a sustainable economy reflective of the dynamics in the country where access to the majority of South Africans is afforded. We continue to develop, invest and refine initiatives in pursuit of maximising performance against the new B-BBEE Code. Bidcorp remains committed to broad based transformation.

Our integrated approach leverages our core business to support long-term economic development and participation through a principal focus on management control, supplier and enterprise development. The recently introduced revised B-BBEE codes have necessitated a recalibration of focus in each business and new plans have been implemented to achieve these goals.

Management control and Employment equity – all businesses have succession plans in place and are developing the identified individuals. There is a continuous commitment to fill positions as they become available with previously disadvantaged individual candidates, with the focus on females and people living with disabilities. Due to low staff turnover, achieving the desired levels remains a challenge.

Supplier development – our existing supplier network are experiencing challenges in achieving meaningful transformation which directly impacts the businesses ratings and does put pressure on the Bidfood business where certain customers have minimum rating requirements. The development of new suppliers remains difficult where new entrants are faced with stringent food safety regulations and technical requirements of product developments.

Enterprise development – businesses have incurred significant costs in funding and developing small enterprises where opportunities exist to integrate these businesses into small business opportunities.

In other areas, skills development plans are in place, and training continues within all businesses. There are on-going learnerships across our businesses and new learnerships are due for roll-out during the new financial year. Socio-Economic Development initiatives were well supported during the year, with all businesses exceeding the target of 1% of net profit after tax.

In South Africa each subsidiary business is responsible for their own transformation ratings and initiatives.

- BF has improved their management control score in the period, but marginally fallen back on skills development due to a lower overall spend. BF has achieved a Level 4 rating.
- CFG improved in the areas of skills development, as well as Preferential Procurement. Management control has moved marginally backward. Enterprise and Supplier development projects were delayed; however these projects are expected to bear fruit in the new financial year. CFG anticipates maintaining its Level 8 rating.
- CP has made improvements in all areas, and has improved their rating to a Level 4.
- Bidcorp has recently been awarded a level 5 rating as a consolidated entity of the South African operations.

Our goal is to continue to implement programmes and solutions that are suitable and commercially beneficial to all stakeholders and well situated for business growth.



B-BBEE Empowerdex certificates are available on company's website.



DELIVERING ON OUR STRATEGIC VISION:

GROWING THE ENTREPRENEURIAL MODEL



Board of directors

Independent non-executive director

Dolly Mokgatle ■ ■

Qualification: BProc (University of the North), LLB (Law) (Wits)

Age: 61

Appointed: October 4 2016

Lead independent non-executive director

Douglas Band ■ ■ ■ ■

Qualification: CA(SA)

Age: 73

Appointed: March 20 2016

Independent non-executive director

Stephen Koseff

Qualification: CA(SA), MBA, H.Dip. BDP and Hon. DCom (Wits)

Age: 66

Appointed: August 16 2017

Independent non-executive director

Nigel Payne ■ ■ ■ ■

Qualification: CA(SA), MBL

Age: 57

Appointed: March 20 2016

Chief executive (Australian)

Bernard Berson ■ ■

Qualification: Australian CA

Age: 52

Appointed: March 20 2016



Chief financial officer

David Cleasby ■

Qualification: CA(SA)

Age: 55

Appointed: September 12 2007

Independent non-executive director (Australian)

Helen Wiseman ■ ■

Qualification: BSc (Hons) University of Manchester, CA, GAICD

Age: 51

Appointed: March 20 2016



See full CVs on page 71.

Independent non-executive director

Paul Baloyi ■ ■ ■

Qualification: MBA (Manchester Bangor University of Wales), SEP (Harvard), AMP: ENSEAD (France), MDP (University of Stellenbosch)

Age: 61

Appointed: March 20 2016

Non-executive chairman

Brian Joffe ■ ■

Qualification: CA(SA)

Age: 70

Appointed: August 17 1995

Board committees

- Audit and risk committee
- Social and ethics committee
- Acquisitions committee
- Nominations committee
- Remuneration committee

Governance report

How we govern our business

Bidcorp has a proven way of doing business. Our culture is proactive and entrepreneurial rather than reactive and corporate. At local level, our people are empowered to use their initiative, are held accountable and rewarded accordingly. Our decentralised business model is underpinned by our proven ability to attract, retain and develop self-reliant people who make optimum use of Bidcorp autonomy.

Bidcorp managers are independent-minded, thoroughly schooled in their market and business, and noted for their ability to maximise trading opportunities. They do not require “hand-holding” from the centre.

Criteria for staff selection and development are atypical. Enthusiasm, the ability to deliver and aptitude take precedence over academic qualifications.

Bidcorp people and our business model are flexible and adaptable. Economic conditions change, so does the business cycle, while changing customer tastes and preferences can impact demand. Bidcorp therefore expects all operations to be responsive and nimble.

Our competitive position has strengthened in numerous markets irrespective of market dynamics – positive or otherwise. Growth is driven by independent decision making by autonomous teams, local knowledge, early identification of opportunities for expansion and our relentless quest for quality service at pace.

Bidcorp embraces rigorous corporate governance as a way of life rather than a way of putting ticks in the compliance “box”. Stakeholders can only derive full, sustained value if the business is founded on honesty, integrity, accountability and transparency. Bidcorp prizes simplicity. Clearer focus facilitates both good management and good governance.

Structures that capture the talent and energy needed for continued growth provide a firm basis for robust governance. The key features of this geographically diversified framework are four divisions, supported by a South Africa-based corporate office and listing on South Africa’s JSE Limited.

Each division is governed by an independently chaired divisional audit and risk committee. These committees convene each quarter. They collate information and report into the group structure, ensuring accountability within each division while providing Bidcorp’s board with timely information. Reporting structures are flat.

How we integrate

Bidcorp recognises the value of an integrated approach to assurance and compliance.

Bidcorp manages the challenge of good governance in a decentralised environment by rigorous application of a framework that integrates four basic pillars: governance, assurance, compliance and risk management. This framework ensures respect for legislated requirements and regulations yet is flexible enough to accommodate change and innovation.

Our autonomous teams habitually share best practice. This is not mandated. It is a function of robust communication between managers in the same industry who face similar challenges. Our people are pragmatists with the knowledge and experience to recognise scope for improvement and implement necessary change – whether the concepts are independently developed or spring from shared experience. These considerations apply in business and the sphere of corporate governance.



Ashley Biggs
Group company secretary



Governance report

1 Governance

Bidcorp commits fully to the four values that underpin good governance: responsibility, accountability, fairness and transparency. Our board charter expresses the board's promise to fulfil its responsibilities and make itself accountable for all activities. In specific areas, the board delegates responsibility to board subcommittees and divisional committees. These bodies focus on the needs and strategies of the business while meeting the reporting requirements of a listed group.

Mandatory governance requirements are addressed by Bidcorp subsidiaries under group guidance. Review of mandatory functions is conducted by divisional audit and risk committees, which disclose relevant charters, codes, policies and documents. In line with Bidcorp's decentralised structure, divisional management establishes any additional policies and procedures that may be required.

Role and function of the board

Executive directors implement strategies by taking the necessary operational decisions. Non-executive directors provide an independent perspective and complement the skills and experience of executive directors. Non-executive directors objectively assess strategy, budgets, performance, risk oversight, diversity, employment equity and standards of conduct. They also contribute to strategy formulation and decision making.

The following changes were made to the Bidcorp board during the period under review: Mrs Dolly Doreen Mokgatle (October 4 2016) and Mr Stephen Koseff (August 16 2017) were appointed and Mrs Lorato Phalatse (November 9 2016) retired. The board believes its current mix of knowledge, skill and experience meets the requirement for effective leadership.

The board is chaired by Mr Brian Joffe, a non-executive director with many years of experience in leading our organisation. Mr Doug Band is the lead independent non-executive director to ensure good governance principles are embraced. A further five independent non-executive directors and two executive directors sit on the board. No executive directors have a fixed-term contract.

 See details on the board spread on pages 44 and 45.

Key governance compliance summary

Appointment, induction and ongoing training of directors



The board has a rigorous and transparent procedure for considering new director appointments. The selection process in line with the newly adopted diversity policy, considers the required balance of skills and experience and the ongoing task of aligning board composition with group strategy. The company secretary ensures an appropriate induction programme is available for new directors. The board supports the development of directors. Training is available as required.

Board and board committees' performance assessment



The performance of the board and board committees is to be annually appraised and considered via the nominations committee. Recent appointments to the board and subcommittees were favourably received and therefore no formal performance appraisal was performed at this year-end. The board and board committees are functioning effectively and efficiently.

Independence of non-executive directors



The board comprises a majority of independent non-executive directors. The board considered the issue of directorial independence in accordance with the rationale and meaning of King IV's independence recommendations. Assessments of each non-executive director considered salient factors and each individual's unique qualities and circumstances. The board is satisfied that the majority of the non-executive directors are independent.

Chairman and chief executive



No individual has unfettered powers of decision making. Responsibility for running the board and executive responsibility for the business are differentiated. Mr Brian Joffe is the board's non-executive chairman and Mr Bernard Berson, an executive director, is chief executive. The roles are separate and clearly defined. In view of the chairman's non-independent role, the board has a lead independent director, Mr Doug Band, appointed to ensure adherence to good governance principles.

Prescribed officers



In view of our wide geographic spread, the nature of the business and the group's decentralised structure, the directors concluded that no prescribed officers of the company be appointed at this time.

Directors and officers' disclosure of interest in contracts



During the financial year, none of the current directors had any interest in any contract to which the company or any of its subsidiaries was a party and no contracts were entered into in which directors and officers of the company had an interest and which significantly affected group business. The directors had no interest in any third party or company responsible for managing any of the group's business activities.

Key governance compliance summary (continued)

Conflict of interest	The board recognises the importance of acting in the company's best interest and protecting the legitimate interests and expectations of stakeholders. The board consistently applies the provisions of the Companies Act on conflict-of-interest disclosure and avoidance. Directors are required to declare their interests annually and at each board meeting.
Statutory powers	Section 66(1) of the Companies Act provides that the business and affairs of a company be managed by or be under the direction of its board, which has the authority to exercise all the powers and perform all the functions of the company, except to the extent that the Companies Act or the company's Mol provides otherwise. The directors' general powers are set out in the company's Mol. The directors have further unspecified powers and authority for matters that may be exercised and dealt with by the company, which are not expressly reserved to shareholders of the company in general meeting.
Insider trading	The board ensures no director, manager, employee or nominees or members of their immediate family deals directly or indirectly in the securities of the company on the basis of unpublished, price-sensitive information nor during any embargo year determined by the board in terms of a formal policy implemented by the company secretary. A list of people who are restricted for this purpose has been approved by the board and is revised from time to time. Dealings in the company's securities by directors and officers are listed and circulated at every board meeting for noting. The JSE Listings Requirements extend obligations on transactions in the company's securities to those of any major subsidiary. Directors or officers of the company's major subsidiaries, whether wholly or partially owned, are also included in the list of directors, company secretary and other officers.
Company secretary	Ms Ashley Biggs is the group company secretary, appointed by the board in accordance with the Companies Act. The secretariat provides a central source of guidance and advice on business ethics and good governance while fostering the highest standard of compliance with statutory and regulatory requirements.

Under the company's Mol, the directors scheduled to retire by rotation at the next annual general meeting are Mr Paul Baloyi and Mrs Helen Wiseman.

The board functions in accordance with the Companies Act, the recommendations of King IV, the JSE Listings Requirements and other applicable laws, rules and codes. The board is responsible for, among other things, the governance of risk and information technology and has ensured the company has an effective, independent audit and risk committee and an effective risk-based internal audit function. On the recommendation of the audit and risk committee, the board has considered and approved the annual integrated report. Based on the audit and risk committee report and the internal auditor's written assessment, the board is satisfied with the effectiveness of the internal control system.

Bidcorp's remuneration philosophy promotes the group's entrepreneurial culture within a decentralised environment with the aim of achieving sustainable growth at all businesses. The board defines remuneration philosophy and aligns business strategy and objectives with the overall goal of creating stakeholder value. Fair and responsible remuneration practice is a key focus area. The objective is to maintain a balance between employee and shareholder interests while fostering Bidcorp's entrepreneurial drive.

The board carries ultimate responsibility for remuneration policy and the remuneration committee follows a board-approved mandate. The board may refer matters for shareholder approval; for example, new and amended share-based incentive schemes and non-executive directors' fees. During the year, the board accepted the remuneration committee's recommendations.



See details in the remuneration committee report on page 68.



The full remuneration report is available on the company's website.



All referenced charters and frameworks (including the code of ethics) can be found on the company's website.

Governance report

2 Assurance

Bidcorp has developed a robust, independent, risk-based internal audit function that applies a risk-based internal audit methodology, with input from divisional management. The methodology is aligned with the organisation's risk management processes. In accordance with the Group's combined assurance model, the internal audit team liaises with external auditors, the insurance risk analysis team and other assurance providers to maximise efficiencies in the assurance coverage of key risks.

An annually prepared internal audit plan embraces the principle of combined assurance, and is presented to the audit and risk committee for review and approval. The committee also considers the plan's objectives and rationale.

Bidcorp's internal audit structure provides a progressive and responsive service that objectively evaluates business processes and internal controls. It simultaneously supports management efforts to foster a strong control environment focused on operational excellence. In light of growing reliance on information technology (IT), specialised IT auditing and consulting skills are continually developed within the internal audit team.

The internal audit function's purpose, authority and responsibility are defined in a board-approved charter that is consistent with the Institute of Internal Auditors' definition of internal auditing and King IV principles.

In the past year, internal audit continued to function independently and objectively throughout the group. The internal audit manager within each division, and at group level, reports to the chairman of the audit and risk committee. Unrestricted access to members of the audit and risk committee and executives of the organisation is available to the internal audit function. Regular and separate meetings took place between divisional internal audit managers and the chairman of the audit and risk committee.

3 Compliance

Bidcorp recognises that geographical diversity creates potential vulnerability to the risk of statutory and regulatory non-compliance. Legislative impacts on each business differ from jurisdiction to jurisdiction. Each entity is therefore required to identify the requirements that apply to its specific operating environment and the information that must be held in terms of this legislation.

The board annually confirms that Bidcorp complies with JSE Listings Requirements and places strong emphasis on the highest standards of financial management, accounting and reporting. Financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). On economic, environmental and social issues, the company follows Global Reporting Initiatives (GRI G3.1) sustainability reporting guidelines. The board has a social and ethics committee and placed compliance with social and ethics standards – group-wide, industry-wide and across regions – on the audit and risk committee agenda.

Bidcorp performs an annual review to monitor continued alignment with King IV principles and best practice recommendations. This analysis identifies the steps taken to ensure the application of governance principles and those principles requiring ongoing attention and action.

Ensuring an ethical environment

It is a prime duty of our board (its committees, directors and officers) and group management to ensure our code of ethics is honoured.

The board reviews the code annually and ensures its continued alignment with Bidcorp values. The code requires the highest standards of integrity, ethics and behaviour, non-discriminatory employment and promotion practices, support for employees through training and development, enabling them to reach their full potential, and proactive engagement on environmental, social and sustainability matters.

In support of this code and Bidcorp values, the board supports the confidential reporting of fraud, theft, corruption, breach of ethics and improper behaviour. This outsourced and independent "whistle-blowing" system enables stakeholders to report suspect behaviour, including non-compliance with company policies. All reported incidents are investigated by management and, where appropriate, action is taken. In line with legislation, our pledge not to victimise whistle-blowers ensures transparency and promotes ethical conduct. The service provider protects the identity of whistle-blowers.



Code of ethics can be found on the company's website.

ISS QualityScore for
Bid Corporation Limited
As of July 1 2017

GOVERNANCE
QualityScore

3



<https://login.isscorporatesolutions.com>

Scores indicate decile rank relative to index or region. A decile score of 1 indicates lower governance risk, while a 10 indicates higher governance risk.

ISS Governance QualityScore is an independent quantitatively-driven scoring solution designed to rank governance risk. Scores are used by global investors to identify and manage portfolio risk.

4 Risk management

The board has delegated the responsibility for risk management to the audit and risk committee. This strengthens the board's ability to recognise all material risks to which the group is exposed while ensuring the requisite risk management culture, policies and systems are progressively implemented and function effectively. Management is accountable to the board for implementing and monitoring the processes of risk management while integrating them into day-to-day activities.

Divisionally, risk identification and risk processes focus management on critical issues at a business and industry level. These issues are reported to the group audit and risk committee for consideration at board level.

Applicable King IV recommendations are integrated into the risk management function. These recommendations and group requirements form part of an ongoing enterprise-wide risk assessment process in support of the group's philosophy. This ensures risks and opportunities

are adequately identified, evaluated and managed at the appropriate level in each business, and that their individual and joint impact on the group is considered.

Our commitment to building and sustaining an ethical organisational culture is entrenched in our vision, mission, strategies and operations. The board has ultimate responsibility for the company's ethical performance, while executive management is responsible for establishing a well-designed and properly implemented ethics management process.

King IV application register summary



The detailed King IV application register can be found on the company's website.

Leadership, ethics and corporate citizenship

1. Ethical leadership
2. Organisational culture
3. Responsible corporate citizenship



The directors hold one another accountable for decision-making based on integrity, competence, responsibility, fairness and transparency through their commitment to lead the company based on the King IV principles. The chairman and lead independent director oversee this process on an ongoing basis.

Performance and reporting

4. Strategy and performance
5. Reports and disclosure



This annual integrated report demonstrates how performance is achieved through the strategic initiatives. Bidcorp sets and achieves its strategic initiatives with reference to its risks and opportunities. The board assesses the outcomes from its business model continuously and adapts it as required.

Governing structures and delegation

6. Role of the governing body
7. Composition of the governing body
8. Committees of the governing body
9. Delegation to management
10. Performance evaluations



The board serves as the focal point and custodian of governance. Its role and responsibilities and execution of duties are set out in the board charter. The board is satisfied with the current board composition bringing the optimal mix of knowledge, skills, experience, diversity and independence. The board delegates responsibility to board subcommittees and divisional committees. The performance of the board is to be annually appraised via the nominations committee.

Governance functional areas

11. Risk and opportunity governance
12. Information governance
13. Compliance governance
14. Remuneration governance
15. Assurance



The board, recognises the importance of risk management as it is linked to the strategy, performance and sustainability of the company. Delegated by the board, the audit and risk committee delegates to management the implementation of processes to ensure that the risks are identified and managed within acceptable parameters. The board carries ultimate responsibility for the remuneration policy, referring some matters for shareholder approval, and delegating the remuneration policy rollout to the remuneration committee.

Stakeholder relationships

16. Stakeholders
17. Responsibilities of shareholders



The board is responsible for the management of stakeholder relationships; delegated to the management of each business to achieve effective stakeholder relationships with material stakeholders and to balance their legitimate and reasonable needs, interests and expectations. Management proactively encourages shareholder engagements.

Stakeholder engagement

Customers

Nature of relationship

- Local management engages with customers of their business
- Call centres
- Independent complaints channels
- Tip-offs ethics line (bidcorp@tip-offs.com)
- Bidcorp admin email address (admin@bidcorp.co.za)
- Bidcorp website (www.bidcorpgroup.com)

Material issues

- Compliance with social, environmental and human rights standards
- Compliance with consumer protection legislation in all Bidcorp jurisdictions
- Support of our customer-centric ethos
- Customers increasingly expect "smart green solutions" across all products and geographies

Actions

- Continuous monitoring of call lines and email addresses
- Staff training on new legislation
- Customer service improvements identified and actioned
- Engagement in new electronic media initiatives, including blogs, social and mobile media communications



Shareholders, including investors and analysts

Nature of relationship

- Investor meetings
- Online updates/communications

Material issues

- Need to communicate group strategy, group performance and significant non-financial issues

Actions

- Inclusion of non-financial issues in annual integrated report
- Assessment of non-financial data collection for reporting

Suppliers

Nature of relationship

- Ongoing communication by local management with suppliers on trends and changing customer requirements

Material issues

- Need for clear communication channels providing accurate, timely information to all parties
- Joint pursuit of efficiencies
- Long-term sustainable support of small and/or black suppliers (in South Africa)
- Need to support local sourcing

Actions

- New electronic media initiatives
- Supportive relationships with small and/or black business to ensure their sustainability
- Continued efforts to streamline logistics chain

Employees

Nature of relationship

- Employee surveys
- Health and safety interaction
- Customer visits; feedback from sales representatives and drivers
- Close involvement of local managers with local teams
- Employment equity forums (South Africa)
- Trade union engagement

Material issues

- Market-related remuneration
- Group policy to ensure good employee relationship
- Moving from awareness of employee issues to action on these issues
- Health and safety
- Reporting on fatalities
- Reporting on lost-time injuries, resignation and fatalities statistics
- Retention of a well-trained and equipped workforce

Actions

- Stepped-up health and safety training
- Effective mobile communication tools identified and introduced
- Focus on reduction of work-related injuries
- Career pathing and training initiatives across each division
- Graduate recruitment programmes



Environment

Nature of relationship

- Commitment to reduce environment impacts
- Group-wide focus, with reporting to board level to ensure this remains a top priority

Material issues

- Need to cut energy, fuel, water and paper usage
- Recycling opportunities
- Identification of industry-specific environmental and sustainability initiatives

Actions

- Cost reduction, elimination of duplication and reduced water usage included in business strategies
- Capex spend includes a commitment to improve energy efficiencies
- Quarterly reporting metrics increased and closely monitored
- Staff awareness of sustainability issues heightened and maintained



Government, authorities and regulators

Nature of relationship

- Proactive interaction and communication at each business
- Group level engagement on overarching issues such as taxation
- Interaction with business associates

Material issues

- Need to meet requirements of national authorities and regulators
- Taxation issues
- Employment equity plans (in South Africa)
- Crime and fraud prevention

Actions

- Proactive consultations
- Engagement with industry-specific SETAs (in South Africa) to train and potentially hire qualified candidates

Communities

Nature of relationship

- Interaction to explore community employment opportunities
- Support of community projects
- Direct local business engagement with communities (a benefit of Bidcorp's decentralised structure)

Material issues

- Employment opportunities
- Social and educational upliftment
- Healthy eating campaigns
- Disaster management
- Senior citizen support
- Alignment of businesses with the communities they serve

Actions

- Continual reinforcement and implementation of a two-tier CSI strategy:
 1. Corporate supports a number of overarching worthy causes
 2. Individual businesses support community-based projects



Partners and potential partners

Nature of relationship

- International, regional and industry contacts

Material issues

- Need to scrutinise prospects for entry into new markets
- Potential to better serve customers by forming relationships, enabling us to anticipate and address evolving needs

Actions

- Communication with brand principals, industry leaders and entrepreneurs
- Constant evaluation of market developments, new technologies and solutions



Inspired by you



References:



Cross-reference content within this report



Further information available within our online report
www.bidcorgroup.com



All definitions are included in our glossary on
pages 159 and 160

FINANCIAL STATEMENTS

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Directors' responsibility for the financial statements

To the shareholders of Bid Corporation Limited

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards (IFRS), the interpretations adopted by the International Accounting Standards Board, the JSE Limited (JSE), the Companies Act, No 71 of 2008, of South Africa, as amended (Companies Act).

The directors' responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the group and company's ability to continue as a going concern and there is no reason to believe that the group and company will not be going concerns in the year ahead.

The auditors are responsible for reporting on whether the consolidated and separate financial statements are fairly presented in accordance with IFRS and the Companies Act.

The consolidated and separate financial statements of the company for the year ended June 30 2017 were approved by the board of directors and are signed by:



BL Berson
Chief executive



DE Cleasby
Chief financial officer

August 23 2017

Declaration by company secretary

In my capacity as company secretary, I certify that to the best of my knowledge and belief, Bid Corporation Limited, in terms of section 88(2)(e) of the Companies Act, has lodged with the Commissioner of the Companies and Intellectual Property Commission, all such returns and notices as prescribed by the Companies Act and that all such returns and notices appear to be true and up to date.



AK Biggs
Company secretary

August 23 2017

Preparer of financial statements

The consolidated and separate financial statements have been prepared by CAM Bishop CA(SA) (group financial manager) under the supervision of DE Cleasby CA(SA) (chief financial officer), and in compliance with section 30 of the Companies Act of South Africa.

Directors' report

The directors have pleasure in presenting their report for the year ended June 30 2017.

Nature of business

Bid Corporation Limited (Bidcorp) is an international broadline foodservice group present in all continents other than North America and Antarctica. Bidcorp is focused on growth opportunities: organically in our current markets through attaining the appropriate business mix by selling more products to our existing customers and gaining new customers; via in-territory bolt-on acquisitions to expand our geographic reach and expanding our product ranges; and via larger acquisitions to enter new markets. Despite our appetite for acquisitions, we remain disciplined in our approach.

Bidcorp's entrepreneurial and decentralised business model, depth and experience of management teams and strength of the group's culture has set up the group for sustained growth in the future.

Financial reporting

The directors are required by the Companies Act to produce financial statements, which fairly present the state of affairs of the group and the company as at the end of the financial year and the profit or loss for that financial year, in conformity with IFRS and the Companies Act.

The financial statements as set out in this report have been prepared by management in accordance with IFRS and the Companies Act and are based on appropriate accounting policies supported by reasonable and prudent judgements and estimates.

The directors are of the opinion that the financial statements fairly present the financial position of the group and of the company as at June 30 2017 and the results of their operations and cash flows for the year then ended.

The directors are satisfied that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Stated capital

The company's authorised stated capital is 540 000 000 no par value ordinary shares. There were no issues of no par value ordinary shares during the year and as at June 30 2017 the total issued ordinary no par value shares was 335 404 212.

Acquisitions and disposals

Bidcorp acquired 90% of the issued share capital of Guzmán Gastronomía and Cuttings (Guzmán) for an enterprise value of €75 million (R1.1 billion), the effective date of this acquisition was April 1 2017.

Other than the Guzmán acquisition, the group made a number of small acquisitions during the year, namely Bestfood NV (Belgium), BFS Port Macquarie Proprietary Limited (Australia), Central Choices Foods Proprietary Limited (Australia), Hanlon's Smokehouse Dublin Limited (Ireland), Mariusso Comércio De Alimentos E Representação Limitada (Brazil), Quartiglia Food Service Spa (Italy), R Noone & Son Limited (England), Wyn Lee Holdings Limited (England) and Wynne-Williams (Flint) Limited (England).

These acquisitions form part of the group's strategic expansion plans in the international foodservice industry. 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. There were no significant contingent liabilities identified in the businesses acquired.

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 its marketplace.

Effective April 1 2017, Bidcorp Food Africa Proprietary Limited, a subsidiary of Bid Corporation Limited, signed agreements with Puratos Group NV (Puratos) whereby Puratos became an equal shareholder in Bidcorp Food's Bakery Solutions Division (BBS, subsequently renamed Chipkins Puratos (CP)) manufactures and supplies bakery ingredients to industrial bakers, the craft market and large retailers under the Chipkins and NCP brands in South Africa.

The transaction provides CP with an opportunity to grow its existing business and to develop new products and tailor-made solutions for the South African baking industry. Planned investment in new product categories and technology are very exciting and offer opportunities and development experiences to management and staff. For further details of the transaction, refer to note 19 of the financial statements.

Subsequent events

Subsequent to year-end, management has been through a legal mediation process with the perpetrators of the Logistics UK irregularities. Bidcorp management remains optimistic that pursuant to legal action and insurance claims, potential recoveries arising from the management irregularities will be forthcoming.

Other than the legal matter disclosed above, no other material subsequent events have arisen since June 30 2017.

Results of operations

The results of operations are dealt with in the consolidated statement of profit or loss, segmental analysis and commentary.

Directors' report

Dividends

The directors declared an interim gross cash dividend of 250,0 cents (200,0 cents net of dividend withholding tax, where applicable) per ordinary share to those members registered on the record date, being Friday, March 24 2017. The dividend was declared from income reserves.

In line with the group dividend policy, the directors declared a final gross cash dividend of 250,0 cents (200,0 cents net of dividend withholding tax, where applicable) per ordinary share for the year ended June 30 2017 to those members registered on the record date, being Friday, September 22 2017.

Declaration date	Thursday, August 24 2017
Last day to trade cum dividend	Tuesday, September 19 2017
First day to trade ex dividend	Wednesday, September 20 2017
Record date	Friday, September 22 2017
Payment date	Tuesday, September 26 2017

Share certificates may not be dematerialised or rematerialised between Wednesday, September 20 2017 and Friday, September 22 2017, both days inclusive.

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

Directorate and attendance

The directors who were in office during the year and the details of board meetings attended by each of the directors are as follows:

Director	Date of appointment	November 11 2016	February 22 2017	May 18 2017	August 23 2017
Non-executive chairman					
B Joffe	August 17 1995	^	^	^	^
Independent non-executive directors					
PC Baloyi	March 10 2016	^	^	^	^
DDB Band	March 10 2016	^	^	^	^
S Koseff*	August 16 2017	n/a	n/a	n/a	^
DD Mokgatle	October 4 2016	^	^	^	^
NG Payne	March 10 2016	^	^	^	^
H Wiseman	March 10 2016	^	^	^	^
Executive directors					
BL Berson	March 10 2016	^	^	^	^
DE Cleasby	September 12 2007	^	^	^	^

^ Attended in person, by video-conference or tele-conference.

* Appointed August 16 2017

Directors' shareholdings

Beneficial

The individual beneficial interests declared by the current directors and officers in the company's stated capital at June 30 held directly or indirectly were:

Director	2017		2016	
	Number of shares		Number of shares	
	Direct	Indirect	Direct	Indirect
BL Berson	8	224 211	8	209 511
DE Cleasby*	133 814	–	129 314	–
B Joffe	21 544	20 060	221 544	20 060
Total	155 366	244 271	350 866	229 571

* DE Cleasby acquired 4 500 Bidcorp ordinary shares on September 26 2017. There were no other changes in directors' interests to note between financial year-end and publication of Annual Integrated Report 2017.

Non-beneficial

In addition to the aforementioned holdings:

- B Joffe is a trustee and potential beneficiary of a discretionary trust holding 700 107 (2016: 1 009 900) shares.
- DE Cleasby is a potential beneficiary of a family trust holding 750 (2016: 750) shares.
- DE Cleasby is a trustee of The Bidvest Group Limited retirement funds which holds 679 092 (2016: 541 636) shares.

Directors' remuneration

The remuneration paid to executive directors while in office of the company during the year ended June 30 2017 can be analysed as follows:

Director	Remuneration and benefits paid to directors				2017 Total emoluments R'000
	Basic remuneration R'000	Other benefits and costs R'000	Retirement/ medical benefits R'000	Cash incentives R'000	
BL Berson	14 754	262	359	17 904	33 279
DE Cleasby	4 461	278	385	6 017	11 141
B Joffe	13 032	637	454	16 479	30 602
Total	32 247	1 177	1 198	40 400	75 022

For comparative purposes the remuneration paid to the executive directors while in office of the company during the year ended June 30 2016 can be analysed as follows:

Director	Remuneration and benefits paid to directors by the company				Remuneration and benefits paid to directors by Bidvest				2016 Total emoluments R'000
	Basic remuneration R'000	Other benefits and costs R'000	Retirement/ medical benefits R'000	Cash incentives R'000	Basic remuneration R'000	Other benefits and costs R'000	Retirement/ medical benefits R'000	Cash incentives R'000	
BL Berson	12 777	275	370	14 864	–	–	–	–	28 286
DE Cleasby	335	19	41	442	3 693	495	439	4 858	10 322
B Joffe	9 115	45	38	10 311	8 133	1 755	873	8 800	39 070
Total	22 227	339	449	25 617	11 826	2 250	1 312	13 658	77 678

The remuneration paid to non executive directors while in office of the company during the year ended June 30 is analysed as follows:

Directors' and other related fees

Non-executive director	2017 R'000	2016* R'000
PC Baloyi	572	106
DDB Band	634	180
DD Mokgatle (appointed October 4 2016)	226	–
NG Payne	771	120
CWL Phalatse (resigned November 11 2016)	141	115
H Wiseman	1 625	264
Total	3 969	785

* Non-executive directors appointed on March 10 2016.

Directors' report

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.

Share-based payment expense

Director	2017 R'000	2016 R'000
BL Berson	7 050	11 496
DE Cleasby	2 637	6 223
B Joffe	8 486	23 699
Total	18 173	41 418

Details of directors outstanding conditional share plan (CSP)

The CSP awards executives of Bidcorp a conditional right to receive Bidcorp shares free of any cost. Due to the unbundling in May 2016, the 2015 CSP awards for executive directors were restructured into replacement conditional rights. Each conditional right in terms of the 2015 awards was exchanged for a right over a Bid Corporation Limited share. CSP replacement rights are subject to revised performance conditions for the period starting July 1 2016 and ending June 30 2019.

In addition to the CSP replacement rights, executive directors were awarded conditional share awards in terms of the 2016 Bidcorp CSP, approved by shareholders at the general meeting in April 2016. 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 by anticipated future distribution flows. A total number of 263 695 of the 348 000 CSP and CSP replacement rights awards 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.

No conditional share awards or CSP replacement rights (2016: 82 746) were forfeited as a result of performance conditions not being met. 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 R220,91 per share. These awards will vest in the next two years.

CSP replacement right awards

Director	Balance at June 30 2016	Rights awarded	Forfeited	Vested	Closing balance June 30 2017
BL Berson	–	45 000	–	–	45 000
DE Cleasby	–	24 500	–	–	24 500
B Joffe	–	90 000	–	–	90 000
Total	–	159 500	–	–	159 500

CSP awards

Director	Balance at June 30 2016	CSP awarded	Forfeited	Vested	Closing balance June 30 2017
BL Berson	–	90 000	–	–	90 000
DE Cleasby	–	26 000	–	–	26 000
B Joffe	–	72 500	–	–	72 500
Total	–	188 500	–	–	188 500

Summary of executive directors' long-term incentives

Director	Executive directors' long-term incentives accounted for in the company					
	Share-based payment expense R'000	Benefit arising from award of CSP R'000	Benefit arising from restructure of CSPs R'000	Gross benefits R'000	Previous share-based payment expense in respect of awards R'000	Actual LTI benefit R'000
2017						
BL Berson	7 050	–	–	7 050	–	7 050
DE Cleasby	2 637	–	–	2 637	–	2 637
B Joffe	8 486	–	–	8 486	–	8 486
Total	18 173	–	–	18 173	–	18 173
2016						
BL Berson	6 428	16 422	23 672	46 522	(22 551)	23 971
DE Cleasby	101	–	–	101	–	101
B Joffe	373	–	–	373	–	373
Total	6 902	16 422	23 672	46 996	(22 551)	24 445

Director	Executive directors' long-term incentives accounted for in The Bidvest Group Limited						
	Share-based payment expense R'000	Benefit arising from award of CSP R'000	Benefit arising from restructure of CSPs R'000	Benefit arising from the exercise of options R'000	Gross benefits R'000	Previous share-based payment expense in respect of awards R'000	Actual LTI benefit R'000
2016							
BL Berson	5 068	–	–	–	5 068	–	5 068
DE Cleasby	6 122	10 699	12 920	–	29 741	(12 976)	16 765
B Joffe	23 326	30 637	50 284	11 408	115 655	(47 424)	68 231
Total	34 516	41 336	63 204	11 408	150 464	(60 400)	90 064

Directors' report

Directors' service contracts

B Joffe

In consequence of a mutually agreed transition, Mr B Joffe has relinquished his role as executive chairman with effect from June 30 2017. His executive service agreement has been terminated from June 30 2017. In terms of the service agreement, Mr Joffe continues as a participant in the Bidcorp Conditional Share Plan in respect of his awards received prior to June 30 2017. All other benefits accruing in terms of the service agreement up to June 30 2017 have been honoured. Mr Joffe has agreed to provide advisory consulting services to the company for the period July 1 2017 to June 30 2018 and will receive a fee of R4,0 million payable in equal monthly instalments.

BL Berson

A new employment contract was concluded with Mr BL Berson. Under the terms of the new employment agreement, six months' notice is required upon termination of employment or retirement.

No other directors have fixed-term contracts.

Directors and officers' disclosure of interest in contracts

During the financial year, no contracts were entered into in which directors and officers of the company had an interest and which significantly affected the business of the group. The directors had no interest in any third party or company responsible for managing any of the business activities of the group.

Secretary

During the year under review, and in compliance with paragraph 3.84(i) and (j) of the JSE Listings Requirements, the board evaluated Mrs AK Biggs, the company secretary, and is satisfied that she is competent, suitably qualified and experienced.

Furthermore, since she is not a director, nor is she related or connected to any of the directors, thereby negating a potential conflict of interest, it was agreed that she maintains an arm's-length relationship with the board.

The business and postal addresses of the secretary, which are also the registered addresses of the company, are 2nd Floor, North Wing, 90 Rivonia Road, Sandton, 2196 and Postnet Suite 136, Private Bag X9976, Sandton, 2146, respectively.

Change in directorate

At the annual general meeting (AGM), Mrs CWL Phalatse retired from the board. The board thanked Mrs Phalatse for her contribution. Mrs DD Mokgatle and Mr S Koseff were appointed as independent non-executive directors with effect from October 4 2016 and August 16 2017 respectively.

Audit and risk committee report

This is the report of the audit and risk committee (committee) of Bidcorp appointed for the financial year ended June 30 2017 in compliance with the Companies Act and in terms of the JSE Listings Requirements.

The committee has discharged its responsibilities as mandated by the board, its statutory duties in compliance with the Companies Act and the King IV principles applicable to audit and risk committees. The committee's charter, which can be found on the company's website, www.bidcorpgroup.com, is aligned with the above legislation, regulations and principles.

This committee was constituted by shareholders' special resolution passed on April 4 2016. Under the single chairmanship of Mrs H Wiseman for group and divisional audit and risk committees, the board is satisfied that this committee does make a strong contribution to the group.

Membership

The committee members for the financial year ended June 30 2017 have been appointed by shareholders' resolution passed at the annual general meeting held on November 21 2016; and is made up of a minimum of three (3) independent non-executive directors, and chaired by an independent non-executive. The Bidcorp audit and risk committee members include Mrs H Wiseman (chairman), Messrs PC Baloyi and NG Payne in line with the charter requirements.

The shareholders will be requested to approve the appointment of the chairman and members to the committee for the 2018 financial year at the annual general meeting scheduled for November 9 2017.

The committee consists solely of independent non-executive directors who are all financially literate. The board considers the membership of the committee adequate and the members are adequately experienced to perform the duties in line with the charter requirements. The committee and its chairman are assessed annually. A brief profile of each of the members can be viewed on the board of directors CVs included on the company's website.

Attendance

The committee met on six occasions during the period under review, key members of management attend meetings of the committee by invitation. During the period, closed sessions were also held for committee members only, as well as with internal audit, external audit, risk, finance and management.

Director	August 19 2016	September 16 2016	November 8 2016	February 17 2017	May 12 2017	August 18 2017
H Wiseman (chairman)	^	^	^	^	^	^
PC Baloyi	^	^	^	^	^	A
NG Payne	^	^	^	^	^	^

^ Attended in person, by video-conference or tele-conference.

A Apologies.

Purpose

The purpose of the committee is to:

- assist the board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control and reporting processes, and the preparation of accurate reporting and financial statements in compliance with the applicable legal requirements and accounting standards;
- oversee the activities of, and to ensure coordination between, the activities of internal and external audit;
- provide a forum for discussing financial, enterprise-wide, market, regulatory, safety and other risks and control issues, and to monitor controls designed to minimise these risks;
- review the Bidcorp annual integrated report in conjunction with the social and ethics committee, including the consolidated and separate financial statements, as well as its interim report and any other public reports or announcements containing financial information;
- receive and deal with any complaints concerning the accounting practices, internal audit or the content and audit of its financial statements or related matters; and
- annually review the committee's work and charter to make recommendations to the board to ensure its effectiveness.

Audit and risk committee report

Duties carried out

The committee has successfully performed its duties during the financial year. In the fulfilment of these duties, the major areas of focus were revenue recognition, recoverability of trade receivables, carrying value of goodwill, intangibles and investments, risks associated with management override of controls, enterprise risk management oversight, assessment of the ability of the group to continue as a going concern, related-party transactions, the overall presentation of the financial information to shareholders, as well as other matters requiring significant judgement.

The committee conducted a review of the annual integrated report.

The committee confirms the following statutory and delegated duties were adequately addressed and sets out the results below.

Financial statements

The committee:

- confirmed, based on management's review, that the consolidated and separate financial statements were prepared on the going concern basis;
- examined the consolidated and separate financial statements and other financial information made public, prior to their approval by the board;
- considered accounting treatments, significant or unusual transactions and accounting judgements;
- considered the appropriateness of accounting policies and any changes made thereto;
- considered any problems identified as well as any legal and tax matters that could materially affect the financial statements; and
- met separately with management, external audit and internal audit, and satisfied themselves that no material control weakness exists.

External audit

The committee:

- nominated KPMG as auditors and Mr M Hassan as the independent auditor and designated audit partner respectively to the shareholders for appointment for the financial year ended June 30 2017, of the group and company, and ensured that the appointments comply with legal and regulatory requirements for the appointment of an auditor;
- approved the external audit engagement letter, the audit plan and the budgeted audit fees payable to the external auditors;
- determined the nature and extent of all non-audit services provided by the independent auditors and pre-approved all non-audit services undertaken;
- obtained assurances from the independent auditors that adequate accounting records were being maintained; and
- confirmed that no reportable irregularities had been identified or reported by the independent auditors under the Auditing Profession Act.

Independence of external auditors, KPMG

The committee:

- reviewed representations made by KPMG to the committee;
- confirmed that the auditors did not, except as external auditors or in rendering permitted non-audit services, receive any remuneration or other benefit from the group;
- confirmed the auditors' independence was not impaired by any consultancy, advisory or other work undertaken;
- determined the auditors' independence was not prejudiced as a result of any previous appointment as auditors; and
- considered the criteria specified for independence by the Independent Regulatory Board for Auditors and international regulatory bodies and found no cause for concern or doubt of the independence of the external auditors, KPMG.

Internal control and internal audit

The committee:

- reviewed the annual internal audit plans and evaluated the independence, effectiveness and performance of the internal audit function;
- considered the reports of the internal auditors on the group's systems of internal control including financial controls, business risk management and maintenance of effective internal control systems;
- received assurances that proper accounting records were maintained and that the systems safeguarded the group's assets against unauthorised use or disposal;
- reviewed issues raised by internal audit and the adequacy of corrective action taken by management in response thereto;
- assessed the adequacy of the performance of the internal audit function and found it satisfactory; and
- concluded the opinion recommended to the board at year-end that there were no material breakdowns in internal control.

Risk management

The committee:

- reviewed the group's policies and approach to risk management and found them to be sound;
- considered all material risks to which the group is exposed, ensuring that the requisite risk management culture, policies and systems are progressively implemented and functioning effectively;

- management is accountable to the board for implementing and monitoring the processes of risk management and integrating this into day-to-day activities; they confirm these processes through the completion of the quarterly Bidcorp management representation letter submitted to the audit and risk committee;
- performs ongoing monitoring of the enterprise-wide risk assessment process to ensure risks and opportunities are adequately identified, evaluated and managed at the appropriate level in each business, and that the individual and joint impact of risks identified on the group was considered;
- reviewed legal matters that could have a material impact on the group, as well as considering the adequacy and effectiveness of the group's procedures to ensure compliance with legal and regulatory responsibilities; and
- considered reports provided by management, internal assurance providers and the independent auditors regarding compliance with legal and regulatory requirements, and found Bidcorp's processes to be sound and effective.

Combined assurance

The committee:

- reviewed the plans and reports of the external and internal auditors and other assurance providers including management, and concluded that these were adequate to address all significant financial risks facing the business.

Chief financial officer (CFO)

The committee:

- considered the appropriateness of the experience and expertise of the CFO and concluded that this was appropriate;
- considered the expertise, resources and experience of the finance function and concluded that these were appropriate; and
- therefore is satisfied that the appropriate reporting procedures are in place and operating.

Consolidated and separate financial statements

The committee:

- reviewed the consolidated and separate annual financial statements of Bidcorp for the year ended June 30 2017, and the committee is of the view that, in all material respects, it complies with the relevant provisions of the Companies Act and IFRS and fairly presents the financial position at that date and the results of its operations and cash flows for the year then ended.

Comments on key audit matters, addressed by KPMG in its external auditor's report

In order to provide stakeholders with further insights into its activities and considerations around key audit matters as reported by the external auditors, the committee wishes to elaborate on these important aspects.

The committee's work is supported by four divisional audit and risk committees (divisional committees) which oversees the four reporting segments of the UK, Europe, Emerging Markets and Australasia and report to the committee on a quarterly basis. The divisional committees are chaired by Ms H Wiseman who also chairs the committee. Each country in which Bidcorp operates present at the quarterly divisional audit and risk committees, which are also attended by the external auditors.

The ability of the divisional committees to question and challenge the key areas of judgement at this level of granularity has enabled the committee to satisfy itself as to the recognition of revenue on the sale of goods (including the treatment of discounts and rebates), and the fair value assessment of trade receivables.

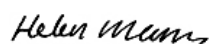
The carrying value of goodwill and investments are assessed by the committee at group level. The committee challenged the level of provisions made, and the methodologies and assumptions used to calculate the goodwill and investment impairment provisions held by the group. Sensitivity analysis on the key inputs such as discount rates and working capital movements were performed and considered in determining the appropriate level of impairment, in particular, Logistics UK. The committee was satisfied that the impairment provisions were appropriate.

Conclusion

Following the review by the committee for the year ended June 30 2017, the committee is of the view that, in all material respects, it has complied with the relevant requirements.

Having achieved its objectives for the financial year, the committee recommended the consolidated and separate financial statements for the year ended June 30 2017 for approval to the board.

Signed on behalf of the audit and risk committee by:



Helen Wiseman
Chairman

Acquisitions committee report

This is the report of the acquisitions committee (committee) of Bidcorp appointed for the financial year ended June 30 2017 in compliance with principles of good governance, the Companies Act and in terms of the JSE Listings Requirements.

The committee has an approved charter adopted by the Bidcorp board at the meeting held on August 23 2016. The charter complies with the Companies Act and King IV guidance for good governance. Copies are available either from the company secretary on request, or can be downloaded from the company website.

Membership

This committee was constituted by the board on June 1 2016, the committee has been appointed by the board and is made up of a minimum of three (3) independent non-executive directors, and chaired by an independent non-executive. The Bidcorp members appointed by the board include Messrs DDB Band (chairman), PC Baloyi, BL Berson, DE Cleasby, B Joffe and NG Payne in line with the charter requirements.

The board considers the membership of the committee adequate and the members are adequately experienced to perform the duties in line with the charter requirements.

Purpose

The primary purpose of the acquisitions committee is to:

- review any significant acquisition for an in-principle decision as to whether the acquisition should be investigated and pursued;
- recommend to the board planned acquisitions that have been approved to be in the best interest of shareholders and to the future growth of the group; and
- inform the board of acquisitions which it does not recommend for consideration.

Duties carried out

The committee met during the year, as well as had numerous informal discussions to review and consider acquisition prospects as identified by management. Those approved for acquisition included:

- Bidcorp acquired 90% of the issued share capital of Guzmán Gastronomía and Cuttings (Guzmán) for an enterprise value of €75 million (R1,1 billion), the effective date of this acquisition was April 1 2017.
- Effective April 1 2017, Bidcorp Food Africa Proprietary Limited, a subsidiary of Bid Corporation Limited, signed agreements with Puratos Group NV (Puratos) whereby Puratos became an equal shareholder in Bidcorp Food's Bakery Solutions Division (BBS, subsequently renamed Chipkins Puratos (CP)). CP manufactures and supplies bakery ingredients to industrial bakers, the craft market and large retailers under the Chipkins and NCP brands in South Africa.

Attendance

The names of the members who were in office during the period and the number of committee meetings attended by each of the members are:

Director	December 2 2016	March 15 2017
DDB Band (chairman)	^	^
PC Baloyi	^	^
BL Berson	^	^
DE Cleasby	^	^
B Joffe	^	^
NG Payne	^	^

^ Attended in person, by video-conference or tele-conference.

During the year, members of the committee have many informal discussions to address the various acquisitions and disposals under consideration. Many of the decisions taken by this committee were considered and approved by round robin.

Conclusion

The committee has performed its duties and responsibilities during the financial year according to the board approved acquisitions committee charter.

Signed on behalf of the acquisitions committee by:



Doug Band
Chairman

Nominations committee report

This is the report of the nominations committee (committee) of Bidcorp appointed for the financial year ended June 30 2017 in compliance with the Companies Act and in terms of the JSE Listings Requirements.

The committee has an approved charter adopted by the Bidcorp board at the meeting held on August 23 2016. The charter complies with the Companies Act and King IV guidance for good governance. Copies are available either from the company secretary on request, or can be downloaded from the company website.

Membership

This committee was constituted by the board on June 1 2016, the committee has been appointed by the board and is made up of a minimum of three (3) members, majority of whom are independent non-executive directors. This committee is chaired by the Bidcorp lead independent director. The Bidcorp committee members appointed by the board include Messrs DDB Band (chairman), B Joffe and Mrs DD Mokgatle; thus meeting regulatory and charter requirements.

The board considers the membership of the committee adequate and the members are adequately experienced to perform the duties in line with the charter requirements.

Purpose

The key responsibilities and role of the committee include but are not limited to:

- establishment of formal process for appointment of directors;
- identification of suitable directors in succession planning for senior appointments;
- ongoing training, development and updates of changing requirements in legislation and board roles necessary for the directors to satisfactorily perform their roles;
- evaluation of the independence of the independent non-executive directors;
- performance evaluations of existing directors; and
- recommendations to shareholders for annual re-election of those directors retiring by rotation, appointment of audit and risk committee members and other committee memberships as required.

Duties carried out

The duties completed by the committee this financial year included:

- assessment of the appropriate composition of the board to execute its duties effectively;
- review and approval of the non-executive contract executed in March 2017;
- recommendation of the appointment of new/additional board members in line with the newly adopted board diversity policy to the Bidcorp board as appointed in November 2016 and August 2017;
- for those new appointments an induction process and ongoing training and development for all of the directors;
- review and recommendation of the Bidcorp audit and risk committee members to the annual general meeting for shareholder approval; and
- continuing succession plan development for the board, chief executive and senior management appointments.

Attendance

The names of the members who were in office during the period and the meetings attended are included below:

Director	August 23 2016
DDB Band (appointed chairman on August 17 2017)	^
B Joffe	^
PC Baloyi**	^
DD Mokgatle*	n/a

^ Attended in person, by video-conference or tele-conference.

* Appointed December 6 2016.

** Retired December 6 2016.

There were no formal meetings of the Bidcorp Nominations Committee held during the period under review. However, a number of informal discussions took place amongst members as matters were addressed. All decisions taken by this committee were considered and approved by round robin.

Conclusion

Following the review by the committee for the year ended June 30 2017, the committee is of the view that, in all material respects, it has achieved its objectives for the financial year ended June 30 2017.

Signed on behalf of the nominations committee by:



Doug Band
Chairman

Remuneration committee report

This is the report of the remuneration committee (committee) of Bidcorp appointed for the financial year ended June 30 2017 in compliance with the Companies Act and in terms of the JSE Listings Requirements.

The committee has an approved charter that complies with the Companies Act and King IV guidance for good governance. Copies are available either from the company secretary on request, or can be downloaded from the company website.

Membership

This committee was constituted by the board on June 1 2016, the committee members have been appointed by the board and is made up of a minimum of three (3) independent non-executive directors, and chaired by an independent non-executive. The Bidcorp remuneration committee members appointed on June 1 2016 include Messrs DDB Band (chairman), PC Baloyi (appointed December 6 2016) and NG Payne in line with the charter requirements.

The chief executive and other members of senior management may be invited to attend meetings, but may not participate in the voting process of the remuneration committee and recuse themselves from any discussion regarding their performance or remuneration. The committee utilises the services of PricewaterhouseCoopers (PwC) as independent advisers.

The board considers the membership of the committee adequate and the members are adequately experienced to perform the duties in line with the charter requirements.

Purpose

The key responsibilities and role of the committee include but are not limited to:

- assisting the board to ensure directors and executives are fairly and responsibly remunerated, and disclosure thereof is complete and transparent;
- review management's proposals for fees for non-executive directors prior to submission to shareholders for approval;
- determining necessary criteria for performance assessment of the chairman, chief executive, chief financial officer and other directors in discharging their functions and responsibilities;
- considering the allocation of long-term incentives to directors and staff; and
- overseeing and recommending the remuneration report to the board for publication.

Duties carried out

The remuneration philosophy promotes the group's entrepreneurial culture within a decentralised environment with the aim of achieving sustainable growth within all businesses. The philosophy emphasises the fundamental value of Bidcorp's people and their role in attaining this objective.

The duties completed by the committee this financial year included the:

- review and approval of the granting of share appreciation rights benefits, from the Bidcorp Incentive Scheme as recommended by the Bidcorp chief executive;
- review and approval of non-executive directors' fees;
- consideration of executive directors' remuneration including short and long-term incentive programmes; and
- drafting and approval of the remuneration report, included in the annual integrated report disclosure.

Attendance

The names of the members who were in office during the period and the number of committee meetings attended by each of the members are:

Director	August 22 2016	August 22 2017
DDB Band (chairman)	^	^
PC Baloyi*	n/a	^
NG Payne	^	^
CWL Phalatse**	^	n/a

^ Attended in person, by video-conference or tele-conference.

* Appointed December 6 2016.

** Mrs CWL Phalatse retired from the Bidcorp board at the November 2016 AGM.

During the year, members of the committee have many informal discussions to address the various matters under consideration. A number of the decisions taken by this committee were considered and approved by round robin.

Conclusion

Following the review by the committee for the year ended June 30 2017, the committee is of the view that, in all material respects, it has complied with the relevant requirements.

Having achieved its objectives for the financial year, the remuneration committee sets out the remuneration disclosure as part of the directors' report. Refer to the directors' report within the annual integrated report for the full details pertaining to executive and non-executive directors' compensation.

Signed on behalf of the remuneration committee by:



Doug Band
Chairman



The full remuneration report is available on the company's website.

Social and ethics committee report

This is the report of the social and ethics committee (committee) of Bidcorp appointed for the financial year ended June 30 2017 in compliance with the Companies Act and in terms of the JSE Listings Requirements.

This committee was constituted by shareholders' special resolution passed on April 4 2016, and operates in terms of a charter adopted by the Bidcorp board on August 23 2016. The charter complies with the statutory requirements as set out in the Companies Act and has been reviewed to ensure it is in line with the recommendations set out by King IV. Copies are available either from the company secretary on request, or can be downloaded from the company website.

Membership

The committee members have been appointed by the board and is made up of a minimum of three (3) independent non-executive directors, and chaired by an independent non-executive. The Bidcorp social and ethics committee members include Mr NG Payne (chairman), Mrs DD Mokgatle (appointed November 29 2016) and Mrs H Wiseman, as well as executive director Mr BL Berson (appointed November 29 2016); thus meeting charter requirements.

The board considers the membership of the committee adequate and the members are adequately experienced to perform their duties in line with the charter.

Purpose

Responsibilities of this committee are in line with the legislated requirements. The key areas of responsibility are listed below:

- social and economic development;
- empowerment and transformation;
- corporate citizenship;
- labour and employment;
- environment, health and public safety;
- ethics and code of conduct compliance;
- stakeholder relations; and
- regulatory, statutory and legislative compliance.

Duties carried out

Progress can only be credibly reported if indicators are identified, monitored, measured and recorded. Within Bidcorp's sustainability performance a major focus going forward will be to monitor the performance of each division against their individually determined targets for sustainability performance, meeting group-wide requirements and specific geographic requirements.

The committee monitors the group's initiatives to promote diversity and advance the objectives of non-discrimination. The Bidcorp code of conduct was reviewed and approved by this committee, for group-wide roll out in the new financial year. Commitment to an ethical environment is demonstrated through the implementation of an independently administered Bidcorp whistle-blowing facility, the details of calls and follow-up action of which is presented to this committee for consideration.

Attendance

The names of the members who were in office during the period and the number of committee meetings attended by each of the members are as follows:

Director	August 23 2016	November 11 2016	February 22 2017	May 18 2017	August 23 2017
NG Payne (chairman)	^	^	^	^	^
H Wiseman	^	^	^	^	^
CWL Phalatse**	^	A	n/a	n/a	n/a
DD Mokgatle*	n/a	n/a	^	^	^
BL Berson*	n/a	n/a	^	^	^

^ Attended in person, by video-conference or tele-conference.

A Apologies.

* Appointed on December 6 2016.

** Mrs CWL Phalatse retired from the Bidcorp board at the November 2016 AGM.

Conclusion

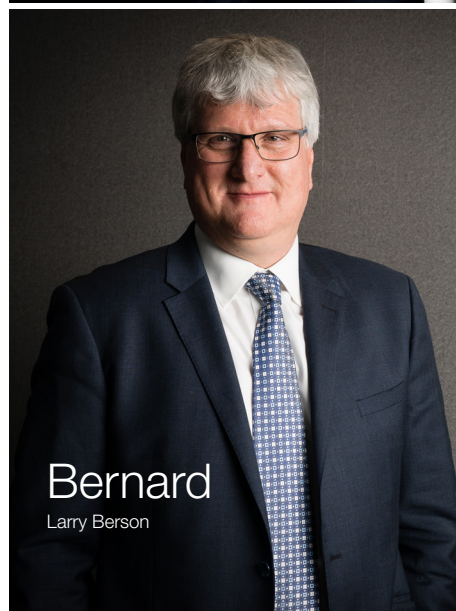
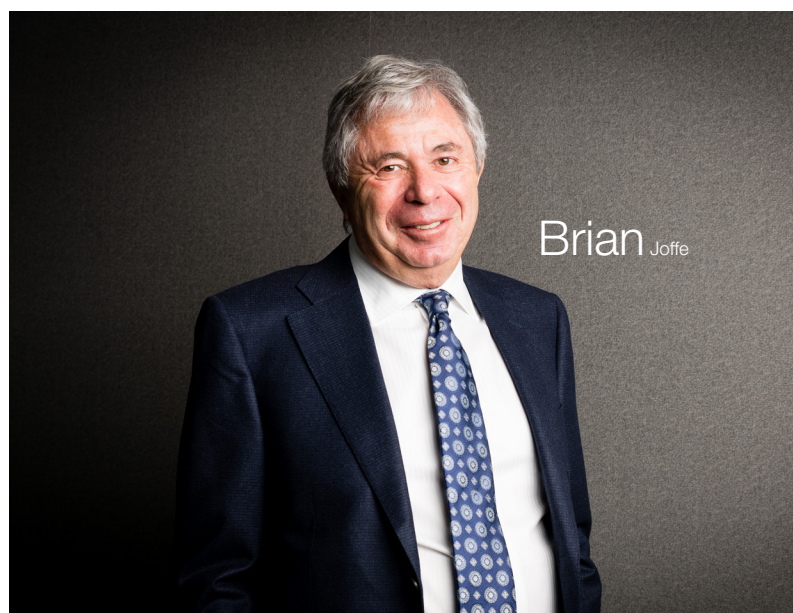
Following the review by the committee for the year ended June 30 2017, the committee is of the view that, in all material respects, it has achieved its objectives for the financial year ended June 30 2017. There were no items reported on that would indicate non-compliance to the requirements of the social and ethics committee as required in terms of the Companies Act.

Signed on behalf of the social and ethics committee by:



Nigel Payne
Chairman

Directors' curricula vitae



Brian Joffe (70) ■ ■ ■

Non-executive chairman

Qualifications: CA(SA)**Appointed:** August 17 1995**Board committee:** Acquisitions committee and nominations committee

From 1988 to 2004, Brian served as executive chairman of The Bidvest Group Limited until his appointment as chief executive in 2004. Brian has over 33 years of South African and international commercial experience. Brian was one of the *Sunday Times*' top five businessmen in 1992 and is a past recipient of the Jewish Business Achiever of the Year award, was listed as one of the top 100 Africans of the Year in the Africa Almanac in 2001, was voted South Africa's Top Manager of the Year in 2002 in the Corporate Research Foundation's publication *South Africa's Leading Managers*, represented South Africa at the coveted Ernst & Young World Entrepreneur of the Year awards in 2003, voted the *Sunday Times*' Businessman of the Year in 2007, awarded an honorary doctorate in May 2008 by Unisa and selected in 2010 by Wits Business School Journal as one of South Africa's top 25 business leaders, having made a significant impact on business in South Africa and was listed by *Forbes Magazine* as one of the 20 most powerful people in African business. Brian was appointed to the Bidcorp board on August 17 1995, assuming the executive chairman role at listing date, and is currently non-executive chairman of Bid Corporation Limited (since June 30 2017).

Bernard Larry Berson (52) ■ ■ ■Chief executive
Australian**Qualifications:** Australian CA**Appointed:** March 20 2016**Board committee:** Acquisitions committee, social and ethics committee

Since 1996, Bernard has been involved in all aspects of the development of Bidcorp's foodservice business in Australia, New Zealand and Asia, and in 2010 assumed responsibility for Bidcorp's global foodservice businesses, including its operations in the UK and Europe. Over the past 21 years Bernard has been involved in all material acquisitions and directing the strategic focus of the businesses. Bernard was appointed as chief executive of Bid Corporation Limited on April 14 2016.

David Edward Cleasby (55) ■ ■ ■

Chief financial officer

Qualifications: CA(SA)**Appointed:** September 12 2007**Board committee:** Acquisitions committee

David was financial director of Rennie's Terminals when Bidvest acquired Rennie's group in 1998. In 2001, he joined the Bidvest corporate office where he was involved in both group corporate finance and investor relations. David was appointed as Bidvest financial director on July 9 2007. David managed Bidvest's interests in the investments made by the group over the years. David was appointed as chief financial officer of Bid Corporation Limited on April 14 2016.

Board committees

■ Acquisitions committee

■ Nominations committee

■ Audit and risk committee

■ Remuneration committee

■ Social and ethics committee

Paul Cambo Baloyi (61) ■ ■ ■ ■ ■

Independent non-executive director

Qualifications: MBA (Manchester Bangor University of Wales), SEP (Harvard), AMP: ENSEAD (France), MDP (University of Stellenbosch)**Appointed:** March 20 2016**Board committee:** Audit and risk committee, acquisitions committee and remuneration committee

Paul is the managing director of CAP Leverage Proprietary Limited. He is a former chief executive officer and managing director of the Development Bank of Southern Africa. Paul also served as chief executive officer and managing director of DBSA Development Fund. Paul has spent 30 years in the financial services sector, with both Standard Bank and the Nedbank group. His last position at Nedbank was as managing director of Nedbank Africa. Paul has been an independent non-executive director on many boards locally and internationally including, African financial institutions. He was a council member of the Institute of Bankers and also served as chairman of the Ned Medical Aid. Other boards include Old Mutual South Africa, AUSTRO Group Limited, Basil Read Limited (chairman) and CAP Leverage Proprietary Limited. Paul also serves on various board committees (audit, risk, remuneration and nominations) as member and chairman.

Douglas Denoon Balharrie Band (73) ■ ■ ■ ■ ■

■ ■ ■ ■ ■

Lead independent non-executive director

Qualifications: CA(SA)**Appointed:** March 20 2016**Board committee:** Acquisitions committee (chairman), nominations committee (chairman) and remuneration committee (chairman)

Doug has extensive experience in both commerce and industry and has previously served in the capacity of independent director in a number of JSE top 40 companies.

Stephen Koseff (66) ■ ■ ■ ■ ■

Independent non-executive director

Qualifications: CA(SA), MBA, H.Dip. BDP and Hon. DCom (Wits)**Appointed:** August 16 2017

Stephen Koseff is chief executive officer of Investec Limited (Investec) which has dual listing on both the London Stock Exchange and the JSE. Stephen has been with Investec for 37 years in various capacities and has been in his current role as chief executive officer since 1996. Stephen is a qualified chartered accountant and holds a master's degree in Business Administration and a Higher Diploma in Business Data Processing. In 2017 Stephen was awarded an Honorary Doctor of Commerce by the University of Witwatersrand. In addition to his directorships of Investec and Investec plc and various other Investec subsidiaries, he is a non-executive director of the South African Banking Association. He is a current board

member of Business Leadership South Africa. He is a former Chairman of the South African Banking Association, a former non-executive director of The Bidvest Group Limited and former director of the JSE, former member of the Financial Markets Advisory Board, and former chairman of the Independent Bankers Association.

Dolly Mokgatle (61) ■ ■ ■ ■ ■

Independent non-executive director

Qualifications: BProc (University of the North) LLB (Law) (Wits)**Appointed:** October 4 2016**Board committee:** Social and ethics committee, nominations committee

Dolly, is a qualified attorney with a BProc (University of Limpopo), LLB (Wits), HDip Tax Law (Wits). Co-founder and executive director of Peotona Group Holdings. Chairperson of Total SA, Unisa School of Business Leadership. Non-executive director of Kumba Iron Ore, IQ Business, Lafarge Industries SA, Lafarge Mining Industries SA. Founding chairperson of Palesa Ya Sechaba Foundation NPC, director of Junior Achievement South Africa, member of Unisa Council, and trustee of Pearson Marang Education Trust. Appointed as a member of the Deputy President's Advisory Panel on Eskom in February 2015.

Nigel George Payne (57) ■ ■ ■ ■ ■

Independent non-executive director

Qualifications: CA(SA), MBL**Appointed:** March 20 2016**Board committee:** Audit and risk committee, social and ethics committee (chairman), acquisitions committee and remuneration committee

Nigel is a professional non-executive director, with no executive responsibilities. He is a director of the Mr Price Group Limited (chairman), The Bidvest Group Limited, JSE Limited and Vukile Property Fund Limited.

Helen Wiseman (51) ■ ■ ■ ■ ■Independent non-executive director
Australian**Qualifications:** BSc (Hons) University of Manchester, CA, GAICD**Appointed:** March 20 2016**Board committee:** Audit and risk committee (chairman), social and ethics committee

A non-executive director, Helen has extensive international business experience across a range of sectors including manufacturing, distribution, mining, energy and financial services. Helen has chaired regional audit committees of the Bidvest International Foodservice business since 2011 and has held various board and audit committee roles, including her current role as audit and risk committee chairman for Bid Corporation Limited.

Independent auditor's report

To the shareholders of Bid Corporation Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Bid Corporation Limited (the group and company) set out on pages 76 to 146, which comprise the consolidated and separate statements of financial position at June 30 2017, and the consolidated and separate statements of profit or loss and consolidated and separate statements of other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies and the directors' remuneration on pages 59 to 61.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects the consolidated and separate financial position of Bid Corporation Limited at June 30 2017, and its consolidated and separate financial performance and 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.

Basis for opinion

We have conducted our audit in accordance with International Standards on Auditing (ISA). 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 are independent of the group and company 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 International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

Group key audit matters

Revenue recognition – sale of goods

Refer to note 1.7 for the accounting policy and note 2 of the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
The group focuses on earnings growth as one of the measures for management's key performance, which may create an incentive for revenue to be recognised before the risks and rewards have been transferred, resulting in a significant risk associated with revenue from an audit perspective. Due to the significant risk associated with revenue recognition and the work effort from the audit team, the recognition of revenue is considered to be a key audit matter.	Our audit procedures included an assessment of the group's revenue recognition accounting policies including those relating to discounts and rebates and assessing compliance of the policies in terms of IFRS (namely IAS 18 <i>Revenue</i>). Controls testing over the point of transfer of risks and rewards was supported by substantive audit procedures including, among others: ■ Agreeing a sample of sales invoices to cash receipts from customers and/or proof of delivery documents; ■ Testing a sample of sales transactions around year end to ensure inclusion in the correct period; ■ Testing the provisions for credit notes, rebates and discounts by testing a sample of credit notes, rebates and discounts processed immediately preceding and post-year-end. <i>Findings</i> We found the recognition of revenue to be appropriate in terms of the requirements of the financial reporting framework.

Recoverability of trade receivables

Refer to note 1.20 for the accounting policy and notes 21, 33.2.1 and 36 of the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
Trade receivables represent a significant balance on the statement of financial position. Management identifies possible impairment of trade receivables on an ongoing basis. Significant judgement is applied by management in the following areas when performing this assessment: ■ Age of the debtor; ■ Current financial status of the debtor; and ■ Any disputes. Due to the level of judgment involved in the assessment of the recoverability of the trade receivables, this is considered to be a key audit matter.	Our audit procedures included controls testing which was supported by substantive audit procedures including, among others: ■ Agreeing a sample of outstanding sales invoices at year-end to subsequent cash receipts from customers and/or obtaining confirmations of selected balances; ■ Reperforming the ageing of the trade receivables to verify the accuracy of the age analyses; ■ Reviewing management's calculation of the trade receivables impairment allowance by predicting our own impairment allowance based on the age, financial status and problematic/legal accounts and comparing our impairment allowance to management's impairment allowance. The assessment considered: – comparing agreed payment terms to payment history; – examining credit insurance policies; and – inspecting securities held. ■ Reviewed the adequacy and appropriateness of the disclosures in the financial statements. <i>Findings</i> We found the judgments and estimates made by management in their assessment of trade receivables to be reasonable and the disclosures to be acceptable in accordance with the requirements of the financial reporting framework.

Assessment of the carrying value of goodwill

Refer to note 1.13 for the accounting policy and notes 15 and 36 of the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
Goodwill impairment testing involves valuations which are complex. Management applies significant judgment in relation to the assumptions used in the group's goodwill impairment models. As indicated in note 1.13 goodwill was subject to an annual impairment test using the higher of, the fair value less costs to sell method and the value-in-use method. A price earnings multiple, consistent with similar companies, within the foodservice industry and geographic locations, was applied to determine the recoverable amount of each cash-generating unit (CGU). In addition, discounted cash flow models were used to determine the value-in-use. The following assumptions significantly impact the models: ■ projected annualised earnings; ■ price earnings multiples; ■ discount rate (WACC); ■ cash flow growth rate; and ■ terminal growth rate. In addition, included in the Foodservice United Kingdom (UK) CGU is goodwill relating to the Logistics business which was impaired as the businesses performance was below expectation. Due to the level of judgement involved in relation to the assumptions used in these impairment models and due to the work effort required by the audit team, this is considered to be a key audit matter.	Our audit procedures included, among others, the following: ■ Obtaining the impairment assessments prepared by the management and gaining an understanding of the methodology applied to determine the recoverable amounts in respect of goodwill and evaluating the appropriateness of significant assumptions applied and the critical judgements; ■ Challenging the group's impairment models, including the allocation to CGUs based on the geographies of the businesses which is representative of the internal structure for management purposes, by performing sensitivity analyses; ■ Evaluating the consistency and appropriateness of assumptions and methodologies used by the Group, in particular those relating to revenue, operating profit and cash flow growth, discount rates used (WACC rates) and terminal growth rates applied by comparing the group's assumptions with our own assessment in relation to key inputs into the models including assessing historical financial performance against forecast and by benchmarking discount rates with similar companies in same geographies; ■ In certain cases, using our valuation specialist to assist us in evaluating the assumptions and methodologies used by the group; and ■ For the Logistics UK impairment assessment we challenged management's assumptions by performing sensitivity analyses on key inputs such as the discount rate and working capital movements. The range and likelihood of each of the possible outcomes determined from these sensitivity analyses was then considered in relation to the assessment performed by management. <i>Findings</i> We found that the assumptions used by management were reasonable and we consider the disclosure of the goodwill to be acceptable in accordance with the requirements of the financial reporting framework.

Independent auditor's report

Company key audit matter

Assessment of investments in subsidiaries for impairment

The key audit matter	How the matter was addressed in our audit
The company's most significant assets is its investment in subsidiaries. The company reflects its investments in subsidiaries at cost less accumulated impairment losses. At year-end, management performed an impairment assessment and concluded that no impairment of the company's investment in subsidiaries was necessary. Due to the magnitude of the carrying amounts, the assessment of the investment in subsidiaries for impairment required significant auditor attention and was considered a key audit matter.	Our audit procedures included, among others, the following: ■ Obtaining the impairment assessment prepared by management and gaining an understanding of the methodology applied to determine the recoverable amount in respect of the investments; ■ Comparing the value of the investment in subsidiaries to the net asset value of the investees; and ■ Considering any contradictory evidence that came to our attention during our audit of both the consolidated and separate financial statements that may have had an impact on the impairment assessment. <i>Findings</i> We found that management's assessment, that no impairment of investment in subsidiaries was necessary at year-end, was reasonable.

Other information

The directors are responsible for the other information. The other information comprises the directors' report, the audit and risk committee's report and the declaration by company secretary as required by the Companies Act of South Africa, and all other information included in the annual financial statements, which we obtained prior to the date of this report and the annual integrated report, which is expected to be made available to us after that date. Other information does not include the consolidated and 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 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 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 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 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 ISA 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 ISA, 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 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 and 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 the 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 KPMG Inc. has been the auditor of Bid Corporation Limited for two years.



KPMG Inc.
Per **Mohammed Hassan**
Chartered Accountant (SA)
Registered Auditor
Director

August 23 2017

KPMG Crescent
85 Empire Road
Parktown
2193

Private Bag 9
Parkview
2122

Consolidated statement of profit or loss

for the year ended June 30

	Note	2017 R'000	2016 R'000
Revenue	2	130 926 600	135 537 531
Cost of revenue		(102 567 995)	(107 470 732)
Gross profit		28 358 605	28 066 799
Operating expenses		(22 852 330)	(23 233 908)*
Sales and distribution expenses		(18 926 499)	(19 237 323)
Administration expenses		(3 575 622)	(3 484 653)
Other expenses		(350 209)	(511 932)
Trading profit		5 506 275	4 832 891
Share-based payment expense		(97 569)	(48 653)
Acquisition costs		(46 084)	(8 947)
Net capital items	3	114 331	(148 773)
Operating profit	3	5 476 953	4 626 518
Net finance charges	4	(219 169)	(223 779)
Finance income		96 763	66 846
Finance charges		(315 932)	(290 625)
Share of profit of associates and jointly controlled entity		25 055	26 386
Dividends received		14 854	23 467
Share of current year earnings		10 201	2 919
Profit before taxation		5 282 839	4 429 125
Taxation	5	(1 250 958)	(1 109 081)
Profit for the year		4 031 881	3 320 044
Attributable to			
Shareholders of the company		4 008 287	3 279 576
Non-controlling interests		23 594	40 468
		4 031 881	3 320 044
Basic earnings per share (cents)	6	1 207,1	3 979,8
Headline earnings per share (cents)	6	1 181,0	4 154,0
Dividends per share (cents)		500,0	241,0

* Certain categories of operating expenses were reclassified during the year. Operating expenses are treated in a consistent manner across all segments within the Bidcorp group. The comparative year's operating expenses category has been reclassified to reflect these reclassifications. There was no change in the total operating expenses, and the reclassification did not affect earnings per share, and headline earnings per share values for the comparatives.

Consolidated statement of other comprehensive income for the year ended June 30

	2017 R'000	2016 R'000
Profit for the year	4 031 881	3 320 044
Other comprehensive income net of taxation	(2 786 306)	2 214 461
<i>Items that may be classified subsequently to profit or loss</i>	(2 792 316)	2 262 343
(Decrease) increase in foreign currency translation reserve	(2 793 654)	2 259 035
Movement in fair value of cash flow hedges	1 338	3 308
Fair value gains arising during the year	1 652	607
Deferred taxation (charge) relief	(314)	2 701
Movement in available-for-sale financial assets	–	–
Fair value loss arising during the year	(43 379)	(119 076)
Reclassified to profit or loss	43 379	119 076
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Defined benefit obligations	6 010	(47 882)
Net remeasurement of defined benefit obligations during the year	6 393	(57 243)
Deferred taxation (charge) relief	(383)	9 361
Total comprehensive income for the year	1 245 575	5 534 505
Attributable to		
Shareholders of the company	1 230 657	5 486 534
Non-controlling interest	14 918	47 971
	1 245 575	5 534 505

Consolidated statement of cash flows

for the year ended June 30

	Note	2017 R'000	2016 R'000
Cash flows from operating activities		2 254 867	4 740 623
Cash generated by operations	7	5 446 111	6 642 467
Finance income received	4	96 763	66 846
Finance charges paid	8	(297 821)	(267 379)
Taxation paid	9	(1 343 351)	(1 150 888)
Dividends paid	10	(1 646 835)	(550 423)
Cash effects of investment activities		(2 230 046)	(2 349 552)
Amounts (advanced to) repaid by associates		(80 575)	29 075
Proceeds on disposal of investments		680 235	344 319
Investments acquired		(9 858)	(105 222)
Additions to property, plant and equipment		(2 158 660)	(1 988 422)
Additions to intangible assets		(117 679)	(123 906)
Proceeds on disposal of property, plant and equipment		323 111	87 180
Proceeds on disposal of intangible assets		18 730	–
Acquisition of businesses, subsidiaries and associate	11	(1 315 161)	(720 637)
Proceeds on disposal of interests in subsidiaries and associate	12	429 811	128 061
Cash effects of financing activities		1 471 746	(808 142)
Proceeds on disposal of treasury shares		154 544	12 420
Borrowings raised		5 499 736	4 363 215
Borrowings repaid		(4 126 025)	(5 183 777)
Payments to non-controlling interests		(56 509)	–
Net increase in cash and cash equivalents		1 496 567	1 582 929
Cash and cash equivalents at beginning of year		5 505 509	3 632 604
Effects of exchange rate fluctuations on cash and cash equivalents		(654 027)	289 976
Cash and cash equivalents at end of year		6 348 049	5 505 509

Consolidated statement of financial position at June 30

	Note	2017 R'000	2016 R'000
ASSETS			
Non-current assets		26 023 534	26 792 068
Property, plant and equipment	13	10 705 190	11 016 705
Intangible assets	14	907 151	1 212 758
Goodwill	15	12 791 153	13 184 782
Deferred taxation assets	16	922 847	491 766
Interest in associates	17	172 206	116 903
Investments	18	113 814	753 899
Investment in jointly controlled entity	19	394 039	–
Defined benefit pension assets	26	17 134	15 255
Current assets		28 422 407	29 548 613
Inventories	20	8 261 665	8 828 939
Trade and other receivables	21	13 812 693	15 214 165
Cash and cash equivalents		6 348 049	5 505 509
Total assets		54 445 941	56 340 681
EQUITY AND LIABILITIES			
Capital and reserves		23 671 520	24 217 574
Capital and reserves attributable to shareholders of the company	22	23 548 214	24 080 624
Non-controlling interests		123 306	136 950
Non-current liabilities		6 751 961	4 490 970
Deferred taxation liabilities	16	743 471	524 243
Long-term portion of borrowings	25	5 247 641	2 342 670
Post-retirement obligations	26	41 657	50 836
Long-term portion of puttable non-controlling interest liabilities	27	118 028	1 168 921
Long-term portion of vendors for acquisition		82 377	–
Long-term portion of provisions	30	513 792	397 970
Long-term portion of operating lease liabilities	28	4 995	6 330
Current liabilities		24 022 460	27 632 137
Trade and other payables	29	19 127 763	21 505 266
Short-term portion of provisions	30	223 945	358 319
Short-term portion of puttable non-controlling interest liabilities	27	1 077 168	–
Short-term portion of vendors for acquisition		379 474	513 308
Taxation		404 288	409 760
Short-term portion of borrowings	25	2 809 822	4 845 484
Total equity and liabilities		54 445 941	56 340 681
Net asset value per share (cents)		7 021	7 180
Net tangible asset value per share (cents)		2 937	2 887

Consolidated statement of changes in equity for the year ended June 30

	2017 R'000	2016 R'000
Equity attributable to shareholders of the company	23 548 214	24 080 624
Stated capital	5 428 016	5 428 016
Balance at beginning of year	5 428 016	#
Shares issued during the year	-	5 428 016
Treasury shares	(795 187)	(949 731)
Balance at beginning of year	(949 731)	-
Shares disposed of in terms of share incentive schemes	154 544	12 420
Transfer as a result from unbundling	-	(962 151)
Foreign currency translation reserve	4 318 272	7 111 926
Balance at beginning of year	7 111 926	4 852 891
Movement during the year	(2 793 654)	2 256 344
Realisation of reserve on disposal of subsidiaries	-	2 691
Hedging reserve	1 338	-
Balance at beginning of year	-	(3 308)
Fair value gains incurred during the year	1 652	607
Deferred taxation recognised directly in reserve	(314)	2 701
Equity-settled share-based payment reserve	20 914	(2 025)
Balance at beginning of year	(2 025)	54 857
Arising during current year	97 569	48 653
Deferred taxation recognised directly in reserve	22 824	27 776
Utilisation during the year	(154 544)	(133 660)
Transfer as a result from unbundling	-	(28 947)
Transfer to retained earnings	57 090	29 296
Movement in retained earnings	14 574 861	12 492 438
Balance at beginning of year	12 492 438	12 778 926
Attributable profit	4 008 287	3 279 576
Net remeasurement of defined benefit obligations during the year	6 010	(47 882)
Remeasurement of puttable option during the year	(48 076)	-
Dividends paid	(1 646 835)	(537 283)
Transfers of reserves as a result of changes in shareholding of subsidiaries	(121 790)	-
Transfers of subsidiaries under common control	(29 924)	(2 973 047)
Transfer from unbundling for share-based payments	-	28 947
Transfer of reserves from non-controlling interests of the company	(28 159)	(7 503)
Transfer from equity-settled share-based payment reserve	(57 090)	(29 296)
Equity attributable to non-controlling interests of the company	123 306	136 950
Balance at beginning of year	136 950	65 946
Other comprehensive income	14 918	47 971
Attributable profit	23 594	40 468
Movement in foreign currency translation reserve	(8 676)	7 503
Dividends paid	(15 758)	(13 140)
Share of movement on other reserves	(1 424)	(253)
Changes in shareholding	80 293	73 623
Transfer to puttable non-controlling interest liability	(119 832)	(44 700)
Transfer to retained earnings	28 159	7 503
Total equity	23 671 520	24 217 574

Amount below R1 000.

Notes to the consolidated financial statements for the year ended June 30

BASIS OF PREPARATION

The consolidated and separate financial statements have been prepared on the historical cost basis, except that derivative financial instruments, financial instruments held-for-trading and financial instruments classified as available-for-sale are stated at their fair value.

The preparation of the consolidated and separate financial statements, in conformity with IFRS, requires management 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 had an effect on the financial statements and estimates with a risk of adjustment in the next year are discussed in note 36.

The consolidated financial statements as at and for the year ended June 30 2017 comprise the company and its subsidiaries (together referred to as the "group" or "consolidated" and separately "separate" or "company").

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 rand, which is the group's functional currency. All financial information has been rounded to the nearest thousand unless stated otherwise.

1. SIGNIFICANT 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, 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.

1.1 New and revised accounting standards

With the exception of the new accounting policy for the investment in jointly controlled entity (refer 1.18), there were no changes to the group's accounting policies during the year.

Details of new standards and interpretations that apply to the group are contained in note 40 to the financial statements.

1.2 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 variable returns 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.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the company gains control until the date when the company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with the group's significant accounting policies.

Notes to the consolidated financial statements for the year ended June 30

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the group are eliminated on consolidation.

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.

1.3 Business combinations

The group accounts for business combinations using the acquisition method. The consideration transferred for the acquisition of a business is the fair value of assets transferred, the liabilities incurred and the equity issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent arrangement. If the contingent arrangement is classified as equity, then it is not remeasured and settlement is accounted for in equity. Subsequent changes in the fair value of other contingent arrangements are recognised in profit or loss. Acquisition-related costs, apart from costs directly related to the raising of debt and/or equity, are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at acquisition date. The group recognises any non-controlling interest, at the non-controlling interest's proportionate share of the subsidiary's net assets on an acquisition-by-acquisition basis. When a business combination is achieved in stages, the group's previously held equity interest in an entity is remeasured to its acquisition date fair value and the resulting gain or loss recognised in profit or loss.

The excess of the consideration transferred, the amount of any non-controlling interest in the entity and the acquisition date fair value of any previous equity interest in the business over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss as a bargain purchase gain.

The company carries its investments in subsidiaries at cost less accumulated impairment losses.

1.4 Business combinations under common control

For business combinations involving entities under common control of the group, the group has accounted for the difference between the book value of the transferred assets as a result of unbundling and the fair value of the consideration transferred as an adjustment to equity.

1.5 Puttable non-controlling interests

Put options held by non-controlling interests in the group's subsidiaries entitle the non-controlling interest to sell its interest in the subsidiary to the group at predetermined values and on contracted dates. In such cases, the group consolidates the non-controlling interest's 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 derecognised 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 statement of profit or loss using the effective interest 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.

1.6 Revenue

Revenue comprises amounts earned from customers for goods and services and excludes value added tax. Revenue is net of returns and allowances, trade discounts and volume rebates.

1.7 Revenue recognition

Revenue 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, and the amount of revenue can be measured reliably.

Revenue from commissions and fees is recognised in the statement of profit or loss in proportion to the stage of completion of the transaction at the statement of financial position date.

Finance income comprises interest receivable on funds invested. Finance income is recognised using the effective interest method.

Dividends are recognised when the right to receive payment is established.

1.8 Finance charges

Finance charges comprise interest payable on borrowings calculated using the effective interest method. The interest expense component of finance lease payments is recognised in the statement of profit or loss using the effective interest method.

1.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially complete.

Capitalisation is suspended during extended periods in which active development is interrupted. All other borrowing costs are expensed in the period in which they are incurred.

1.10 Cash and cash equivalents

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.

1.11 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 and is not depreciated. 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:

Freehold 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	3 to 15 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the group.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

1.12 Leases

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the group are classified as finance 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 method to determine the lease finance cost, which is charged against income over the lease period, and the capital repayment, which reduces the liability to the lessor. Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Operating leases, which have a fixed determinable escalation, are charged against income on a straight-line basis. Leases with contingent escalations are expensed as and when incurred.

1.13 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. Goodwill is tested annually for impairment. For the purposes of impairment testing, goodwill is allocated to each of the group's cash-generating units that are expected to benefit from the synergies of the business combination. Goodwill is monitored at an operational segment level (eg Australasia, Europe, Emerging Markets and United Kingdom).

Notes to the consolidated financial statements for the year ended June 30

1.14 Intangible assets

Software development costs are capitalised and are stated at cost less accumulated amortisation and accumulated impairment losses. 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 statement of profit or loss 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 statement of profit or loss 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 systematically tested for impairment at reporting 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 29 years
Computer software	3 to 8 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

1.15 Impairment of assets

The carrying value of assets is 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 cash-generating units to which goodwill is allocated is estimated annually each year. For assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date.

Impairment losses are recognised whenever the carrying amount of the asset or a cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

A cash-generating unit is not larger than any operational country/market (eg New Zealand, Australia and South Africa).

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value. For unlisted shares classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the counterparty; or
- default in interest or principal payments; or
- it becoming probable that the counterparty will enter bankruptcy or financial reorganisation.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in the statement of profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the statement of profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the income statement.

The recoverable amount of the group's investments in held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (the effective interest rate is computed on initial recognition of these financial assets). Receivables with a short duration are not discounted. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

In respect of trade receivables, receivables that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The recoverable amount of other assets is the greater of their fair value less costs to sell and their value-in-use. In assessing their value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through the statement of profit or loss. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss, the impairment loss is reversed, with the amount of the reversal recognised in the statement of profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an impairment allowance account. When a trade receivable is considered uncollectible, it is written off against the impairment allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the impairment allowance account are recognised in the statement of profit or loss.

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.

1.16 Taxation

Income taxation comprises current and deferred tax. 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 reporting date, and any adjustment of tax payable for previous years.

Deferred taxation is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the statement of financial position date. The following temporary differences are not provided for: initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. Deferred taxation is charged to the statement of profit or loss 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 statement of profit or loss, 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.

Notes to the consolidated financial statements for the year ended June 30

1.17 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 adopted in the group 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 group carries its investment in associates at cost less any accumulated impairment losses.

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated. Unrealised gains arising from equity-accounted investees are eliminated against the investment to the extent of the group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1.18 Investment in jointly controlled entity

The group accounts for its interest in a joint venture using the equity method. This interest in a joint venture is an investment in a jointly controlled entity whereby the venturers have a contractual arrangement that establishes joint control over the economic activities of the entity. This investment is carried in the consolidated statement of financial position at the fair value of the jointly controlled investment at the date of acquisition and the group's share of post-acquisition profit or loss net of dividends. Goodwill relating to the jointly controlled entity is included in the initial carrying amount of the investment and is neither amortised nor individually tested for impairment.

Upon loss of joint control over the investment in the jointly controlled entity, the group measures and recognises any remaining investment at its fair value. Any difference between the carrying amount of the investment in jointly controlled entity and the fair value of the remaining investment and any proceeds from disposal is recognised in the statement of profit or loss.

1.19 Foreign operations

Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into South African rand at rates of exchange ruling at the reporting 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 statement of profit or loss.

Foreign exchange differences arising on translation are recognised directly in a separate component of equity.

Acquisitions and disposals of foreign operations are accounted for at the exchange rate ruling on the date of the transaction.

1.20 Financial instruments

Financial instruments are recognised when the group or company becomes party to the contractual provisions of the arrangement. Financial instruments are initially measured at fair value plus, for instruments not carried at fair value through profit or 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 statement of profit or loss. The gain or loss recognised in the statement of profit or loss excludes the interest and dividends earned on the financial asset, which are separately disclosed as such in the statement of profit or loss.

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 method is recognised in profit or loss.

Listed and unlisted investments are classified as 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 exchange quoted selling prices at the close of business on the reporting 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 amortised cost.

Financial liabilities other than derivatives are recognised at amortised cost using the effective interest method.

Derivative instruments are measured at fair value through profit or loss.

Where a derivative financial instrument is used to economically hedge the foreign exchange exposure of a recognised financial asset or liability, no hedge accounting is applied and any gain or loss on the hedging instrument is recognised in profit or loss. It is the policy of the group not to trade in derivative financial instruments for speculative purposes.

Gains and losses arising from measuring the hedging instruments relating to a fair value hedge at fair value are recognised in the statement of profit or loss. The hedged item is also stated at fair value in respect of the risk being hedged, with any gains or losses recognised in profit or loss.

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 other comprehensive income. 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 statement of profit or loss 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 statement of profit or loss immediately.

A financial asset is derecognised (or, where applicable, a part of a financial asset or a part of a group of similar financial assets is derecognised) if the group's contractual rights to the cash flows from the financial asset expire or if the group transfers the financial assets to another party without retaining control or substantially all risks and rewards of the asset.

Where the group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the group could be required to repay.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit and loss.

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the company has a legally enforceable right to set off the recognised amounts, and intends either to settle 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.

1.21 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 and finished goods is determined on either the first-in first-out or average cost basis. The cost of manufactured inventory and work-in-progress includes materials, direct labour, other direct costs and includes an appropriate portion of overheads, but excludes interest expense.

Notes to the consolidated financial statements for the year ended June 30

1.22 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 reporting date. Translation differences are generally recognised in the statement of profit or loss.

Non-monetary assets and liabilities are measured based on historical cost in a foreign currency are translated at an exchange rate at the date of the transaction.

1.23 Share-based payments

The Bidcorp Incentive Scheme (BIS) grants replacement rights, share appreciation rights (SARs), conditional share plan awards (CSPs) to acquire shares in the holding company, Bidcorp, to executive directors, management and staff. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. All Bidcorp share-based payment schemes are treated as equity-settled share-based payment schemes at a group and subsidiary level. 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 options is measured using a binomial model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the number of awards for which related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

1.24 Employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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 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 statement of profit or loss in the period of a plan amendment.

Liabilities for employee benefits which are not expected to be settled within 12 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 statement of profit or loss as incurred.

1.25 Provisions

Provisions are recognised when the group has a legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the amount of the obligation. Where the effect of discounting is material, provisions are discounted. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when the group has approved a detailed and formal restructuring plan and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

A provision for dismantling and site restoration is calculated as the present value of the estimated cost of dismantling and removing items and restoring the site in which they are located when the legal or constructive obligation arises or when the damage to the site occurs.

A provision for onerous contracts is recognised when the expected benefits to be derived by the group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net costs of continuing the contract. Before a provision is established, the group recognises any impairment loss on the assets associated with that contract.

Customer loyalty points are accounted for at fair value of the consideration received or receivable in respect of the initial sale, and are allocated between the loyalty points and the other components of the sale. The consideration allocated to the customer loyalty points is measured by reference to their fair value, which is the amount for which the loyalty points could be sold at, multiplied by the probability of their redemption. This amount is recognised as a provision until such time as the customer loyalty points are redeemed. Once the loyalty points are redeemed, the amount will be recognised as revenue.

1.26 Stated capital and treasury shares

No par value ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new no par value ordinary shares are deducted against the stated capital account.

Shares in the company, held by its subsidiary, are classified as 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 treasury shares is presented as a deduction from total equity. Distributions received on treasury shares are eliminated on consolidation.

1.27 Vendors for acquisition

Vendors for acquisition are recognised when the group or company becomes party to acquisition contractual arrangements in the form of earn-out targets and contingent consideration. They are measured at fair value through profit or loss, with the resultant gain or loss being recognised in the statement of profit or loss. The gain or loss in the statement of profit or loss excludes interest.

1.28 Segmental reporting

The reportable segments of the group have been identified based on the geographies of the businesses. This basis is representative of the internal structure for management purposes.

"Segmental trading profit" is defined as operating profit excluding items of a capital nature and is the basis on which management's performance is assessed. 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 operating profit" 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.

Segment operating assets and liabilities includes property, plant and equipment, investments, inventories, trade and other receivables and trade and other payables, but excludes cash, post-retirement obligations, borrowings, current taxation, and deferred taxation.

Certain segments were reclassified during the year. The comparative year's segmental information has been represented to reflect these insignificant changes.

Notes to the consolidated financial statements for the year ended June 30

	2017 R'000	2016 R'000
2. REVENUE		
Sale of goods – frozen	44 900 416	48 327 425
Sale of goods – chilled	38 176 344	38 600 898
Sale of goods – ambient	39 455 160	39 559 634
Sale of goods – non-food	7 019 728	7 174 133
Rendering of services	1 170 426	1 690 352
Commissions and fees earned	188 777	179 056
Other	15 749	6 033
	130 926 600	135 537 531
3. OPERATING PROFIT		
Determined after charging (crediting)		
Auditors' remuneration	46 726	45 684
KPMG audit fees and related expenses	37 687	37 975
KPMG-related taxation, consulting, other related expenses	5 112	6 386
Other audit firm fees and related expenses	3 927	1 323
Depreciation of property, plant and equipment	1 009 552	1 027 648
Leasehold premises	83 869	87 858
Plant and equipment	356 204	363 418
Office equipment, furniture and fittings	133 682	134 520
Vehicles	435 797	441 852
Amortisation of intangible assets	181 583	209 834
Patents, trademarks, tradenames and other intangibles	55 245	65 877
Computer software	126 338	143 957
Directors' emoluments		
Executive directors	75 022	48 632
Basic remuneration	32 247	22 227
Retirement and medical benefits	1 198	449
Other benefits and costs	1 177	339
Cash incentives	40 400	25 617
Non-executive directors	3 969	785
Employer contributions to	664 733	548 413
Defined contribution pension funds	276 567	202 661
Provident funds	22 374	19 840
Retirement funds	23 311	26 500
Social securities	293 831	278 241
Medical aids	48 650	21 171

3. OPERATING PROFIT *(continued)*

	2017 R'000	2016 R'000
Net expense related to post-retirement obligations for current service costs	16 102	91 318
Defined benefit pension plans	16 102	87 983
Defined benefit early retirement plan	–	3 335
Share-based payment expense	97 569	48 653
Staff costs excluding directors' emoluments and employer contributions	13 294 618	11 811 251
Foreign exchange losses on hedging activities	3 390	52 859
Forward exchange contracts	3 330	52 859
Foreign bank accounts	60	–
Other foreign exchange gains	(12 204)	(14 775)
Realised	(6 520)	(10 633)
Unrealised	(5 684)	(4 142)
Impairment of assets	514 905	233 585
Property, plant and equipment [#]	115 093	41 463
Goodwill [#]	176 174	–
Available-for-sale investment [#]	43 379	119 076
Intangible assets [#]	94 384	3 817
Associate [#]	–	10 699
Trade receivables	85 875	58 530
Net capital profit [#]	(543 361)	(26 282)
Net (profit) loss on disposal of property, plant and equipment	(7 122)	4 256
Net (profit) loss on disposal of intangible assets	(14 203)	5 280
Net profit on disposal of interests in subsidiaries and associate	(522 036)	(35 818)
Operating lease charges	1 321 741	1 425 206
Land and buildings	764 380	775 969
Equipment and vehicles	557 361	649 237
[#] Items above included as capital items on consolidated statement of profit or loss.	(114 331)	148 773

Notes to the consolidated financial statements for the year ended June 30

4. NET FINANCE CHARGES

	2017 R'000	2016 R'000
Finance income	96 763	66 846
Interest income on advances	9 511	13 208
Interest income on bank balances	84 165	33 482
Interest imputed on post-retirement assets (refer to note 26)	3 087	20 156
Finance charges	(315 932)	(290 625)
Interest expense on bank overdrafts	(19 951)	(18 089)
Interest expense on financed assets	(4 886)	(13 102)
Interest expense on borrowings	(267 971)	(216 107)
Interest imputed on post-retirement obligations (refer to note 26)	(1 957)	(20 242)
Unwinding of discount on puttable non-controlling interest liabilities	(21 167)	(23 085)
	(219 169)	(223 779)

5. TAXATION

Current taxation	1 402 824	1 053 432
Current year	1 401 268	1 075 862
Prior years' under (over) provision	1 556	(22 430)
Deferred taxation	(157 328)	48 953
Current year	(149 851)	70 788
Prior years' (over) under provision	(1 446)	847
Change in rate of taxation	(6 031)	(22 682)
Foreign withholding taxation	5 462	6 696
Total taxation per consolidated statement of profit or loss	1 250 958	1 109 081
Comprising		
South African taxation	265 384	96 172
Foreign taxation	985 574	1 012 909
	1 250 958	1 109 081

5. TAXATION (continued)

The reconciliation of the effective taxation rate with the South African company taxation rate is:

	2017 %	2016 %
Taxation for the year as a percentage of profit before taxation	23,7	25,0
Associates	0,1	0,2
Effective rate excluding associate income	23,8	25,2
Dividend and exempt income	1,2	0,5
Foreign taxation rate differential	3,1	2,6
Details of non-deductible expenses	(2,8)	(2,2)
Deferred taxation assets not previously raised	1,9	0,8
Exempt portion of capital gains	0,7	0,1
Changes in prior years' estimation	–	0,5
Change in rate of taxation	0,1	0,5
Rate of South African company taxation	28,0	28,0

	R'000	R'000
Estimated tax losses available for offset against future taxable income	431 854	579 744
Utilised in the computation of deferred taxation	(290 954)	(471 785)
Not accounted for in deferred taxation	140 900	107 959

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.

Non-deductible expenses comprise impairments relating to goodwill (refer note 15), property, plant and equipment (refer note 13), intangible assets (refer note 14) and other non-deductible expenses individually insignificant across the Bidcorp group.

6. EARNINGS PER SHARE**Weighted average number of shares ('000)**

Weighted average number of shares in issue for basic earnings per share and headline earnings per share calculations	332 065	82 405
Potential dilutive impact of outstanding share options and conditional awards	730	764
Number of outstanding staff share options	4 228	3 133
Number of share options deemed to be issued at fair value	(3 554)	(2 397)
Contingent issuable shares in terms of conditional share plan to be issued at fair value	56	28
Dilutive weighted average number of shares	332 795	83 169

Attributable earnings (R'000)

Basic earnings per share and diluted earnings per share are based on profit attributable to shareholders of the company

There were no reconciling items for the profit attributable to shareholders of the company.

Basic earnings per share (cents)	1 207,1	3 979,8
Diluted basic earnings per share (cents)	1 204,4	3 943,3
Dilution (%)	0,2	0,9

Notes to the consolidated financial statements for the year ended June 30

	2017 R'000	2016 R'000
6. EARNINGS PER SHARE <i>(continued)</i>		
Headline earnings		
Profit attributable to shareholders of the company	4 008 287	3 279 576
Net impairments	400 534	166 825
Goodwill	176 174	–
Property, plant and equipment	115 093	41 463
Intangible assets	94 384	3 817
Available-for-sale investment	43 379	119 076
Associate	–	10 699
Taxation relief	(28 496)	(8 230)
Net profit on disposal of interests in subsidiaries and interest in associate	(465 882)	(34 804)
Profit on disposal of subsidiaries	(510 232)	(35 818)
Profit on disposal of interest in associate	(11 804)	–
Taxation charge	56 154	1 014
Net (profit) loss on disposal of property, plant and equipment and intangible assets	(21 175)	11 499
Property, plant and equipment	(7 122)	4 256
Intangible assets	(14 203)	5 280
Taxation charge	150	1 963
Headline earnings	3 921 764	3 423 096
Headline earnings per share (cents)	1 181,0	4 154,0
Diluted headline earnings per share (cents)	1 178,4	4 154,0
Dilution (%)	0,2	0,9
7. CASH GENERATED BY OPERATIONS		
Operating profit	5 476 953	4 626 518
Costs incurred in respect of acquisitions	46 084	8 947
Dividends received	14 854	23 467
Adjustment for depreciation and amortisation	1 191 135	1 237 482
Adjustment for non-cash items	(530 675)	207 872
Movement in post-retirement obligations	1 429	(224 391)
Working capital changes	(753 669)	762 572
Increase in inventories	(466 575)	(497 329)
Increase in trade and other receivables	(189 067)	(393 055)
(Decrease) increase in trade and other payables and provisions	(98 027)	1 652 956
Cash generated by operations	5 446 111	6 642 467

	2017 R'000	2016 R'000
8. FINANCE CHARGES		
Charge per consolidated statement of profit or loss	(315 932)	(290 625)
Unwinding of discount on puttable non-controlling interest liabilities (note 26)	21 167	23 085
Amounts capitalised to investments	(3 056)	–
Amounts capitalised to borrowings	–	161
Amounts paid	(297 821)	(267 379)
9. TAXATION PAID		
Amounts payable at beginning of year	(409 760)	(417 438)
Current taxation charge	(1 408 286)	(1 060 128)
Businesses acquired	(11 509)	(9 340)
Businesses disposed of	2 554	717
Transfer as a result of unbundling	–	(18 489)
Exchange rate adjustments	79 362	(55 970)
Amounts payable at end of year	404 288	409 760
Amounts paid	(1 343 351)	(1 150 888)
10. DIVIDENDS PAID		
Dividends paid to shareholders	(1 646 835)	(537 283)
Dividends paid to non-controlling interests	–	(13 140)
Amounts paid	(1 646 835)	(550 423)
11. ACQUISITION OF BUSINESSES, SUBSIDIARIES AND ASSOCIATE		
Property, plant and equipment	(264 945)	(228 880)
Intangible assets	(16 924)	(800)
Deferred taxation	(56 666)	(5 695)
Interest in associates	(89)	(5 726)
Investments and advances	(6 920)	–
Inventories	(126 784)	(67 837)
Trade and other receivables	(353 649)	(185 102)
Cash and cash equivalents	26 353	(10 988)
Borrowings	505 495	108 663
Trade and other payables and provisions	611 517	183 773
Taxation	11 509	9 340
Net fair value of liabilities (assets)	328 897	(203 252)

Notes to the consolidated financial statements for the year ended June 30

11. ACQUISITION OF BUSINESSES, SUBSIDIARIES AND ASSOCIATE *(continued)*

	2017 R'000	2016 R'000
Net fair value of liabilities (assets) brought forward	328 897	(203 252)
Goodwill	(1 417 544)	(486 542)
Non-controlling interest	(53 626)	44 700
Total value of acquisitions	(1 142 273)	(645 094)
Less: Cash and cash equivalents acquired	(26 353)	10 988
Net movements in vendors for acquisition and puttable non-controlling interest liabilities	(100 451)	(77 584)
Costs incurred in respect of acquisitions	(46 084)	(8 947)
Net amounts paid	(1 315 161)	(720 637)

Bidcorp acquired 90% of the issued share capital of Guzmán for an enterprise value of €75 million (R1,1 billion), the effective date of this acquisition was April 1 2017. As part of the agreement to acquire shares in Guzmán, the group entered into a put agreement to acquire the remaining shares in Guzmán at a contractually determined future date and value. A puttable non-controlling interest liability has been raised in the statement of financial position (refer to note 27).

Other than the Guzmán acquisition, the group made a number of small acquisitions during the year, namely Bestfood NV (Belgium), BFS Port Macquarie Proprietary Limited (Australia), Central Choices Foods Proprietary Limited (Australia), Hanlon's Smokehouse Dublin Limited (Ireland), Mariusso Comércio De Alimentos E Representação Limitada (Brazil), Quartiglia Food Service Spa (Italy), R Noone & Son Limited (England), Wyn Lee Holdings Limited (England) and Wynne-Williams (Flint) Limited (England).

These acquisitions form part of the group's strategic expansion plans in the international foodservice industry. 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 or net liabilities 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 market place.

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:

	Guzmán R'000	Other smaller acquisitions R'000	Total R'000
Property, plant and equipment	80 619	184 326	264 945
Intangible assets	9 011	7 913	16 924
Deferred taxation	67 261	(10 595)	56 666
Interest in associates	89	–	89
Investments and advances	6 920	–	6 920
Inventories	52 613	74 171	126 784
Trade and other receivables	228 428	125 221	353 649
Cash and cash equivalents	(72 177)	45 824	(26 353)
Borrowings	(410 579)	(94 916)	(505 495)
Trade and other payables and provisions	(450 179)	(161 338)	(611 517)
Taxation	(5 247)	(6 262)	(11 509)
Total net identifiable (liabilities) assets	(493 241)	164 344	(328 897)

	Guzmán R'000	Other smaller acquisitions R'000	Total R'000
11. ACQUISITION OF BUSINESSES, SUBSIDIARIES AND ASSOCIATE <i>(continued)</i>			
Contribution to results for the year			
Revenue	378 493	1 732 206	2 110 699
Trading profit	25 756	43 751	69 507
Contributions to results for the year if the acquisitions had been effective on July 1 2016			
Revenue	1 376 536	2 234 280	3 610 816
Trading profit	67 689	71 872	139 561
		2017 R'000	2016 R'000
12. PROCEEDS ON DISPOSAL OF INTEREST IN SUBSIDIARIES AND ASSOCIATE			
Property, plant and equipment	78 879	15 104	
Intangibles	–	195	
Goodwill	23 184	18 468	
Deferred taxation	(69)	1 514	
Interest in associates	–	20 515	
Investments and advances	21 692	–	
Inventories	103 925	29 530	
Trade and other receivables	129 468	63 047	
Cash and cash equivalents	112 504	1 816	
Borrowings	–	(11 767)	
Trade and other payables and provisions	(164 205)	(50 816)	
Taxation	(2 554)	(717)	
Fair value of net assets	302 824	86 889	
Profit on disposal of interest in subsidiaries	375 790	35 818	
Less: Cash and cash equivalents disposed of	(112 504)	(1 816)	
Less: 50% of the net asset value of subsidiary sold during the year	(136 299)	–	
Non-controlling interests	–	7 170	
Net proceeds	429 811	128 061	

Notes to the consolidated financial statements for the year ended June 30

13. PROPERTY, PLANT AND EQUIPMENT

	2017 R'000	2016 R'000
Freehold land and buildings	5 687 104	5 925 199
Cost	7 015 124	7 328 906
Accumulated depreciation and impairments	(1 328 020)	(1 403 707)
Leasehold premises	770 481	721 699
Cost	1 477 927	1 365 227
Accumulated depreciation and impairments	(707 446)	(643 528)
Plant and equipment	1 599 043	1 706 713
Cost	5 277 625	5 556 502
Accumulated depreciation and impairments	(3 678 582)	(3 849 789)
Office equipment, furniture and fittings	609 749	449 348
Cost	1 928 944	1 778 905
Accumulated depreciation and impairments	(1 319 195)	(1 329 557)
Vehicles	1 665 306	1 740 318
Cost	3 939 684	4 396 278
Accumulated depreciation and impairments	(2 274 378)	(2 655 960)
Capital work-in-progress	373 507	473 428
	10 705 190	11 016 705

Property, plant and equipment with an estimated carrying value of R836 million (2016: R462 million) were pledged as security for borrowings of R496 million (2016: R363 million) (refer to note 25).

A register of land and buildings is available for inspection by shareholders at the registered office of the company.

Movement in property, plant and equipment

Carrying value at beginning of year	11 016 705	8 267 925
Capital expenditure	2 158 660	1 988 422
Freehold land and buildings	400 636	399 849
Leasehold premises	195 669	138 348
Plant and equipment	481 827	453 879
Office equipment, furniture and fittings	331 916	246 207
Vehicles	464 692	494 864
Capital work-in-progress	283 920	255 275
Acquisition of businesses	264 945	228 880
Freehold land and buildings	121 105	115 901
Leasehold premises	43 424	4 727
Plant and equipment	63 312	58 793
Office equipment, furniture and fittings	16 986	7 655
Vehicles	20 118	25 069
Capital work-in-progress	–	16 735

13. PROPERTY, PLANT AND EQUIPMENT *(continued)****Movement in property, plant and equipment*** *(continued)*

	2017 R'000	2016 R'000
Transfer as a result of unbundling	-	676 382
Freehold land and buildings	-	323 967
Leasehold premises	-	17 288
Plant and equipment	-	212 615
Office equipment, furniture and fittings	-	24 133
Vehicles	-	95 509
Capital work-in-progress	-	2 870
Disposals	(288 108)	(91 436)
Freehold land and buildings	(195 348)	(9 678)
Leasehold premises	(1 882)	(1 321)
Plant and equipment	(19 850)	(12 862)
Office equipment, furniture and fittings	(4 944)	(5 712)
Vehicles	(59 215)	(61 692)
Capital work-in-progress	(6 869)	(171)
Disposal of businesses	(78 879)	(15 104)
Plant and equipment	(44 885)	(11 668)
Office equipment, furniture and fittings	(7 210)	(2 079)
Vehicles	(25 470)	(1 357)
Capital work-in-progress	(1 314)	-
Net transfers	-	-
Freehold land and buildings	84 986	-
Leasehold premises	11 930	-
Plant and equipment	26 945	113
Office equipment, furniture and fittings	22 103	-
Vehicles	160 040	181 096
Capital work-in-progress	(306 004)	(181 209)
Exchange rate adjustments	(1 243 488)	1 030 747
Freehold land and buildings	(642 166)	624 267
Leasehold premises	(107 984)	27 673
Plant and equipment	(170 949)	175 484
Office equipment, furniture and fittings	(64 657)	35 801
Vehicles	(199 381)	134 373
Capitalised leased assets	-	26 507
Capital work-in-progress	(58 351)	6 642
Depreciation (refer to note 3)	(1 009 552)	(1 027 648)
Impairment losses	(115 093)	(41 463)
Carrying value at end of year	10 705 190	11 016 705

Notes to the consolidated financial statements for the year ended June 30

14. INTANGIBLE ASSETS

Patents, trademarks, tradenames and other intangibles

Cost

Accumulated amortisation and impairments

Computer software

Cost

Accumulated amortisation and impairments

Capital work-in-progress

Movement in intangible assets

Carrying value at beginning of year

Additions

Patents, trademarks, tradenames and other intangibles

Computer software

Capital work-in-progress

Expenditure

Transfers to other categories

Acquisition of businesses

Patents, trademarks, tradenames and other intangibles

Computer software

Capital work-in-progress

Disposals

Patents, trademarks, tradenames and other intangibles

Computer software

Disposal of businesses

Computer software

Exchange rate adjustments

Patents, trademarks, tradenames and other intangibles

Computer software

Capital work-in-progress

Amortisation (refer to note 3)

Impairment computer software

Carrying value at end of year

	2017 R'000	2016 R'000
	563 230	710 249
	1 021 219	1 154 397
	(457 989)	(444 148)
	331 554	465 412
	1 646 651	1 817 327
	(1 315 097)	(1 351 915)
	12 367	37 097
	907 151	1 212 758
	1 212 758	1 202 463
	117 679	123 906
	5 009	3 355
	132 618	112 720
	(19 948)	7 831
	12 790	68 577
	(32 738)	(60 746)
	16 924	800
	8 209	–
	8 715	426
	–	374
	(4 539)	(5 280)
	(4 527)	(584)
	(12)	(4 696)
	–	(195)
	(159 704)	104 715
	(100 463)	41 818
	(54 455)	62 553
	(4 786)	344
	(181 583)	(209 834)
	(94 384)	(3 817)
	907 151	1 212 758

15. GOODWILL

	2017 R'000	2016 R'000
Carrying value at beginning of year	13 184 782	11 338 647
Acquisition of businesses	1 417 544	486 542
Disposal of businesses	(23 184)	(18 468)
Transfer as a result of unbundling	–	61 493
Impairment of goodwill	(176 174)	–
Exchange rate adjustments	(1 611 815)	1 316 568
Carrying value at end of year	12 791 153	13 184 782
The carrying amount of goodwill was allocated to cash-generating units (CGUs) as follows:		
Bidfood Australasia	2 588 508	2 878 106
Bidfood United Kingdom	2 655 455	3 045 727
Bidfood Europe	6 318 324	5 888 235
Bidfood Emerging Markets	1 228 866	1 372 714
	12 791 153	13 184 782

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 either the fair value less costs to sell method or the discounted cash flow method. The recoverable amount was determined by using the higher of the fair value less costs to sell and the discounted cash flow for each CGU.

The following impairments were recorded during the year:

- £9 million (R155,1 million) (2016: £nil) was recorded against goodwill relating to PCL Transport 24/7 Limited.
- £1,2 million (R21,1 million) (2016: £nil) was recorded against goodwill relating to Aktaes Holdings AS.

Fair value less costs to sell method

The calculations used projected annualised earnings based on actual operating results. A price earnings multiple was applied to obtain the recoverable amount for each business unit. The earnings yields are considered to be consistent with similar companies within the industry and geographic segments. An average price earnings multiple of 11,4 (2016: 12,7) was used in the valuation of Bidfood Europe, 11,5 (2016: 12,9) for Bidfood United Kingdom, 13,0 (2016: 13,0) for Bidfood Australasia, and 11,7 (2016: 14,1) for Bidfood Emerging Markets.

Discounted cash flow method

The table below illustrates the weighted average cost of capital (WACC), cash flow growth, and terminal growth rates that were used in the discounted cash flow valuations for each of the CGUs.

	WACC rates		Cash flow growth rate		Terminal growth rate	
	2017	2016	2017	2016	2017	2016
Bidfood Australasia	5,5 – 7%	10%	3 – 5%	3 – 5%	1,5%	2%
Bidfood United Kingdom	5,5 – 14,1%	10%	2 – 5%	3 – 5%	1 – 2,5%	2%
Bidfood Europe	5,2 – 10,5%	4% – 10%	3 – 12%	0 – 10%	1 – 2%	2 – 3%
Bidfood Emerging Markets	8 – 17,5%	10%	8 – 12%	1 – 7%	2%	2 – 5%

With the exception of the impairments noted for PCL Transport 24/7 Limited and Aktaes Holdings AS, other CGU valuations resulted in significant surpluses over carrying values of the CGUs and thus the directors believe that a reasonably possible change in the WACC, cash flow growth, terminal growth rates and PE multiples, would not result in an impairment of the carrying value of goodwill. The valuation method is consistent with that used in the prior years and is considered a level 3 type valuation in accordance with IFRS 13 *Fair Value Measurement*.

Notes to the consolidated financial statements

for the year ended June 30

16. DEFERRED TAXATION

	2017 R'000	2016 R'000
Deferred taxation assets	922 847	491 766
Deferred taxation liabilities	(743 471)	(524 243)
Net deferred taxation asset (liability)	179 376	(32 477)

Movement in net deferred taxation assets and liabilities

Balance at beginning of year	(32 477)	83 961
Per consolidated statement of profit or loss	157 328	(48 953)
Items recognised directly in equity and other comprehensive income	(5 871)	39 838
Transfer as a result of unbundling	–	(163 926)
On acquisition of businesses	56 666	5 695
On disposal of businesses	69	(1 514)
Exchange rate adjustments	3 661	52 422
Balance at end of year	179 376	(32 477)

Temporary differences

2017

	Assets R'000	Liabilities R'000	Net R'000
Differential between carrying values and tax values of property, plant and equipment	(17 970)	(240 805)	(258 775)
Differential between carrying values and tax values of intangible assets	28 196	(60 915)	(32 719)
Estimated taxation losses	66 046	787	66 833
Staff-related allowances and liabilities	234 700	14 947	249 647
Operating lease liabilities	6 445	(71)	6 374
Inventories	15 289	477	15 766
Investments	–	(182 453)	(182 453)
Trade and other receivables	71 608	5 085	76 693
Trade, other payables and provisions	518 533	(280 523)	238 010
	922 847	(743 471)	179 376

2016

Differential between carrying values and tax values of property, plant and equipment	(52 102)	(269 344)	(321 446)
Differential between carrying values and tax values of intangible assets	26 188	(138 140)	(111 952)
Estimated taxation losses	104 049	11 388	115 437
Staff-related allowances and liabilities	222 633	(200 821)	21 812
Operating lease liabilities	3 987	31	4 018
Inventories	13 650	273	13 923
Investments	–	(36 077)	(36 077)
Trade and other receivables	55 178	14 573	69 751
Trade, other payables and provisions	118 183	93 874	212 057
	491 766	(524 243)	(32 477)

Deferred taxation has been provided at rates ranging between 12% and 34% (2016: 5% and 36%). 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.

17. INTEREST IN ASSOCIATES

Investments in unlisted associates at cost less impairments

Net asset value at acquisition

Inherent goodwill

Transfer as a result of unbundling

Impairment

Attributable share of post-acquisition losses of associates

At beginning of year

Share of current year earnings net of dividends

Share of movement in other reserves

Transfer out of post-acquisition reserves to cost

Reversal of prior year reserves on change in shareholding

Advances to associates

Unsecured advances to associates bear interest at rates of between 2,0% and 5,0% (2016: 1,0% and 2,4%) and have no fixed terms of repayment. Bidfood Netherlands advanced €5,0 million to Farm Fresh Holdings bearing interest at 5,0%.

A list of the group's 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 in annexure A to these financial statements.

No individual associate is considered to be material, thus no summarised financial information is supplied in these financial statements.

18. INVESTMENTS

Listed held-for-trading

Unlisted held-for-trading

Unlisted available-for-sale

Fair value hierarchy of investments

Investments and loans held at cost or amortised cost

Investments held at fair value as determined on inputs based on:

Unadjusted quoted prices in an active market for identical assets

Factors that are observable for the asset either as prices or derived from prices

Factors that are not based on observable market data

	2017 R'000	2016 R'000
	81 702	83 716
	47 782	64 350
	21 101	17 246
	12 819	12 819
	–	(10 699)
	(10 594)	(4 509)
	(4 509)	(1 711)
	3 685	2 919
	221	(237)
	(9 991)	–
	–	(5 480)
	101 098	37 696
	172 206	116 903

	–	501 293
	54 142	152 426
	59 672	100 180
	113 814	753 899
	59 310	242 777
	54 504	511 122
	–	501 293
	1 848	2 054
	52 656	7 775
	113 814	753 899

An impairment loss of R43,4 million (2016: R119,1 million) was recognised on the Icelandic Water Holdings ehf investment.

A register of the investments is available for inspection by shareholders at the registered office of the company.

Notes to the consolidated financial statements for the year ended June 30

19. INVESTMENT IN JOINTLY CONTROLLED ENTITY

Effective April 1 2017, Bidcorp Food Africa Proprietary Limited, a subsidiary of Bid Corporation Limited, signed agreements with Puratos Group NV (Puratos) whereby Puratos became an equal shareholder in Bidcorp Food's Bakery Solutions Division (BBS, subsequently renamed Chipkins Puratos (CP)). CP manufactures and supplies bakery ingredients to industrial bakers, the craft market and large retailers under the Chipkins and NCP brands in South Africa. The interest in the venture is accounted for using the equity method of accounting. The joint venture was initially recorded at fair value and is increased or decreased by Bidcorp's share of the profit or loss of CP after April 1 2017.

	2017 R'000	2016 R'000
Balance at beginning of year	–	–
Recognition of CP jointly controlled entity at fair value	387 523	–
Share of net profit from jointly controlled entity	6 516	–
Balance at end of year	394 039	–

The CP jointly controlled entity net revenue represents 0,9%, trading profit 1,3% and total assets 0,9% of the Bidcorp group. Thus, no summarised financial information has been supplied in these financial statements.

20. INVENTORIES

Raw materials	418 009	329 997
Work-in-progress	8 853	12 871
Finished goods	7 797 489	8 486 071
Roll cages	37 314	–
	8 261 665	8 828 939
Write down of inventory to net realisable value charged to the statement of profit or loss	28 026	22 501
Provision for stock obsolescence included in the inventories balance	196 761	188 349

21. TRADE AND OTHER RECEIVABLES

Trade receivables	13 161 625	14 493 337
Impairment allowances	(531 077)	(548 531)
Net trade receivables	12 630 548	13 944 806
Forward exchange contracts asset	1 878	3 447
Prepayments and other receivables	1 180 267	1 265 912
	13 812 693	15 214 165

The majority of trade and other receivables is 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 to note 33 for further disclosure on trade receivables, impairment allowances and forward exchange contracts.

22. CAPITAL AND RESERVES ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY**Stated capital**

	2017 R'000	2016 R'000
Issued stated capital	5 428 016	5 428 016
Less: Shares held by subsidiary as treasury shares	(795 187)	(949 731)
Balance at beginning of year	(949 731)	–
Shares disposed of in terms of The Bidvest share incentive scheme	154 544	12 420
Transfer as a result of unbundling	–	(962 151)

Reserves

Foreign currency translation reserve	4 318 272	7 111 926
Hedging reserve	1 338	–
Equity-settled share-based payment reserve	20 914	(2 025)
Retained earnings	14 574 861	12 492 438

Total capital reserves comprise

Amounts attributable to shareholders of the company	23 548 214	24 080 624
Amounts attributable to non-controlling interests	123 306	136 950
	23 671 520	24 217 574

Reserves comprise

Company and subsidiaries	23 558 808	24 085 133
Associates and jointly controlled entity	(4 078)	(4 509)
	23 548 214	24 080 624

Stated capital**Authorised**

540 000 000 ordinary shares of no par value
(2016: 540 000 000 ordinary shares of no par value)

Issued

335 404 212 ordinary shares of no par value
(2016: 335 404 212 ordinary shares of no par value)

Less: Shares held by subsidiary as treasury shares

Balance at beginning	335 404	335 404
Shares disposed of in terms of The Bidvest share incentive scheme	(2 968)	(3 566)
Transfer as a result of unbundling	(3 566)	–
	598	48
	–	(3 614)
	332 436	331 838

16 750 000 unissued no par value ordinary shares are under the control of the directors until the next annual general meeting.

Foreign currency translation reserve

The translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations.

Equity-settled share-based payment reserve

The equity-settled share-based payment reserve includes the fair value of the share appreciation right awards granted and conditional share awards made to executive directors and staff, which have been recognised over the vesting period at fair value with a corresponding expense recognised in the statement of profit or loss.

Notes to the consolidated financial statements for the year ended June 30

23. 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.

There are no material non-controlling interests in the group.

24. SHARE-BASED PAYMENTS

Bidcorp's current management share incentive plans comprise the Bidvest Incentive Scheme (BIS), Bid Corporation Limited Share Appreciation Rights (SARs) Plan, and Bidcorp Conditional Share Plan (CSP).

The Bidvest Incentive Scheme (BIS)

BIS participants were treated fairly on the unbundling of Bidcorp from The Bidvest Group Limited, as participants of the BIS who were granted options in terms of the BIS and who had not exercised their options at the unbundling date, exchanged each one of their Bidvest Group Limited options for one right over one Bid Corporation Limited share and one The Bidvest Group Limited share (replacement right(s)).

The original option price was not adjusted, but on exercise of the replacement right, the original option price is deducted from the combined value of Bidcorp shares and Bidvest Group shares. The vesting date and lapse dates of the replacement rights are the same as that of the original options. Replacement right(s) vest in tranches after three years (50%), four years (25%) and five years (25%) respectively. Replacement right(s) not exercised within a 10-year period following the award date, lapse. The scheme has been classified as an equity-settled scheme, and therefore an equity-settled share-based payment reserve has been recognised.

Replacement right(s) holders are only entitled to exercise their replacement right(s) if they are in the employment of the Bidcorp group in accordance with the terms referred to hereafter, unless otherwise recommended by the remuneration committee.

The number and weighted average exercise prices of replacement right(s) granted to staff are:

	2017		2016	
	Number	Average price R	Number	Average price R
Beginning of year	3 133 225	233,88	2 364 875	205,36
Granted	–	–	688 000	301,54
Transfer as a result of unbundling	–	–	985 845	193,00
Lapsed	(53 289)	239,56	(106 015)	210,07
Exercised	(656 000)	187,92	(799 480)	160,51
End of year	2 423 936	246,01	3 133 225	233,88
Share options outstanding at June 30 by year of grant are:				
2011	41 675	135,00	67 050	135,00
2012	167 625	134,56	423 125	134,56
2013	344 625	208,91	479 250	208,91
2014	556 750	237,54	834 500	237,54
2015	632 261	250,73	641 300	250,73
2016	681 000	301,54	688 000	301,54
	2 423 936	246,01	3 133 225	233,88

The replacement right(s) outstanding at June 30 2017 have an exercise price in the range of R135,00 to R301,54 (2016: R135,00 to R301,54) and a weighted average contractual life of 3,4 to 8,5 years (2016: 4,4 to 9,5 years). The fair value of services received in return for shares allotted is measured based on a binomial model. The contractual life of the replacement right(s) is used as an input into this model.

24. SHARE-BASED PAYMENTS *(continued)***Bid Corporation Limited Share Appreciation Rights (SARs) Plan**

SARs participants were granted share awards (awards) that vest in tranches after three years (50%), four years (25%) and five years (25%) respectively. Awards not exercised within a seven-year period following the award date, lapse. The scheme has been classified as an equity-settled scheme, and therefore an equity-settled share-based payment reserve has been recognised. Award holders are only entitled to exercise their awards if they are in the employment of the Bidcorp group in accordance with the terms referred to hereafter, unless otherwise recommended by the remuneration committee.

The number and weighted average exercise prices of awards granted to staff are:

	2017		2016	
	Number	Average price R	Number	Average price R
Beginning of year	949 500	238,04	–	–
Granted	855 000	263,44	949 500	238,04
End of year	1 804 500	250,07	949 500	238,04
Share awards outstanding at June 30 by year of grant are:				
2016	949 500	238,04	949 500	238,04
2017	855 000	263,44	–	–
	1 804 500	250,07	949 500	238,04

The awards outstanding at June 30 2017 have an exercise price in the range of R238,04 to R263,91 (2016: R238,04) and a weighted average contractual life of 6,0 to 6,9 years (2016: seven years). The fair value of services received in return for shares allotted is measured based on a binomial model. The contractual life of the awards is used as an input into this model.

The fair value of the shares allotted on the below mentioned dates and the assumptions used are:

	June 5 2017	June 20 2016
Fair value at measurement date (rand)	90,07	94,33
Exercise price (rand)	263,91	238,04
Expected volatility (%)	22,59	24,38
Option life (years)	3,50 – 5,50	4,00 – 6,00
Distribution yield (%)	2,06	1,75
Risk-free interest rate (based on South African government bonds) (%)	7,18	8,41

The volatility is based on the recent historic volatility of Bid Corporation Limited and The Bidvest Group Limited share.

Conditional share plan (CSP)

The CSP awards executives of Bidcorp a conditional right to receive Bidcorp shares free of any cost. Due to the unbundling, the 2015 CSP awards for executive directors were restructured into replacement conditional rights and each conditional right in terms of the 2015 awards was exchanged for a right over a Bid Corporation Limited share. CSP replacement rights are subject to revised performance conditions for the period starting July 1 2016 and ending June 30 2019.

Notes to the consolidated financial statements

for the year ended June 30

24. SHARE-BASED PAYMENTS (continued)

Bidcorp CSP

Executive directors were awarded conditional share awards in terms of the 2016 Bidcorp CSP, approved by shareholders at the general meeting in April 2016.

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 by anticipated future distribution flows. A total number of 263 695 of the 348 000 CSP and CSP replacement right awards 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 number of conditional share awards in terms of the conditional share plan scheme are:

	Balance at June 30 2016	CSP replacement rights awarded	Forfeited	Closing balance June 30 2017
CSP replacement right awards				
Director				
BL Berson	–	45 000	–	45 000
DE Cleasby	–	24 500	–	24 500
B Joffe	–	90 000	–	90 000
	–	159 500	–	159 500
CSP awards				
Director				
BL Berson	–	90 000	–	90 000
DE Cleasby	–	26 000	–	26 000
B Joffe	–	72 500	–	72 500
	–	188 500	–	188 500

There were no conditional share awards or CSP replacement rights forfeited (2016: 82 746) as a result of performance conditions not being met. 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 R220,91 per share. These awards will vest in the next two years.

25. BORROWINGS

Loans secured by mortgage bonds over fixed property (refer to note 13)

54 651 78 436

Loans secured by lien over certain property, plant and equipment in terms of financial leases and suspensive sale agreements (refer to note 13)

441 679 284 365

Unsecured borrowings

7 561 133 6 825 353

Borrowings

8 057 463 7 188 154

Less: Short-term portion of borrowings

(2 809 822) (4 845 484)

Long-term portion of borrowings

5 247 641 2 342 670***Schedule of repayment of borrowings***

Year to June 2017

– 4 845 484

Year to June 2018

2 809 822 1 425 966

Year to June 2019

4 015 364 747 223

Year to June 2020

719 285 66 940

Year to June 2021

131 475 14 183

Year to June 2022

300 261 88 358

Thereafter

81 256 –**8 057 463** 7 188 154***Total borrowings comprise***

Foreign subsidiaries borrowings

7 422 844 6 181 866

South African subsidiary borrowings

634 619 1 006 288**8 057 463** 7 188 154**%****%*****Effective weighted average rate of interest on***

South African borrowings excluding overdrafts

8,5 8,5

Foreign borrowings excluding overdrafts

2,2 2,0

Notes to the consolidated financial statements for the year ended June 30

25. BORROWINGS (continued)

Terms and debt repayment schedule

Terms and conditions of outstanding loans were:

	2017				
	Nominal interest rate %	Financial Year of maturity	R'000	2016 R'000	
Currency					
Borrowings of South African subsidiaries					
Unsecured loans	ZAR	8,5	2018	634 619	1 006 288
Borrowings of foreign subsidiaries				7 422 844	6 181 866
Loans secured by mortgage bonds over fixed property	GBP	2,2 – 2,7	2020 – 2022	28 726	42 014
	EUR	1,6	2021 – 2030	17 803	23 554
	CZK	1,9	2020	8 122	12 868
Loans secured by lien over certain property, plant and equipment in terms of financial leases and suspensive sale agreements	GBP	2,6 – 4,5	2018 – 2020	2 492	4 270
	PLN	2,2	2023	67 306	41 973
	EUR	0,0 – 4,8	2018 – 2031	365 202	232 773
	BRL	2,5 – 19,8	2018 – 2020	6 679	5 349
Unsecured loans	GBP	0,0 – 9,6	2018 – 2023	1 015 358	535 563
	EUR	0,0 – 9,8	2018 – 2024	3 117 127	2 739 544
	HKD	1,2 – 3,6	2018 – 2020	1 673 253	1 415 240
	SGD	1,5 – 2,5	2018 – 2020	638 123	656 758
	CZK	1,5 – 5,0	2018 – 2019	238 228	233 866
	PLN	2,4	2020	35 405	49 408
	CLP	4,3 – 8,6	2018	66 813	71 138
	AED	5,0	2018	46 733	52 621
	TRY	13,7 – 16,1	2018	55 679	11 626
	USD	2,5	2018	27 619	50 576
	Other	0,0 – 5,2	2018 – 2023	12 176	2 725
Total interest-bearing borrowings			8 057 463	7 188 154	

The expected maturity dates are not expected to differ from the contractual maturity dates.

Refer to note 33 for further disclosure.

26. POST-RETIREMENT OBLIGATIONS

Post-retirement assets

Defined benefit pension assets

Post-retirement obligations

Defined benefit pension obligations

Unfunded defined benefit early retirement plan

2017
R'0002016
R'000**(17 134)**

(15 255)

41 657

50 836

31 038

36 952

10 619

13 884

24 523

35 581

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.

There are also a number of small funds within various subsidiaries of the group. All funds are administered independently of the group and are subject to the relevant pension fund legislation.

The defined benefit funds operated by the group are The Bidvest South Africa Pension Fund in South Africa and Angliss Hong Kong Food Service Limited Retirement Benefit Plan.

Employer contributions to defined contribution funds are set out in note 3.

Summarised details of the defined benefit pension funds***Defined benefit pension obligations (assets) of the various funds***

The Bidvest South Africa Pension Fund in South Africa

Angliss Hong Kong Food Service Limited Retirement Benefit Plan

(17 134)

(15 255)

31 038

36 952

13 904

21 697

Contributions to the funds

Employer contributions

Employee contributions

12 678

58 944

98

6 685

Total pension fund asset (unfunded pension liability)

Fair value of plan assets

Actuarial present value of defined benefit obligations

Net deficit in the plans

Amounts not recognised due to ceiling adjustments and other limitations

141 421

133 768

(153 086)

(154 824)

(11 665)

(21 056)

(2 239)

(641)

(13 904)

(21 697)

Movement in the liability for defined benefit obligations

Balance at beginning of year

Benefits

Risk premiums and expenses

Current service costs

Interest

Member contributions

Actuarial losses

Settlements

Transfer as a result from unbundling

Transfer from early retirement fund

Exchange rate adjustments on foreign plans

Balance at end of year

(154 824)

(1 290 234)

2 284

17 592

60

5

(16 102)

(46 586)

(1 813)

(19 175)

(98)

(6 685)

(2 593)

(85 679)

–

1 523 840

–

(7 843)

–

(3 657)

20 000

(236 402)

(153 086)

(154 824)

Notes to the consolidated financial statements

for the year ended June 30

26. POST-RETIREMENT OBLIGATIONS *(continued)*

Pension and provident funds *(continued)*

Summarised details of the defined benefit pension funds *(continued)*

Movement in the plans' assets

	2017 R'000	2016 R'000
Balance at beginning of year	133 768	1 302 426
Contributions paid into the plans	12 776	65 629
Benefits	(2 284)	(17 592)
Risk premiums and expenses	(528)	(1 633)
Interest income	3 087	20 156
Return on plan assets in excess of interest	9 889	3 455
Settlements	–	(1 505 388)
Transfer as a result of unbundling	–	25 128
Transfer from early retirement fund	–	3 657
Exchange rate adjustments on foreign plans	(15 287)	237 930
Balance at end of year	141 421	133 768

The plans' assets comprise

Cash	27 011	14 932
Equity securities	73 976	69 161
Bills, bonds and securities	39 706	48 889
Other	728	786
	141 421	133 768

Amounts recognised in the statement of profit or loss

Current service costs	16 102	46 586
Interest on obligations	1 813	19 175
Interest on assets	(3 087)	(20 156)
Ceiling adjustments and other limitations	62	641
Risk premiums and expenses	82	1 618
Loss (gain) arising from settlements, plan amendments and curtailments	386	(18 452)
	15 358	29 412

Amounts recognised in other comprehensive income

Return on plan assets in excess of interest income	(9 889)	(3 455)
Actuarial losses	2 593	85 679
Ceiling adjustments and other limitations	1 536	(28 434)
	(5 760)	53 790

Key actuarial assumptions used in the actuarial valuations

The Bidvest South Africa Pension Fund in South Africa

Number of in service members June 30	2	2
Discount rate (%)	9,9	9,6
Inflation rate (%)	6,8	7,4
Salary increase (%)	7,8	8,4
Pension increase allowance (%)	4,8	5,2

26. POST-RETIREMENT OBLIGATIONS *(continued)***Pension and provident funds** *(continued)***Summarised details of the defined benefit pension funds** *(continued)***Key actuarial assumptions used in the actuarial valuations** *(continued)*

Angliss Hong Kong Food Service Limited Retirement Benefit Plan

	2017 R'000	2016 R'000
Number of in service members June 30	260	303
Discount rate (%)	1,2	0,8
Inflation rate (%)	3,2	3,3
Salary increase (%)	5,0	5,0
Date of valuation of all funds	June 30 2017	June 30 2016

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 deficit in the plans, while holding all the other assumptions constant.

	Impact of an increase in assumption R'000	Impact of a decrease in assumption R'000
2017		
The Bidvest South Africa Pension Fund in South Africa		
Discount rate – 1%	1 055	(1 837)
Salary increase – 1%	(993)	455
Angliss Hong Kong Food Service Limited Retirement Benefit Plan		
Discount rate – 0,25%	2 098	(2 153)
Salary increase – 0,25%	(1 897)	1 859
2016		
The Bidvest South Africa Pension Fund in South Africa		
Discount rate – 1%	2 207	(1 413)
Salary increase – 1%	(473)	1 613
Angliss Hong Kong Food Service Limited Retirement Benefit Plan		
Discount rate – 0,25%	1 831	(1 882)
Salary increase – 0,25%	(1 672)	1 639

The sensitivity analyses presented above may not be representative of the actual change in the net deficit 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.

Unfunded defined benefit retirement plans

Distribuzione Alimentari Convivenze SPA (Italian Subsidiary) provide a retirement plan for its employees. The liability recognised is based on the actuarial valuation performed as at June 30.

	2017 Number	2016 Number
Number of members at June 30	314	229

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for the year ended June 30

26. POST-RETIREMENT OBLIGATIONS *(continued)*

Unfunded defined benefit retirement plans *(continued)*

Movement in the liability for unfunded defined benefit early retirement plan *(continued)*

	2017 R'000	2016 R'000
Balance at beginning of year	13 884	177 041
Benefits paid	–	(3 657)
Current service costs	–	3 335
Interest expense	144	1 067
Actuarial adjustments recognised in other comprehensive income	(633)	3 454
Settlement	(1 395)	(199 705)
Exchange rate adjustments on foreign plans	(1 381)	32 349
Balance at end of year	10 619	13 884

Key actuarial assumptions

	%	%
Discount rate	1,5	0,5 – 1,2
Inflation rate	1,5	1,75
Salary increase rate	2,55	1,5 – 2,75
Date of valuation	June 30 2017	June 30 2016

27. PUTTABLE NON-CONTROLLING INTEREST LIABILITIES

The acquisition of Guzmán Gastronomía and Cuttings, and Quartiglia Food Service SPA during the year resulted in a put option being agreed with 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.

The group has the following put options:

- The non-controlling shareholders in Distribuzione Alimentari Convivenze SPA (DAC) have the option to put their 40% interest in DAC to the group, using a market valuation formula on or about September 30 2017.
- The non-controlling shareholders in Guzmán have the option to put their 10% interest in Guzmán to the group, using a market valuation formula on or about June 30 2021.
- The non-controlling shareholders in Caterfood have the option to put their 12% interest in Caterfood to the group, using a market valuation formula on or about September 30 2017.
- The non-controlling shareholders in Quartiglia Food Service Spa have the option to put their 40% interest in Quartiglia Food Service Spa to the group, using a market valuation formula on or about September 30 2019.

The affect of granting these put options on the group's results can be summarised as follows:

	2017 R'000	2016 R'000
Balance at beginning of year	1 168 921	913 638
Arising on the granting of put options to non-controlling interests during the year	119 832	44 700
Payments made to non-controlling interests during the year	(39 927)	–
Remeasurement of puttable option during the year	48 076	–
Unwinding of present value discount recognised in the statement of profit or loss	21 167	23 085
Exchange rate adjustments	(122 873)	187 498
	1 195 196	1 168 921
Long-term portion	118 028	1 168 921
Short-term portion	1 077 168	–

	2017 R'000	2016 R'000
27. PUTTABLE NON-CONTROLLING INTEREST LIABILITIES <i>(continued)</i>		
DAC		
Discount rate	1,99%	1,99%
Expected settlement date	September 30 2017	September 30 2017
Guzmán		
Discount rate	2,0%	
Expected settlement dates	June 30 2021	
Caterfood		
Discount rate	5,0%	5,0%
Expected settlement date	September 30 2017	September 30 2017
The effect of discounting the put option for Quartiglia Food Service Spa was determined as insignificant.		

28. 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 statement of profit or loss. The liabilities are classified based on the timing of the reversal which will occur when the actual cash flow exceeds the statement of profit or loss amounts.

Operating lease liabilities	21 757	13 991
Less: Short-term portion included in trade and other payables	(16 762)	(7 661)
Long-term portion	4 995	6 330
Operating lease commitments		
Land and buildings	4 981 830	5 382 787
Due in one year	723 533	707 333
Due after one year but within five years	2 314 085	2 254 886
Due after five years	1 944 212	2 420 568
Equipment and vehicles	1 521 026	2 056 573
Due in one year	406 486	486 323
Due after one year but within five years	893 909	1 179 554
Due after five years	220 631	390 696
	6 502 856	7 439 360
Less: Amounts raised as liabilities	(21 757)	(13 991)
	6 481 099	7 425 369

29. TRADE AND OTHER PAYABLES

Trade payables	16 649 605	17 369 810
Forward exchange contracts liability	6 882	11 416
Other payables and accrued expenses	2 471 276	4 124 040
	19 127 763	21 505 266

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 to note 33 for further disclosure.

Notes to the consolidated financial statements

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30. PROVISIONS

	2017 R'000	2016 R'000
Long-term portion	513 792	397 970
Short-term portion	223 945	358 319
	737 737	756 289

	Onerous contracts R'000	Dismantling and site restoration R'000	Customer loyalty programme R'000	Other R'000	Total R'000
Balance at July 1 2015	67 774	344 015	99 669	96 285	607 743
Created	806	166 865	25 031	53 173	245 875
Utilised	(31 649)	(65 400)	(18 832)	(60 039)	(175 920)
Net acquisition of businesses	–	2 149	(178)	(1 533)	438
Exchange rate adjustments	7 338	27 912	17 159	17 136	69 545
Effect of discounting	1 383	7 225	–	–	8 608
Balance at June 30 2016	45 652	482 766	122 849	105 022	756 289
Created	–	135 464	51 655	80 674	267 793
Utilised	(3 394)	(129 674)	(39 976)	(48 021)	(221 065)
Net acquisition of businesses	–	4 668	–	13 600	18 268
Exchange rate adjustments	(5 894)	(62 975)	(12 435)	(10 227)	(91 531)
Effect of discounting	1 096	6 887	–	–	7 983
Balance at June 30 2017	37 460	437 136	122 093	141 048	737 737

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 deems 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.

Provision for cost of dismantling and site restoration

A provision is raised for the estimated costs of dismantling and removing items, and restoring the property on which they are located. The change in the liability arising as a result of unwinding the discount is recognised in the income statement as a finance charge. The dismantling of the plant and recommissioning of buildings is expected to coincide with the end of the useful life of the plant and lease periods.

Customer loyalty programme

This is a customer loyalty programme introduced by certain operations within the group, whereby customers can earn points for redemption in the form of gift certificates and products of the operations. The provision is calculated based on the points outstanding at year-end.

Other

Consists of provision for restructuring and various other individually insignificant provisions.

	2017 R'000	2016 R'000
31. COMMITMENTS		
Capital expenditure approved:		
Contracted for	675 164	568 683
Not contracted for	873 494	939 434
	1 548 658	1 508 117

Capital expenditure amounting to R1 516 million (2016: R1 459 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.

32. 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.

33. FINANCIAL INSTRUMENTS

33.1 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 equity 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 geography and secondly through decentralisation of the business model. Bid Corporation Limited (Bidcorp) is an international group with operations in United Kingdom, Europe, Asia, Australia, New Zealand, South America, Middle East and various southern African countries.

Bidcorp's philosophy has always been to empower management through a decentralised structure thereby making operational management responsible and accountable for the performance of their operations, including managing the financial risks of the operation. The operational management report to the CE who in turn reports to the Bidcorp board of directors. Operational management's remuneration is based on their operation's performance resulting in a decentralised and entrepreneurial environment.

Due to the diverse structure and decentralised management of the group, the group audit and 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 stakeholders.

The overall process of risk management in the Bidcorp group, which includes the related system of control, is the responsibility of the Bidcorp board of directors. The Bidcorp group audit and risk committee is governed by a charter and reports regularly to the board of directors on its activities.

The Bidcorp group audit and risk committee's (GARC) primary risk responsibilities include:

- review of the group's risk policies and approach to risk management;
- to consider all material risks to which the group is exposed, ensuring that the requisite risk management culture, policies and systems are progressively implemented and functioning effectively;
- management is accountable to the board for implementing and monitoring the processes of risk management and integrating this into day-to-day activities; they confirm these processes through the completion of the quarterly Bidcorp management representation letter submitted to the Bidcorp GARC;
- performance of ongoing monitoring of the enterprise-wide risk assessment process to ensure risks and opportunities are adequately identified, evaluated and managed at the appropriate level in each business, and that the individual and joint impact of risks identified on the group is considered;
- to review legal matters that could have a material impact on the group, as well as considering the adequacy and effectiveness of the group's procedures to ensure compliance with legal and regulatory responsibilities; and
- consideration of reports provided by management, internal assurance providers and the independent auditors regarding compliance with legal and regulatory requirements.

Notes to the consolidated financial statements for the year ended June 30

33. FINANCIAL INSTRUMENTS *(continued)*

33.1 Risk management overview *(continued)*

Due to the breadth of the geographical spread of the Bidcorp operations, Bidcorp has adopted a globally relevant risk management strategy. This strategy has been communicated to, and implementation thereof delegated, to the respective local management teams. Bidcorp believes using a common group framework for the management of risk creates a shared foundation from which a view of the global risk universe is developed, but embraces the locally relevant risks faced by each business. The Bidcorp group risk management policies are established to identify and analyse the risks faced by the group, to set appropriate guidance and parameters within which risks are to be reported to the Bidcorp GARC. Bidcorp continues to grow and develop a robust and constructive control environment in which all employees understand their roles and responsibilities.

Each business reports to one of four divisional audit and risk committee's (DARC), which subscribes to the same philosophies and practices as the Bidcorp GARC. The DARCs report quarterly to the Bidcorp GARC. The DARCs oversee how operational management monitors compliance with the Bidcorp group 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 ethics. The DARCs are assisted in their oversight role by Bidcorp internal audit. Internal audit undertakes both regular and ad hoc reviews of financial and operational risk management controls and procedures, the results of which are quarterly reported to the respective DARC and consolidated for quarterly reporting to the Bidcorp GARC.

33.2 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, investments and guarantees.

The Bidcorp group audit and risk committee has implemented a "delegation of authority matrix" which provides guidelines to the divisions as to the level of authorisation required for various types of transactions.

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 R12 631 million (2016: R13 945 million) for trade receivables (refer to note 21), and R114 million (2016: R754 million) for investments (refer to note 18).

The impairment allowance account in respect of trade receivables is 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 available-for-sale or held-for-trading 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, operational management is responsible for implementation of policies to meet the above objective. This includes credit policies under which new customers are analysed for creditworthiness 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. Many operations in the group have a policy of taking out credit insurance to cover a portion of their risk. Operational management is also held responsible for monitoring the operations' credit exposure.

33.2.1 Trade receivables

Trade receivables consist of a large number of customers spread across diverse markets and geographical areas. Ongoing credit evaluation is performed by operational management on the financial condition of the operations' 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 R595 million (2016: R556 million). Management, in the various geographies, has assessed the recoverability of these amounts due in their geographies, and believes that the amounts due and not impaired are recoverable in full.

33. FINANCIAL INSTRUMENTS *(continued)***33.2 Credit risk** *(continued)***33.2.1 Trade receivables** *(continued)*

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 revenue 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 function of the decentralised structure, each operation establishes an impairment allowance that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

The review of the impairment allowances in respect of trade and other receivables is monitored under the oversight of the divisional audit and risk committees, and ultimately the Bidcorp group audit and risk committee. The operations' average credit period depend on the local trends as well as the creditworthiness of their customers. The majority of the customers are given credit terms ranging from cash on delivery to 60 days from statement. The largest impairment raised for a specific trade receivable was obtained for each reporting operation and calculated as a percentage of the group's total impairment allowance. It was determined that such percentage did not exceed 2,0% (2016: 2,3%) of the total allowance raised at year-end.

	2017 R'000	2016 R'000
<i>Movement in impairment allowance in respect of trade receivables</i>		
Balance at July 1	548 531	377 288
Allowances raised during the year	169 453	256 832
Australasia	8 715	33 650
United Kingdom	31 930	18 070
Europe	72 361	147 440
Emerging Markets	56 447	57 672
Bad debts written off during the year	(133 858)	(150 467)
Australasia	(21 677)	(28 750)
United Kingdom	(28 000)	(19 236)
Europe	(72 162)	(80 616)
Emerging Markets	(12 019)	(21 865)
Acquisition of businesses	48 988	2 243
Australasia	390	–
United Kingdom	2 516	2 243
Europe	46 082	–
Transfer as a result of unbundling		
Emerging Markets	–	39 698
On disposal of business	(7 173)	(403)
Emerging Markets	(7 173)	(383)
Bidvest Services	–	(20)
Allowances reversed during the year	(41 662)	(47 835)
United Kingdom	(853)	(3 846)
Europe	(8 961)	(3 462)
Emerging Markets	(31 848)	(40 527)
Exchange rate adjustments	(53 202)	71 175
Balance at June 30	531 077	548 531

Notes to the consolidated financial statements for the year ended June 30

33. FINANCIAL INSTRUMENTS (continued)

33.2 Credit risk (continued)

33.2.1 Trade receivables (continued)

Ageing of trade receivables at June 30

	2017			2016		
	Gross trade receivables R'000	Impairment allowance R'000	Net trade receivables R'000	Gross trade receivables R'000	Impairment allowance R'000	Net trade receivables R'000
Not past due	11 031 756	(31 144)	11 000 612	12 441 211	(25 585)	12 415 626
Australasia	1 944 550	(8 999)	1 935 551	2 384 621	(9 526)	2 375 095
United Kingdom	3 696 187	–	3 696 187	4 406 945	–	4 406 945
Europe	3 459 790	(14 597)	3 445 193	3 531 335	(6 557)	3 524 778
Emerging Markets	1 931 229	(7 548)	1 923 681	2 118 310	(9 502)	2 108 808
Past due 0 – 30 days	1 152 741	(23 366)	1 129 375	1 074 017	(40 283)	1 033 734
Australasia	185 550	(10 857)	174 693	189 850	(28 561)	161 289
United Kingdom	232 413	–	232 413	293 106	–	293 106
Europe	446 406	(10 791)	435 615	339 458	(7 348)	332 110
Emerging Markets	288 372	(1 718)	286 654	251 603	(4 374)	247 229
31 – 180 days	720 911	(269 023)	451 888	718 233	(280 620)	437 613
Australasia	50 341	(22 782)	27 559	51 367	(37 439)	13 928
United Kingdom	99 028	(16 712)	82 316	112 206	(28 013)	84 193
Europe	328 210	(168 997)	159 213	375 545	(167 901)	207 644
Emerging Markets	243 332	(60 532)	182 800	179 115	(47 267)	131 848
181 + days	256 217	(207 544)	48 673	259 876	(202 043)	57 833
Australasia	29 356	(24 901)	4 455	16 632	(12 922)	3 710
United Kingdom	51 918	(23 085)	28 833	55 400	(19 256)	36 144
Europe	139 048	(139 048)	–	141 180	(139 107)	2 073
Emerging Markets	35 895	(20 510)	15 385	46 664	(30 758)	15 906
Total	13 161 625	(531 077)	12 630 548	14 493 337	(548 531)	13 944 806

33. FINANCIAL INSTRUMENTS *(continued)***33.2 Credit risk** *(continued)***33.2.1 Trade receivables** *(continued)*

Collateral held on past due amounts

	2017		2016	
	Fair value of collateral held R'000	Trade receivables net of impairment allowance R'000	Fair value of collateral held R'000	Trade receivables net of impairment allowance R'000
Cover by credit insurance				
Australasia	79 773	79 773	79 397	79 397
United Kingdom	49 054	49 054	44 919	44 919
Europe	146 268	146 268	82 781	140 153
Emerging Markets	104 812	76 863	117 353	38 604
Total	379 907	351 958	324 450	303 073

In certain instances the group's operations reserve the right to collect inventory sold when the outstanding debt is not settled by the customer. The collateral detailed above is in addition to these aforementioned measures taken to reduce credit risk in respect of trade receivables.

33.2.2 Investments, interest in associates and investment in jointly controlled entity

The classes for investments are listed held-for-trading, unlisted held-for-trading and unlisted available-for-sale. Refer to note 18 for the carrying amounts for each of these categories. The group manages its credit risk for investments by investing in reputable instruments.

However, there was an impairment loss of R43,4 million (2016: R119,1 million) that was recognised in respect of investments which related to Icelandic Water Holdings ehf.

There were no impairments noted in relation to the interest in associates and investment in jointly controlled entity.

33.2.3 Cash and cash equivalents

The credit risk on cash and cash equivalents is addressed by utilising financial institutions of good standing for investment and cash management purposes.

33.3 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 segments. The divisions within each segment are therefore not responsible for the management of liquidity risk but rather senior management for each of these segments is responsible for implementing procedures to manage the regional liquidity risk.

Notes to the consolidated financial statements

for the year ended June 30

33. FINANCIAL INSTRUMENTS (continued)

33.3 Liquidity risk (continued)

33.3.1 Contractual maturities of financial liabilities, including interest payments

	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
2017							
Vendors for acquisition	461 851	461 851	–	379 474	82 377	–	–
Puttable non-controlling liabilities (refer to note 27)	1 195 196	1 198 212	1 077 168	–	–	121 044	–
Borrowings (refer to note 25)							
Loans secured by mortgage bonds over fixed property	54 651	65 885	4 773	4 764	9 455	14 521	32 372
Loans secured by lien over certain property, plant and equipment in terms of financial leases and suspensive sale agreements	441 679	456 537	60 848	60 716	142 049	172 693	20 231
Unsecured loans	7 561 133	7 846 404	2 018 555	981 260	358 525	4 467 287	20 777
	8 057 463	8 368 826	2 084 176	1 046 740	510 029	4 654 501	73 380
Trade and other payables (refer to note 29)							
Trade and other payables (excluding forward exchange contracts)	19 120 881	19 120 881	19 120 881	–	–	–	–
2016							
Puttable non-controlling liabilities (refer to note 27)	1 168 921	1 172 267	–	–	1 172 267	–	–
Borrowings (refer to note 25)							
Loans secured by mortgage bonds over fixed property	78 436	84 520	6 576	5 340	10 667	25 039	36 898
Loans secured by lien over certain property, plant and equipment in terms of financial leases and suspensive sale agreements	284 365	305 365	45 050	44 042	112 980	87 091	16 202
Unsecured loans	6 825 353	7 739 753	3 852 089	318 760	629 621	1 041 348	1 897 935
	7 188 154	8 129 638	3 903 715	368 142	753 268	1 153 478	1 951 035
Trade and other payables (refer to note 29)							
Trade and other payables (excluding forward exchange contracts)	21 493 850	21 493 850	21 493 850	–	–	–	–

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.

33. FINANCIAL INSTRUMENTS *(continued)***33.3 Liquidity risk** *(continued)***33.3.2 Trade payables by class****Trade payables**

	2017 R'000	2016 R'000
Bidfood	16 633 069	17 369 810
Australasia	3 075 160	3 342 044
United Kingdom	6 588 164	7 588 240
Europe	5 261 360	4 583 444
Emerging markets	1 708 385	1 856 082
Corporate	16 536	–
	16 649 605	17 369 810

33.3.3 Undrawn facilities

The group has the following undrawn facilities at its disposal to further reduce liquidity risk:

Unsecured bank overdraft facility, reviewed annually and payable on 360 days notice

Utilised	562	–
Unutilised	1 136 051	1 303 748

Unsecured loan facility with various maturity dates through to 2024 and which may be extended by mutual agreement

Utilised	7 425 044	5 792 166
Unutilised	2 019 166	1 927 991

Secured loan facilities with various maturity dates through to 2031 and which may be extended by mutual agreement

Utilised	243 033	1 195 823
Unutilised	160 494	201 211

Other banking facilities

Utilised	229 226	183 270
Unutilised	378 563	572 461

Total facilities

Utilised	7 897 865	7 171 259
Unutilised	3 694 274	4 005 411

33.4 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.

Notes to the consolidated financial statements for the year ended June 30

33. FINANCIAL INSTRUMENTS (continued)

33.4 Market risk (continued)

33.4.1 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.

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 reporting 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.

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 statement of profit or loss. 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 3).

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 timeframe as when the actual cash flows occur.

		Contract value	
	Settlement	Foreign amount '000	Rand amount '000
2017			
In respect of forward exchange contracts relating to foreign liabilities as at June 30 2017			
US dollar	July to September 2017	(7 054)	(93 510)
Euro	July to September 2017	(3 786)	(60 118)
Australian dollar	July 2017	(384)	(3 719)
			(157 347)
In respect of forward exchange contracts relating to foreign assets as at June 30 2017			
US dollar	January 2018	17 044	221 409
Euro	January 2018	705	10 069
			231 478

33. FINANCIAL INSTRUMENTS *(continued)***33.4 Market risk** *(continued)***33.4.1 Foreign currency risk** *(continued)*

		Contract value	
		Foreign amount '000	Rand amount '000
Settlement			
2017			
In respect of forward exchange contracts relating to goods and services ordered not accounted for as at June 30 2017			
US dollar	July to December 2017	(13 975)	(184 368)
Australian dollar	July to September 2017	(1 919)	(18 737)
Norwegian krone	July to September 2017	(5 336)	(8 280)
Euro	July to November 2017	(202)	(3 048)
			<u>(214 433)</u>
2016			
In respect of forward exchange contracts relating to foreign liabilities as at June 30 2016			
US dollar	July 2016 to August 2016	(3 513)	(53 332)
Euro	July 2016 to September 2016	(8 110)	(135 592)
Australian dollar	July 2016	(20)	(225)
Sterling	July 2016	–	(10)
			<u>(189 159)</u>
In respect of forward exchange contracts relating to foreign assets as at June 30 2016			
US dollar	July to November 2016	6 719	97 127
Norwegian krone	July to October 2016	14 569	26 530
Euro	July to November 2016	1 270	20 613
			<u>144 270</u>
In respect of forward exchange contracts relating to goods and services ordered not accounted for as at June 30 2016			
US dollar	July to May 2017	(12 540)	(180 485)
Australian dollar	July to August 2016	(576)	(6 519)
Euro	July to October 2016	(1 200)	(19 173)
			<u>(206 177)</u>

Notes to the consolidated financial statements

for the year ended June 30

33. FINANCIAL INSTRUMENTS (continued)

33.4 Market risk (continued)

33.4.2 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. 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:

	2017 R'000	2016 R'000
Fixed rate instruments		
Financial liabilities		
Borrowings	(4 024 490)	(3 128 722)
Financial assets		
Derivative instruments in designated hedge accounting relationships	1 652	–
Variable rate instruments		
Financial assets		
Cash and cash equivalents	6 348 049	5 509 505
Financial liabilities		
Borrowings	(4 032 973)	(4 059 432)
Puttable non-controlling interest liabilities	(1 195 196)	(1 168 921)

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

Group borrowings have been categorised by geographical location and the percentage change used for each category has been selected based on what could reasonably be expected as a change in interest rates within that region based on historical movements in interest rates within that particular region.

This sensitivity analysis has been prepared using the average borrowings for the financial year as the actual borrowings at June 30 are not representative of the borrowings during the year. These analyses assume that all other variables, in particular foreign currency rates, remain constant. The analyses are performed on the same basis as 2016. A decrease in interest rates would have an equal and opposite effect on profit after taxation as detailed below.

	2017		2016	
	Increase in interest rates %	Decrease in profit after taxation R'000	Increase in interest rates %	Decrease in profit after taxation R'000
Southern Africa and other Emerging Markets	0,50	11 537	0,50	6 360
United Kingdom and Europe	0,25	3 400	0,25	9 955
Australasia	0,25	8 809	0,25	7 352
		23 746		23 667

33. FINANCIAL INSTRUMENTS (continued)**33.4 Market risk (continued)****33.4.3 Equity price risk**

Equity price risk arises from investments classified as held-for-trading and available-for-sale (refer to note 18). Unlisted investments comprise unlisted shares and loans which are classified as held-for-trading or available-for-sale, and are valued at fair value using a price earnings (PE) model.

33.5 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:

	2017		2016	
	Carrying amount R'000	Fair value R'000	Carrying amount R'000	Fair value R'000
Borrowings (refer to note 25)				
Southern Africa and other Emerging Markets	2 325 575	2 325 575	2 136 266	2 136 156
Loans secured by lien over certain property, plant and equipment in terms of financial leases and suspensive sale agreements	6 679	6 679	5 349	5 349
Unsecured loans	2 318 896	2 318 896	2 130 917	2 130 807
United Kingdom and Europe	4 812 145	4 763 022	3 914 356	3 885 383
Loans secured by mortgage bonds over fixed property	54 651	54 651	78 436	78 436
Loans secured by lien over certain property, plant and equipment in terms of financial leases and suspensive sale agreements	435 000	435 000	279 016	279 016
Unsecured loans	4 322 494	4 273 371	3 556 904	3 527 931
Australasia				
Unsecured loans	919 743	919 743	1 137 532	1 137 532
	8 057 463	8 008 340	7 188 154	7 159 071
Unrecognised gain	49 123		29 083	

The methods used to estimate the fair values of financial instruments are discussed in note 37. The interest rates used to discount cash flows, in order to determine fair values, are based on market-related rates at June 30 2017 plus an adequate constant credit spread, and range from 0,0% to 19,8% (2016: 0,0% to 18,2%).

Fair value hierarchy

When measuring the fair value of an asset or a liability, the group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques categorised as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the consolidated financial statements for the year ended June 30

33. FINANCIAL INSTRUMENTS (continued)

33.5 Fair values (continued)

Fair value hierarchy (continued)

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

R'000	Non-current assets (liabilities)			Current assets (liabilities)		
	Puttable non-controlling interests	Investments	Vendors for acquisition	Puttable non-controlling interests	Vendors for acquisition	Total
June 30 2017						
Financial assets measured at fair value	–	54 504	–	–	–	54 504
Financial liabilities measured at fair value	(118 028)	–	(82 377)	(1 077 168)	(379 474)	(1 657 047)
June 30 2016						
Financial assets measured at fair value	–	511 122	–	–	–	511 122
Financial liabilities measured at fair value	(1 168 921)	–	–	–	(513 308)	(1 682 229)
	Total	Level 1	Level 2	Level 3		
June 30 2017						
Financial assets measured at fair value	54 504	–	1 848	52 656		
Financial liabilities measured at fair value	(1 657 047)	–	–	(1 657 047)		
June 30 2016						
Financial assets measured at fair value	511 122	501 293	2 054	7 775		
Financial liabilities measured at fair value	(1 682 229)	–	–	(1 682 229)		

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring the puttable non-controlling interests and vendors for acquisition fair values at June 30.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
The expected payments are determined by considering the possible scenarios of forecast EBITDA, the amount to be paid under each scenario and the probability of each scenario. The valuation models consider the present value of expected payment, discounted using a risk-adjusted discount rate.	- EBITDA growth rates: 10 – 23% (2016: 10% – 23%) - EBITDA multiples: 4,8x – 7x (2016: 4,8x – 7x) - Risk-adjusted discount rate: 1,99% – 5,0% (2016: 1,99% – 5,0%)	The estimated fair value would increase (decrease) if: - the EBITDA were higher (lower); or - the risk-adjusted discount rate was lower (higher).

34. CAPITAL MANAGEMENT

The board of directors' policy is to maintain a strong capital base so as to sustain future development of the businesses so that it can continue to provide benefits to its shareholders.

There were no changes in the group's approach to capital management during the year.

35. RELATED PARTIES**Identification of related parties**

The group has a related-party relationship with its subsidiaries and associates. 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 exercises 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

Directors' remuneration in total, paid by a subsidiary, is included in note 3. Details pertaining to executive and non-executive directors' compensation are set out in the directors' report.

The group encourages its employees to purchase food products from group companies. These transactions are generally conducted on terms similar to those entered into with third parties, 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.

Transactions with related parties

	2017 R'000	2016 R'000
Outstanding advances due at year-end by associates (note 17)	101 098	37 696
Total value of revenue received from associates	11 462	7 656
Amounts due by associates included in trade receivables	804	962
Total value of inventory purchased from associates	911 657	889 989
Total value of services purchased from associates	661	6 576
Amounts due to associates included in trade payables	96 724	98 111
Total value of revenue received from jointly controlled entity	555	–
Property rental income from jointly controlled entity	2 526	–

Details of effective interest, investments and loans to associates are disclosed in note 17.

36. ACCOUNTING ESTIMATES AND JUDGEMENTS

The board of directors has considered the group's accounting policies, key sources of uncertainty and areas where accounting judgements were required in applying the group's accounting policies.

Accounting policies

The group audit and risk committee is satisfied that the accounting policies are appropriate to the group.

Notes to the consolidated financial statements for the year ended June 30

36. ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

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:

Property, plant and equipment

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. All 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.

Goodwill and intangible assets

The group has assessed the carrying value of goodwill and intangible assets to determine whether any of the amounts have been impaired. The carrying values were assessed using a combination of price earnings and discounted cash flow methods and the actual results and forecasts for future years.

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.

Inventories

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 other receivables

Management identifies possible impairment of trade receivables on an ongoing basis. An impairment allowance in respect of doubtful debts is raised against the receivable when their collectibility is considered to be doubtful. Management believes that the impairment adjustment is conservative and there are no significant receivables that are doubtful and have not been impaired or provided for. In determining whether a particular receivable could be doubtful, the age, customer current financial status and disputes with the customer are taken into consideration.

Provisions

Refer to note 30 for disclosure on the onerous contracts, provision for cost of dismantling and site restoration and customer loyalty programmes.

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.

37. 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.

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 appreciation right awards are measured using a binomial 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 national South African government bonds).

The fair value of the conditional share plan awards are measured using a Monte Carlo method, as it best captures the path-dependent nature and specific features of these awards. The path dependency of the share award arises from the interaction between dividends and the performance hurdle in the valuation model, as well as the dependency of the valuation on the level of achievement of the vesting conditions at the performance period end dates. The evolution of Bidcorp and the peer group members' total shareholder return prices are modelled using the market-accepted log-normal share price process taking into account input parameters which are based on historical share price data.

38. SUBSEQUENT EVENTS

Subsequent to year end, management has been through a legal mediation process with the perpetrators of the Logistics UK irregularities. Bidcorp management remains optimistic that pursuant to legal action and insurance claims, potential recoveries arising from the management irregularities will be forthcoming.

Other than the legal matter disclosed above, no other material subsequent events have arisen since June 30 2017.

39. GOING CONCERN

The directors have made an assessment of the group's ability to continue as a going concern and there is no reason to believe that the group will not be a going concern in the year ahead.

Notes to the consolidated financial statements

for the year ended June 30

40. ACCOUNTING STANDARDS AND INTERPRETATIONS NOT EFFECTIVE AT JUNE 30 2017

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended June 30 2017. These include the following standards and interpretations and amendments to standards that are applicable to the business of the group, and have not been applied in preparing these financial statements:

Standard/ interpretation	Description	Reporting period beginning on or after
IFRS 9 <i>Financial Instruments</i>	The amendments affect the classification, measurement and derecognition of financial assets and financial liabilities. The amendment will be adopted by the group for its financial reporting period ending after the date the statement comes into effect. The group does not expect a significant impact from the adoption of this statement.	January 1 2018
IFRS 15 <i>Revenue from Contracts from Customers</i>	This new standard that requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five-step methodology that is required to be applied to all contracts with customers. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements. The amendment will be adopted by the group for its financial reporting period ending after the date the statement comes into effect. The group does not expect a significant impact from the adoption of this standard due to the group not being involved in material multiple-element arrangements with customers. The majority of the group's revenue is earned through the sale of goods relating to frozen, ambient, chilled and other non-food-related products.	January 1 2018
IFRS 16 <i>Leases</i>	IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, ie the customer (lessee) and the supplier (lessor). IFRS 16 replaces the previous leases standard, IAS 17 <i>Leases</i> , and related interpretations. IFRS 16 has one model for lessees which will result in almost all leases being recorded in the statement of financial position. No significant changes have been included for lessors. The group does not intend on early adopting IFRS 16. IFRS 16 will be adopted for the group for the year ending June 30 2020. Management's initial assessment of IFRS 16 is that it will have an impact on the following significant areas (but not limited to): ■ an overall increase in the group's net debt, debt /equity ratio and total assets due to inclusion of the lease liability and lease right-of-use asset on the statement of financial position; ■ higher earnings before interest and taxation due to the expected fair values of the group's leasehold properties being higher than the estimated carrying values and hence no depreciation will be effected; and ■ higher finance charges and lower trading interest cover levels due to the finance element of the current lease charge being moved to the finance charges line on the statement of profit or loss.	January 1 2019

The group does not currently believe the adoption of the following pronouncements will have a material impact on its results, financial position or cash flows:

Amendments to IFRS 2 *Share-based Payment*, classification and measurement of share-based payment transactions effective for annual periods beginning on or after January 1 2018.

Amendments to IFRS 4 *Insurance Contracts*, applying IFRS 9 *Financial Instruments* with IFRS 4 *Insurance Contracts* effective for annual periods beginning on or after January 1 2018.

Amendment to IAS 28 *Investments in Associates and Joint Ventures* (part of Improvements to IFRS 2014 to 2016 Cycle), effective for annual periods beginning on or after January 1 2018.

IFRIC 22 *Foreign Currency Transactions and Advance Consideration*, effective for annual periods beginning on or after January 1 2018.

41. FOREIGN CURRENCY EXCHANGE RATES

The following exchange rates were used in the conversion of foreign interests and foreign transactions at June 30:

	2017	2016
<i>Rand/sterling</i>		
Closing rate	16,80	19,81
Average rate	17,29	21,49
<i>Rand/euro</i>		
Closing rate	14,78	16,43
Average rate	14,85	16,11
<i>Rand/Australian dollar</i>		
Closing rate	9,93	11,01
Average rate	10,27	10,57
<i>Rand/New Zealand dollar</i>		
Closing rate	9,46	10,52
Average rate	9,70	9,71
<i>Rand/Hong Kong dollar</i>		
Closing rate	1,66	1,91
Average rate	1,76	1,87
<i>Rand/Singapore dollar</i>		
Closing rate	9,39	10,97
Average rate	9,79	10,45
<i>Rand/Czech koruna</i>		
Closing rate	0,56	0,61
Average rate	0,55	0,60
<i>Rand/Polish zloty</i>		
Closing rate	3,49	3,72
Average rate	3,44	3,75
<i>Rand/Brazilian real</i>		
Closing rate	3,94	4,58
Average rate	4,22	3,94
<i>Rand/US dollar</i>		
Closing rate	12,96	14,79
Average rate	13,63	14,52

Consolidated segmental analysis

for the year ended June 30

The group has the following strategic segments: Bidfood Australasia, Bidfood United Kingdom, Bidfood Europe, Bidfood Emerging Markets, and Corporate, which are the reportable segments.

The reportable segments of the group have been identified based on the geographies of the businesses. This basis is representative of the internal structure for management purposes and management reports are reviewed by the executive management team on a monthly basis.

	2017 R'000	2016 R'000
Segmental revenue		
<i>Trading division</i>		
Bidfood	130 926 600	135 531 898
Australasia	29 440 177	30 333 998
United Kingdom	49 988 115	60 991 803
Europe	32 217 257	30 988 054
Emerging Markets	19 281 051	13 218 043
Bidvest Services	–	5 633
	130 926 600	135 537 531
Segmental trading profit		
<i>Trading division</i>		
Bidfood	5 561 375	4 904 980
Australasia	1 951 691	1 778 121
United Kingdom	1 334 774	1 473 927
Europe	1 175 195	1 053 640
Emerging Markets	1 101 715	599 292
Corporate	(55 100)	(76 403)
Bidvest Services	–	4 314
	5 506 275	4 832 891
Segmental operating profit		
<i>Trading division</i>		
Bidfood	5 383 728	4 693 656
Australasia	1 959 348	1 781 548
United Kingdom	1 025 380	1 238 853
Europe	1 111 526	1 084 742
Emerging Markets	1 287 474	588 513
Corporate	190 794	(22 799)
Bidvest Services	–	4 314
	5 574 522	4 675 171
Share-based payment expense	(97 569)	(48 653)
	5 476 953	4 626 518

Segment operating assets and liabilities include property, plant and equipment, investments, inventories, trade and other receivables, trade and other payables, provisions, operating lease liabilities, but excludes cash, borrowings, current taxation, post-retirement obligations and defined benefit pension assets and deferred taxation.

	2017 R'000	2016 R'000
Segmental operating assets		
<i>Trading division</i>		
Bidfood	33 288 513	34 994 498
Australasia	7 152 869	7 603 598
United Kingdom	9 345 129	10 997 133
Europe	10 096 693	9 737 400
Emerging Markets	6 693 822	6 656 367
Corporate	171 093	936 113
	33 459 606	35 930 611
Segmental operating liabilities		
<i>Trading division</i>		
Bidfood	19 774 519	22 136 507
Australasia	4 136 876	4 492 916
United Kingdom	7 013 189	8 625 464
Europe	6 199 114	6 077 377
Emerging Markets	2 425 340	2 940 750
Corporate	95 976	131 378
	19 870 495	22 267 885
Segmental depreciation		
<i>Trading division</i>		
Bidfood	1 006 392	1 027 396
Australasia	213 473	223 653
United Kingdom	345 137	437 181
Europe	283 852	272 545
Emerging Markets	163 930	94 017
Corporate	3 160	196
Bidvest Services	–	56
	1 009 552	1 027 648
Segmental capital expenditure		
<i>Trading division</i>		
Bidfood	2 272 891	2 106 940
Australasia	734 697	557 067
United Kingdom	509 793	798 051
Europe	629 611	570 403
Emerging Markets	398 790	181 419
Corporate	3 448	5 125
Bidvest Services	–	263
	2 276 339	2 112 328

Consolidated segmental analysis

for the year ended June 30

	2017 R'000	2016 R'000
Segmental amortisation and impairments on intangible assets		
<i>Trading division</i>		
Bidfood	275 865	213 651
Australasia	10 394	13 371
United Kingdom	102 921	107 039
Europe	160 017	91 179
Emerging Markets	2 533	2 062
Corporate	102	–
	275 967	213 651
Segmental goodwill and intangible assets		
<i>Trading division</i>		
Bidfood	13 696 790	14 397 532
Australasia	2 611 184	2 894 964
United Kingdom	3 278 845	3 832 422
Europe	6 551 749	6 269 491
Emerging Markets	1 255 012	1 400 655
Corporate	1 514	8
	13 698 304	14 397 540
Employee benefits and remuneration		
<i>Trading division</i>		
Bidfood	13 948 936	12 448 422
Australasia	3 232 681	2 800 822
United Kingdom	5 390 873	5 867 248
Europe	3 591 346	2 714 670
Emerging Markets	1 734 036	1 065 682
Corporate	85 437	50 858
Bidvest Services	–	1 119
	14 034 373	12 500 399
Share-based payment expense	97 569	48 653
	14 131 942	12 549 052
	2017 Number	2016 Number
Number of employees		
<i>Trading division</i>		
Bidfood	25 587	24 041
Australasia	4 383	4 037
United Kingdom	8 928	8 978
Europe	6 230	5 711
Emerging Markets	6 046	5 315
Corporate	26	23
	25 613	24 064

Separate statement of profit or loss for the year ended June 30

	Note	2017 R'000	2016 R'000
Dividends received from subsidiaries		1 650 240	1 036 584
Operating expenses		(63)	(3)
Shareholder-related costs		(13 711)	–
Other costs		(984)	–
Net finance income	1	4 942	186
Finance income		4 942	2 437
Finance charges		–	(2 251)
Profit before taxation		1 640 424	1 036 767
Taxation	2	(5 148)	(4 444)
Profit for the year		1 635 276	1 032 323
Other comprehensive income net of taxation		–	–
Total comprehensive income for the year		1 635 276	1 032 323

Separate statement of cash flows for the year ended June 30

	Note	2017 R'000	2016 R'000
Cash flows from operating activities		7 474	741 726
Cash utilised by operations	5	(481)	(3 805)
Finance income received		4 942	2 437
Finance charges paid		–	(2 251)
Taxation paid	6	(392)	(4 426)
Dividends received		1 650 240	1 036 584
Dividends paid		(1 646 835)	(286 813)
Cash effects of investment activities		–	3 613
Increase in investment of subsidiaries		–	(4 199)
Proceeds on disposal of interests in subsidiaries		–	7 812
Cash effects of financing activities		(3 703)	(740 452)
Amounts (paid) received to subsidiaries		(3 703)	3 746
The Bidvest Group Limited loan settlement		–	(744 198)
Net increase in cash and cash equivalents		3 771	4 887
Cash and cash equivalents at beginning of year		4 887	–
Cash and cash equivalents at end of year		8 658	4 887

Separate statement of financial position

at June 30

	Note	2017 R'000	2016 R'000
ASSETS			
Non-current assets		8 133 803	8 134 300
Investment in subsidiaries	3	8 129 485	8 129 485
Amounts owing by subsidiaries		4 318	4 815
Current assets		8 658	13 050
Trade and other receivables		–	8 122
Taxation receivable		–	41
Cash and cash equivalents		8 658	4 887
Total assets		8 142 461	8 147 350
EQUITY AND LIABILITIES			
Capital and reserves			
Capital and reserves attributable to shareholders of the company	4	8 131 591	8 143 150
Current liabilities		10 870	4 200
Amounts due to subsidiaries		–	4 200
Taxation payable		4 715	–
Other payables		6 155	–
Total equity and liabilities		8 142 461	8 147 350

Separate statement of changes in equity for the year ended June 30

	2017 R'000	2016 R'000
Equity attributable to shareholders of the company	8 131 591	8 143 150
Stated capital	5 428 016	5 428 016
Balance at beginning of year	5 428 016	#
Shares issued during the year	–	5 428 016
Movement in retained earnings	2 703 575	2 715 134
Balance at beginning of year	2 715 134	1 961 815
Attributable profit	1 635 276	1 032 323
Dividends paid	(1 646 835)	(286 813)
Transfer as a result of unbundling	–	7 809

Amounts below R1 000.

Notes to the separate financial statements

for the year ended June 30

	2017 R'000	2016 R'000
1. NET FINANCE INCOME		
Finance income	4 942	2 437
Interest income on bank balances	4 455	1 983
Interest income on subsidiary loans	487	454
Finance charges		
Interest expense on bank overdrafts	–	(2 251)
	4 942	186
2. TAXATION		
Current taxation	5 148	2 321
Current year	4 497	2 267
Prior years' under provision	651	54
Foreign withholding tax	–	2 123
Total taxation per profit or loss	5 148	4 444
Comprising		
South African taxation	5 148	4 444
The reconciliation of the effective tax rate with the South African company tax rate is:	%	%
Taxation for the year as a percentage of profit before taxation	0,3	0,4
Dividend and exempt income	28,2	27,6
Non-deductible expenses	(0,5)	–
Rate of South African company taxation	28,0	28,0

Notes to the separate financial statements for the year ended June 30

3. INVESTMENT IN SUBSIDIARIES

	2017 %	2016 %	2017 R'000	2016 R'000
Bidfood Limited ⁽¹⁾	100	100	11	11
Bidcorp International Limited ⁽²⁾	100	100	1 254 897	1 254 897
Bidcorp Foodservice International Limited ⁽²⁾	100	100	1 440 209	1 440 209
Bidcorp Food Mauritius Limited ⁽³⁾	100	100	#	#
Crown Food Ingredients Zambia Limited ⁽⁴⁾	60	60	3 652	3 652
Bidcorp Food Malawi ⁽⁵⁾	60	60	2 700	2 700
Bidcorp Food Africa Proprietary Limited	100	100	3 053 173	3 053 173
Bidcorp Food Property Proprietary Limited	100	100	851 028	851 028
BTW Investments Proprietary Limited	100	100	1 523 815	1 523 815
			8 129 485	8 129 485

Country of incorporation if not South Africa:

⁽¹⁾ Botswana

⁽²⁾ Isle of Man

⁽³⁾ Mauritius

⁽⁴⁾ Zambia

⁽⁵⁾ Malawi

Amounts below R1 000.

Investment in subsidiaries are reflected at cost less accumulated impairment losses. No impairment was identified for the current financial year (2016: Rnil).

A list of indirectly held subsidiaries is available for inspection at the registered office of the company.

4. CAPITAL AND RESERVES ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

Stated capital

Stated capital	5 428 016	5 428 016
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Reserves

Retained earnings	2 703 575	2 715 134
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Total capital reserves comprise

Amounts attributable to shareholders of the company	8 131 591	8 143 150
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Stated capital

Authorised

540 000 000 ordinary shares of no par value (2016: 540 000 000 ordinary shares of no par value)

Issued

335 404 212 ordinary shares of no par value (2016: 335 404 212 ordinary shares of no par value)	335 404	335 404
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16 750 000 unissued no par value ordinary shares are under the control of the directors until the next annual general meeting.

	2017 R'000	2016 R'000
5. CASH UTILISED BY OPERATIONS		
Operating loss	(63)	(3)
Shareholder-related costs	(13 711)	–
Other costs	(984)	–
Working capital changes		
Decrease (increase) in trade and other receivables	8 122	(3 802)
Increase in other payables	6 155	–
Cash utilised by operations	(481)	(3 805)
6. TAXATION PAID		
Balance receivable (payable) at beginning of year	41	(36)
Current taxation charge	(5 148)	(2 321)
Foreign withholding tax	–	(2 123)
Balance payable (receivable) at end of year	4 715	(41)
Amounts paid	(392)	(4 521)
7. SUBSEQUENT EVENTS		
No material subsequent events have arisen since June 30 2017.		
8. RELATED PARTIES		
The subsidiaries and associates of the group are related parties of the company. The company has made loans to, and has received loans from, certain of these entities, details of which are reflected in annexure A of these financial statements.		
9. ACCOUNTING ESTIMATES AND JUDGEMENTS		
CFC income (tax)		
Detailed calculations are performed to determine taxation due on controlled foreign companies (CFCs) in terms of section 9D of the Income Tax Act. These calculations are based on financial data obtained directly from the CFCs.		
10. GOING CONCERN		
The financial statements have been prepared on a going concern basis as the directors have every reason to believe that the company has adequate resources in place to continue in operation in the foreseeable future.		

Interest in subsidiaries, associates and jointly controlled entity

as at June 30

Annexure A

Subsidiaries	Nature of business	Country of incorporation and principal place of business	Effective holdings	
			2017 %	2016 %
Aktaes Holdings AS	1	Turkey	51	51
Al Diyafa Company for Catering Services LLC	1	Saudi Arabia	65	65
Angliss Beijing Food Service Limited	1	China	70	70
Angliss Guangzhou Food Service Co Limited	1	China	90	90
Angliss Hong Kong Foodservice Limited	1	Hong Kong	100	100
Angliss International Investment Limited	1	Hong Kong	100	100
Angliss Macau Food Service Limited	1	Macau	100	100
Angliss Shanghai Food Service Limited	1	China	97	97
Angliss Shenzhen Food Service Limited	1	China	99	60
Angliss Singapore Pte Limited	1	Singapore	100	100
Applied Logic Systems Limited	1	New Zealand	100	100
Bestfood NV	1	Belgium	100	–
BFS Botany Proprietary Limited	1	Australia	100	100
BFS Byron Bay Limited	1	Australia	100	100
BFS Group Limited (trading as 3663)	1	England	100	100
BFS Port Macquarie Proprietary Limited	1	Australia	100	–
Bidcorp (UK) Limited	1	England	100	100
Bidcorp Finance Limited	1	Isle of Man	100	100
Bidcorp Food Africa Proprietary Limited	1	South Africa	100	100
Bidcorp Food Property Proprietary Limited	1	South Africa	100	100
Bidcorp Foodservice (Europe) Limited	1	England	100	100
Bidcorp International Limited	2	Isle of Man	100	100
Bidcorp Properties International Limited	2	Isle of Man	100	100
Bidfood (NSW) Proprietary Limited	1	Australia	100	100
Bidfood (Victoria) Proprietary Limited	1	Australia	100	100
Bidfood (WA) Proprietary Limited	1	Australia	100	100
Bidfood Australia Limited	1	Australia	100	100
Bidfood Belgium NV	1	Belgium	100	100
Bidfood Czech Republic s.r.o.	1	Czech Republic	94	94
Bidfood De Clerq NV	1	Belgium	100	100
Bidfood Horeca Langens NV	1	Belgium	100	100
Bidfood Limited	1	Botswana	100	100
Bidfood Limited	1	New Zealand	100	100
Bidfood Proprietary Limited	1	South Africa	100	100
Bidfood SA	1	Belgium	100	100
Bidvest Chile S.A.	1	Chile	90	90

Subsidiaries	Nature of business	Country of incorporation and principal place of business	Effective holdings	
			2017 %	2016 %
Bidvest China Limited	1	China	100	100
Bidfood Deli XL B.V.	1	Netherlands	100	100
Bidfood Farutex Sp. z.o.o.	1	Poland	91	91
Bidvest SA	1	Chile	100	10
BTW Investments Proprietary Limited	2	South Africa	100	100
Burleigh Marr Distributions Proprietary Limited	1	Australia	100	100
Campbell Brothers Limited	1	England	100	100
Cater Plus Proprietary Limited	1	Australia	100	100
Caterfood Holdings Limited	1	England	88	88
Chipkins Puratos Proprietary Limited	1	South Africa	100	100
Cimandis Limited	1	Jersey	100	100
Clayton Cold Store Proprietary Limited	1	Australia	100	100
Cold Seas Proprietary Limited	1	Australia	100	100
Crown Food Group Proprietary Limited	1	South Africa	100	100
Cuttings Factory S.L.	1	Spain	90	–
Cuttings Madrid S.L.	1	Spain	90	–
Distribuidora E Importadora Irmaos Avelino Ltda	1	Brazil	60	60
Distribuzione Alimentari Convivenze SPA	1	Italy	60	60
Food & Wine Sp.z.o.o	1	Poland	100	100
Food 4 Thot SLU	1	Spain	100	100
Grupo Cuttings S.L.	1	Spain	90	–
Guzmán Gastronomía S.L.	1	Spain	90	–
Guzmán Madrid S.L.	1	Spain	90	–
Hanlon's Smokehouse Dublin Limited	1	England	100	–
Henson Foods Limited	1	England	100	100
Him Kee Food Distribution Co. Limited	1	Hong Kong	100	100
Horeca Trade LLC	1	United Arab Emirates	100	80
Infrigore S.L.	1	Spain	90	–
John Lewis Foodservice Proprietary Limited	1	Australia	100	100
Mariusso Comércio De Alimentos E Representação Ltda	1	Brazil	48*	–
Marson Centre S.L.	1	Spain	90	–
McKenna Fish Sales Limited	1	England	75	75
Oliver Kay Limited	1	England	100	100
Pastry Global Foodservice Limited	1	Hong Kong	100	100
PCL Transport 24/7 Limited	1	England	100	60

Interest in subsidiaries, associates and jointly controlled entity as at June 30

Annexure A

Subsidiaries	Nature of business	Country of incorporation and principal place of business	Effective holdings	
			2017 %	2016 %
Quartiglia Food Service SPA	1	Italy	36*	–
R Noone & Son Limited	1	England	80	–
Seafood Holdings Limited	1	England	100	100
South Lincs Food Service Limited	1	England	100	100
Tekoo SPOL SRO	1	Czech Republic	100	100
The London Fine Meat Company Limited	1	England	100	75
UAB Bidfood Lietuva	1	Lithuania	100	100
United Imports & Exports Co. Proprietary Limited	1	Australia	100	100
Van Bennekom Participaties BV	1	Netherlands	100	100
Wyn Lee Holdings Limited	1	England	100	–
Wynne-Williams (Flint) Limited	1	England	100	–
Associates				
ATL Seafood Holding BV	1	Netherlands	50	50
ATL Seafood Ijmuiden BV	1	Netherlands	30	30
COAR spa	1	Italy	50	50
Farm Fresh Holding BV	1	Netherlands	20	20
Maxxam BV	1	Netherlands	17	17
Maxxam CV	1	Netherlands	17	17
Van Gelder Ridderkerk BV	1	Netherlands	20	20
Jointly controlled entity				
Chipkins Puratos Proprietary Limited	1	South Africa	50	100

Nature of business

1 Catering supplies, food and allied products.

2 Group services, investments and property holding.

* These subsidiaries are effectively more than 50% held by subsidiaries of Bid Corporation Limited.

Directors' responsibility statement

for the year ended June 30 2016

Annexure B – pro forma information

The directors are responsible for the preparation and presentation of the pro forma financial information which comprises the pro forma earnings and diluted earnings, headline and diluted headline earnings, net asset value and net tangible asset value per share of Bid Corporation Limited (Bidcorp or the group), pro forma statement of financial position of Bidcorp, the pro forma statement of comprehensive income of Bidcorp and the related notes, including a reconciliation showing all of the pro forma adjustments to the share capital, reserves and other equity items as at and for the year then ended June 30 2016.

The directors of Bidcorp are responsible for compiling the pro forma financial information on the basis of the applicable criteria as detailed in paragraphs 8.15 to 8.33 of the Listings Requirements and the SAICA Guide on Pro forma Financial Information, revised and issued in September 2014 (applicable criteria).

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of the pro forma financial information that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The independent auditor is responsible for reporting on whether anything has come to their attention that causes them to believe that the pro forma financial information is not prepared in accordance with the applicable criteria.

Approval of the pro forma financial information

The pro forma financial information of Bid Corporation Limited for the year ended June 30 2016, as identified in the first paragraph, were approved by the directors on August 23 2016 and are signed by:



David Edward Cleasby

Chief financial officer
Authorised director

Independent reporting accountants' report on the 2016 pro forma financial information

Annexure B – pro forma information

The Directors
Bid Corporation Limited
2nd Floor, North Wing
90 Rivonia Road
Sandton
2196
23 August 2016

Reporting accountant's report on the compilation of the pro forma financial information of Bid Corporation Limited (Bidcorp Group or the group)

We have completed our assurance engagement to report on the compilation of the pro forma earnings and diluted earnings, headline and diluted headline earnings, net asset value and net tangible asset value per share of the Bidcorp Group, pro forma statement of financial position of the Bidcorp Group, the pro forma statement of comprehensive income of the Bidcorp Group and the related notes, including a reconciliation showing all of the pro forma adjustments to the share capital, reserves and other equity items relating to the Bidcorp Group (collectively pro forma financial information).

The pro forma financial information has been compiled by the directors of Bidcorp Group to illustrate the impact of the internal restructuring and listing on the Bidcorp Group financial position as at June 30 2016 and the Bidcorp Group financial performance for the year ended June 30 2016.

As part of this process, the earnings, diluted earnings, headline earnings and diluted headline earnings, net asset value and net tangible asset value per share, statement of comprehensive income and statement of financial position of the group prior to the internal restructuring have been extracted by the directors from the audited financial information as disclosed in the consolidated financial statements of the Bidcorp Group prior to the internal restructuring (financial information).

Directors' responsibility for the pro forma financial information

The directors of the Bidcorp Group are responsible for compiling the pro forma financial information on the basis of the applicable criteria as detailed in paragraphs 8.15 to 8.33 of the Listings Requirements and the SAICA Guide on Pro forma Financial Information, revised and issued in September 2014 (applicable criteria).

Reporting accountants' responsibility

Our responsibility is to express an opinion about whether the pro forma financial information has been compiled, in all material respects, by the directors of Bidcorp Group on the basis of the applicable criteria, based on our procedures performed.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma financial information Included in a Prospectus, issued by the International Auditing and Assurance Standards Board. This standard requires that the reporting accountants' comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors of the Bidcorp Group have compiled, in all material respects, the pro forma financial information on the basis of the applicable criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any Historical Financial Information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information is solely to illustrate the impact of the internal restructuring and listing on the unadjusted financial information as if the internal restructuring and listing had been undertaken on July 1 2015 for purposes of the pro forma earnings, diluted earnings, headline and diluted headline earnings per share and the pro forma statement of comprehensive income and on June 30 2016 for purposes of the net asset value and net tangible asset value per share and statement of financial position. Accordingly, we do not provide any assurance that the actual outcome of the internal restructuring and listing, subsequent to their implementation, will be as presented in the pro forma financial information.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors of Bidcorp in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the internal restructuring and the listing and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to the applicable criteria; and
- The pro forma financial information reflects the proper application of those pro forma adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the company, the internal restructuring and listing in respect of which the pro forma financial information has been compiled and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria.

Yours faithfully



KPMG Inc.

Per **Mohammed Hassan**

Chartered Accountant (SA)

Director

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85 Empire Road
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2122

2016 pro forma financial information of the Bidcorp Group

Annexure B – pro forma information

Basis of preparation

The pro forma financial information of the Bidcorp Group (pro forma financial information) has been prepared for illustrative purposes and reflects the group as if the internal restructuring and listing occurred on July 1 2015.

The pro forma financial information of the Bidcorp Group has been prepared to illustrate the impact of the internal restructuring and listing of the Bidcorp Group using the financial information of the Bidcorp Group and including the following pro forma adjustments:

- transfer out of the Bidcorp Group of EAS Zimbabwe Private Limited, EAS Zambia Limited and Bidvest Zambia Limited (the excluded assets);
- transfer into the Bidcorp Group of Bidvest Food Africa, Bidvest Food Properties and the Bidvest treasury shares (transferring assets);
- issue of 335,4 million new Bidcorp shares to Bidvest as settlement of the disposal consideration in respect of the transferring assets; and
- various costs, inter alia, head office costs and share-based payment adjustments.

The transfer out of the Bidcorp Group of the excluded assets and the transfer into the Bidcorp Group of the transferring assets collectively constitute the internal restructuring which was undertaken prior to the listing and unbundling.

The pro forma adjustments in respect of the pro forma statement of comprehensive income and the pro forma statement of financial position set out below relate to the following:

Column 2 – financial information relating to the excluded assets for the nine months ended up to March 31 2016;

Column 3 – adjustments relating to the weighted average number of shares (basic and diluted) of the issue of 335,4 million new Bidcorp shares to Bidvest as settlement of the disposal consideration in respect of the transferring assets;

Column 4 – financial information relating to Bidvest Food Africa for the nine months ended up to March 31 2016;

Column 5 – financial information relating to Bidvest Food Properties and Bidcorp Corporate Services for the nine months ended up to March 31 2016;

Column 6 – adjustments relating to the dilutionary effect as a result of the transfer to the Bidcorp Group of the Bidvest treasury shares;

Column 7 – consolidation entries relating to columns 2 to 6;

Column 8 – Bidcorp Group after the internal restructuring.

The pro forma financial information of the Bidcorp Group has been prepared using the accounting policies of the Bidcorp which comply with IFRS and are consistent with those applied in the Bidcorp annual integrated report, set out in note 1 to the financial statements of Bidcorp.

The pro forma financial information of the Bidcorp Group is the responsibility of the directors.

Pro forma statement of comprehensive income of the Bidcorp Group for the year ended June 30 2016

	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
	Financial information of Bidcorp Audited R'000	Excluded assets Pro forma R'000	Issue of shares Pro forma R'000	SA food interests Pro forma R'000	Included food property and corporate Pro forma R'000	Treasury shares Pro forma R'000	Consolidation entries Pro forma R'000	Bidcorp Group Pro forma R'000
Revenue	135 537 531	(5 633)	–	4 991 403	46 190	–	(46 190)	140 523 301
Cost of revenue	(107 470 732)	4 679	–	(3 873 283)	–	–	–	(111 339 336)
Gross profit	28 066 799	(954)	–	1 118 120	46 190	–	(46 190)	29 183 965
Operating expenses	(23 233 908)	(3 360)	–	(832 849)	(9 425)	–	46 190	(24 033 352)
Sales and distribution expenses	(17 367 564)	–	–	(655 638)	–	–	–	(18 023 202)
Administration expenses	(3 503 102)	(3 357)	–	(166 350)	(9 425)	–	46 190	(3 636 044)
Other expenses	(2 363 242)	(3)	–	(10 861)	–	–	–	(2 374 106)
Trading profit	4 832 891	(4 314)	–	285 271	36 765	–	–	5 150 613
Share-based payment expense	(48 653)	–	–	(7 399)	(7 932)	–	–	(63 984)
Acquisition costs	(8 947)	–	–	–	–	–	–	(8 947)
Net capital items	(148 773)	–	–	(9 148)	–	–	–	(157 921)
Operating profit	4 626 518	(4 314)	–	268 724	28 833	–	–	4 919 761
Net finance charges	(223 779)	(37)	–	(58 856)	357	–	(12 238)	(294 553)
Finance expense	(290 625)	–	–	(97 920)	–	–	(12 238)	(400 783)
Finance income	66 846	(37)	–	39 064	357	–	–	106 230
Share of profit of associates	26 386	–	–	(2 401)	–	–	–	23 985
Dividends received	23 467	–	–	–	–	–	–	23 467
Share of current year earnings	2 919	–	–	(2 401)	–	–	–	518
Profit before taxation	4 429 125	(4 351)	–	207 467	29 190	–	(12 238)	4 649 193
Taxation	(1 109 081)	1 378	–	(66 243)	(8 173)	–	3 092	(1 179 027)
Profit for the year	3 320 044	(2 973)	–	141 224	21 017	–	(9 146)	3 470 166
Attributable to:								
Shareholders of the company	3 279 576	(1 960)	–	141 224	21 017	–	(9 146)	3 430 711
Non-controlling interest	40 468	(1 013)	–	–	–	–	–	39 455
	3 320 044	(2 973)	–	141 224	21 017	–	(9 146)	3 470 166
Basic earnings per share (cents)	3 979,8	(2,4)	–	42,6	6,3	–	(2,8)	1 034,0
Diluted basic earnings per share (cents)	3 943,3	(2,4)	–	42,6	6,3	–	(2,8)	1 031,6
Headline earnings per share (cents)	4 154,0	(2,4)	–	45,2	6,3	–	(2,8)	1 080,0
Diluted headline earnings per share (cents)	4 115,8	(2,4)	–	45,2	6,3	–	(2,8)	1 077,5
Weighted number of ordinary shares in issue	82 405	–	335 404	–	–	(3 613)	–	331 791
Diluted weighted number of ordinary shares in issue	83 169	–	336 168	–	–	(3 613)	–	332 555

Pro forma statement of comprehensive income of the Bidcorp Group for the year ended June 30 2016

Annexure B – pro forma information

	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
	Financial information of Bidcorp Audited R'000	Excluded assets Pro forma R'000	Issue of shares Pro forma R'000	SA food interests Pro forma R'000	Included food property and corporate Pro forma R'000	Treasury shares Pro forma R'000	Consolidation entries Pro forma R'000	Bidcorp Group Pro forma R'000
Profit for the year	3 320 044	(2 973)	–	141 224	21 017	–	(9 146)	3 470 166
Other comprehensive income net of taxation	2 214 461	–	–	–	–	–	–	2 214 461
<i>Items that may be classified subsequently to profit or loss</i>	2 262 343	–	–	–	–	–	–	2 262 343
Increase in foreign currency translation reserve	2 259 035	–	–	–	–	–	–	2 259 035
Increase in fair value of cash flow hedges	3 308	–	–	–	–	–	–	3 308
<i>Items that will not be reclassified subsequently to profit or loss</i>	(47 882)	–	–	–	–	–	–	(47 882)
Defined benefit obligations	(47 882)	–	–	–	–	–	–	(47 882)
Net remeasurement of defined benefit obligations during the year	(57 243)	–	–	–	–	–	–	(57 243)
Deferred tax relief	9 361	–	–	–	–	–	–	9 361
Total comprehensive income for the year	5 534 505	(2 973)	–	141 224	21 017	–	(9 146)	5 684 627
Attributable to:								
Shareholders of the company	5 486 534	(2 080)	–	141 224	21 017	–	(9 146)	5 637 549
Non-controlling interest	47 971	(893)	–	–	–	–	–	47 078
	5 534 505	(2 973)	–	141 224	21 017	–	(9 146)	5 684 627

Pro forma statement of financial position of the Bidcorp Group as at June 30 2016

	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
	Financial information of Bidcorp Audited R'000	Excluded assets Pro forma R'000	Issue of shares Pro forma R'000	SA food interests Pro forma R'000	Included food property and corporate Pro forma R'000	Treasury shares Pro forma R'000	Consolidation entries Pro forma R'000	Bidcorp Group Pro forma R'000
ASSETS								
Non-current assets	26 792 068	-	-	-	-	-	-	26 792 068
Property, plant and equipment	11 016 705	-	-	-	-	-	-	11 016 705
Intangible assets	1 212 758	-	-	-	-	-	-	1 212 758
Goodwill	13 184 782	-	-	-	-	-	-	13 184 782
Deferred taxation assets	491 766	-	-	-	-	-	-	491 766
Defined benefit pension asset	15 255	-	-	-	-	-	-	15 255
Interest in associates	116 903	-	-	-	-	-	-	116 903
Investments	753 899	-	-	-	-	-	-	753 899
Current assets	29 548 613	-	-	-	-	-	-	29 548 613
Inventories	8 828 939	-	-	-	-	-	-	8 828 939
Trade and other receivables	15 214 165	-	-	-	-	-	-	15 214 165
Cash and cash equivalents	5 505 509	-	-	-	-	-	-	5 505 509
Total assets	56 340 681	-	-	-	-	-	-	56 340 681
EQUITY AND LIABILITIES								
Capital and reserves	24 217 574	-	-	-	-	-	-	24 217 574
Stated ordinary share capital	4 478 284	-	-	-	-	-	-	4 478 284
Reserves	19 602 340	-	-	-	-	-	-	19 602 340
Non-controlling interest	136 950	-	-	-	-	-	-	136 950
Non-current liabilities	4 490 970	-	-	-	-	-	-	4 490 970
Deferred tax liabilities	524 243	-	-	-	-	-	-	524 243
Long-term portion of borrowings	2 342 670	-	-	-	-	-	-	2 342 670
Post-retirement obligations	50 836	-	-	-	-	-	-	50 836
Puttable non-controlling interest liabilities	1 168 921	-	-	-	-	-	-	1 168 921
Long-term portion of provisions	397 970	-	-	-	-	-	-	397 970
Long-term portion of operating lease liabilities	6 330	-	-	-	-	-	-	6 330
Current liabilities	27 632 137	-	-	-	-	-	-	27 632 137
Trade and other payables	21 505 266	-	-	-	-	-	-	21 505 266
Short-term portion of provisions	358 319	-	-	-	-	-	-	358 319
Vendors for acquisition	513 308	-	-	-	-	-	-	513 308
Taxation	409 760	-	-	-	-	-	-	409 760
Short-term portion of borrowings	4 845 484	-	-	-	-	-	-	4 845 484
Total equity and liabilities	56 340 681	-	-	-	-	-	-	56 340 681
Net assets per share (cents)	7 180	-	-	-	-	-	-	7 180
Net tangible assets per share (cents)	2 887	-	-	-	-	-	-	2 887
Actual number of ordinary shares in issue	335 404	-	-	-	-	-	-	335 404

Equity reconciliation

as at June 30 2016

	Shares issued R'000	Equity value R'000
Equity reconciliation		
Issue of shares in respect of the acquisition of SA food interests	188 654	3 053 173
Issue of shares in respect of the acquisition of the included properties	52 585	851 028
Issue of shares in respect of the acquisition of treasury shares	94 155	1 523 815
Total	335 394	5 428 016

Headline earnings

as at June 30 2016

The following adjustments to profit attributable to shareholders were taken into account in the calculation of headline earnings:

	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
	Financial information of Bidcorp Audited R'000	Excluded assets Pro forma R'000	Issue of shares Pro forma R'000	SA food interests Pro forma R'000	Included food property and corporate Pro forma R'000	Treasury shares Pro forma R'000	Consolidation entries Pro forma R'000	Bidcorp Group Pro forma R'000
Profit attributable to shareholders of the company	3 279 576	(1 960)	–	141 224	21 017	–	(9 146)	3 430 711
Impairment of property, plant and equipment, intangible assets and investments held-for-sale	156 126	–	–	–	–	–	–	156 126
Investment held available-for-sale	119 076	–	–	–	–	–	–	119 076
Property, plant and equipment	41 463	–	–	–	–	–	–	41 463
Intangible assets	3 817	–	–	–	–	–	–	3 817
Tax relief	(8 230)	–	–	–	–	–	–	(8 230)
Net (profit) loss on disposal of interests in subsidiaries and disposal and closure of businesses	(34 804)	–	–	9 148	–	–	–	(25 656)
(Profit) loss on disposal and closure of business	(35 818)	–	–	9 148	–	–	–	(26 670)
Tax relief	1 014	–	–	–	–	–	–	1 014
Net loss on disposal of property, plant and equipment and intangible assets	11 499	–	–	–	–	–	–	11 499
Property, plant and equipment	4 256	–	–	–	–	–	–	4 256
Intangible assets	5 280	–	–	–	–	–	–	5 280
Tax charge	1 963	–	–	–	–	–	–	1 963
Impairment of associate	10 699	–	–	–	–	–	–	10 699
Headline earnings	3 423 096	(1 960)	–	150 372	21 017	–	(9 146)	3 583 379

Notes to the pro forma statement of comprehensive income of the Bidcorp Group for the year ended June 30 2016

Annexure B – pro forma information

1. Column 1 presents the actual financial information relating to the Bidcorp Group, which has been extracted from the audited financial information of the Bidcorp Group for the year ended June 30 2016.
2. Column 2 presents the unadjusted financial information relating to the excluded assets that did not form part of the Bidcorp Group from April 1 2016. The excluded assets were transferred out of the Bidcorp Group as part of the internal restructuring.
3. Column 3 presents financial effect on the weighted average number of shares (basic and diluted) of the issue of 335,4 million new Bidcorp shares had the unbundling taken effect on July 1 2015, as settlement for the disposal consideration in respect of the transferring assets. These adjustments will have a continuing effect on the Bidcorp Group's pro forma statement of comprehensive income.
4. Column 4 presents the financial information relating to Bidvest Food Africa from July 1 2015 to March 31 2016, which has been extracted from the financial information of Bidvest Food Africa for the period ended March 31 2016. Bidvest Food Africa forms part of the transferred assets that were transferred to the Bidcorp Group as part of the internal restructuring and as such, the income and expenditure relating to Bidvest Food Africa needs to be included in the consolidated pro forma financial information of the Bidcorp Group. The unadjusted income and expenditure relating to Bidvest Food Africa has been reviewed by KPMG Inc. and their unqualified review opinion is available for inspection. These adjustments will have a continuing effect on the Bidcorp Group's pro forma statement of comprehensive income.
5. Column 5 presents the unadjusted financial information relating to Bidvest Food Properties, which has been extracted from the financial statements Bidvest Food Properties for the period ended March 31 2016. Bidvest Food Properties forms part of the transferred assets and were transferred to the Bidcorp Group as part of the internal restructuring. The properties housed in Bidvest Food Properties are all owner occupied in terms of inter-company triple net leases. All expenditure relating to such properties, therefore, have historically, and will continue to eliminate on consolidation.

Column 5 also includes the financial information relating to Bidcorp Corporate Services:

- Costs of R39,2 million which relate to the executives who were employed by Bidvest but who are now employed by the Bidcorp Group subsequent to the listing and unbundling and other costs ("head office costs"). These adjustments will have a continuing effect on the Bidcorp Group's pro forma statement of comprehensive income;
 - Inclusion of the historical administrative fee income of R29,6 million incurred by subsidiaries of Bidcorp which represents a recovery of the head office costs. These adjustments will have a continuing effect on the Bidcorp Group's pro forma statement of comprehensive income;
 - Share-based payment (IFRS 2) charge of R7,9 million, and the related taxation adjustment, which relates to the executives who were employed by Bidvest but are now employed by the Bidcorp Group subsequent to the listing and the unbundling. These adjustments will have a continuing effect on the Bidcorp Group's pro forma statement of comprehensive income.
6. Column 6 read together with Column 7 illustrate that the financial effects of the transfer of the Bidvest treasury shares to Bidcorp and does not have an impact on the Bidcorp Group's pro forma statement of comprehensive income, other than the dilutionary effect of the increased number of issued shares. The effect of any dividends have not been taken into account as it is not considered to be material.
 7. Column 7 illustrates the elimination of the revenue and the related taxation from the included properties on consolidation and the financial effects of additional group interest due to the settlement of Bidvest inter-group loans. An expected interest charge of R12,2 million was calculated using an interest rate of 2,0%.
 8. Column 8 presents the pro forma statement of comprehensive income of the Bidcorp Group subsequent to the internal restructuring and including the adjustments detailed in columns 2 to 7, to reflect the Bidcorp Group as if the internal restructuring occurred on July 1 2015.

Notes to the pro forma statement of financial position of the Bidcorp Group for the year ended June 30 2016

1. Column 1 presents the audited statement of financial position relating to the Bidcorp Group Limited at June 30 2016.
2. Column's 2 to 7, show no changes to the pro forma statement of financial position of the Bidcorp Group as at June 30 2016 as the balances have been correctly excluded or included in the financial position of the Bidcorp Group in Column 1. Therefore, no adjustments to the statement of financial position were required.
3. Column 8 presents the audited statement of financial position relating to the Bidcorp Group Limited at June 30 2016.

Shareholders' information

BENEFICIAL SHAREHOLDINGS

Major shareholders holding 3% or more of the shares in issue

Government Employees Pension Fund (PIC)	52 892 881	15,8
GIC Asset Management Private Limited	10 875 930	3,2
	63 768 811	19,0

INVESTMENT MANAGEMENT SHAREHOLDINGS

Fund managers holding 3% or more of the shares in issue

PIC	47 074 079	14,0
J.P. Morgan Asset Management	30 205 008	9,0
Genesis Investment Management LLP	16 819 711	5,0
BlackRock Inc.	13 653 217	4,1
The Vanguard Group Inc.	12 083 030	3,6
Artisan Partners LP	11 061 768	3,3
GIC Asset Management Private Limited	10 387 686	3,1
	141 284 499	42,1

SHARES IN ISSUE

Total number of shares in issue	335 404 212
BTW Investments Proprietary Limited (treasury shares)	(2 967 910)
	332 436 302

BENEFICIAL SHAREHOLDER CATEGORIES

Unit trusts/mutual funds	110 498 134	32,9
Pension funds	102 680 061	30,6
Other managed funds	35 336 193	10,5
Sovereign wealth	22 592 821	6,8
Private investors	21 242 302	6,3
Insurance companies	10 175 402	3,0
Exchange-traded fund	7 344 140	2,2
Custodians	7 001 008	2,1
Trading position	5 798 398	1,7
Corporate holding	4 814 250	1,5
Investment trust	3 085 212	0,9
Black economic empowerment	2 240 146	0,7
Hedge fund	1 349 487	0,4
Charity	401 882	0,1
Local authority	341 924	0,1
Medical aid scheme	256 526	0,1
University	246 326	0,1
	335 404 212	100,0

	Total shareholding	%
GEOGRAPHICAL SPLIT OF BENEFICIAL SHAREHOLDERS		
Region		
South Africa	162 689 103	48,4
United States of America and Canada	78 178 345	23,3
United Kingdom	18 486 093	5,5
Rest of Europe	43 660 798	13,0
Rest of World ¹	32 389 873	9,8
	335 404 212	100,0

¹ Represents all shareholdings except those in the above regions.

	Number of holders	% of total shareholders	Number of shares	% of issued capital
ANALYSIS OF SHAREHOLDING				
Shareholder spread				
1 – 1 000 shares	38 020	83,5	10 234 063	3,1
1 001 – 10 000 shares	6 316	13,9	16 835 805	5,0
10 001 – 100 000 shares	916	2,0	27 634 359	8,2
100 001 – 1 000 000 shares	230	0,5	70 738 479	21,1
1 000 001 shares and above	45	0,1	209 961 506	62,6
Total	45 527	100	335 404 212	100,0

SHAREHOLDER SPREAD

Shareholder type

Non-public shareholders	10	0,02	4 747 496	1,4
Directors	3	0,01	1 100 494	0,3
Bidvest Pension/Retirements Funds	6	0,01	679 092	0,2
BTW Investments Proprietary Limited	1	0,00	2 967 910	0,9
Public shareholders	45 517	99,98	330 656 716	98,6
Total	45 527	100,00	335 404 212	100,0

Shareholders' diary

Financial year-end		June 30
Annual general meeting		November
Reports and accounts		
Interim report for the half-year ended December 31		February
Announcement of annual results		August
Annual integrated report		October
Distributions	Declaration	Payment
Interim distribution	February/March	March/April
Final distribution	August/September	September/October

Glossary of terms and acronyms

Additives and spices category	Ingredients added to food product to enhance the properties of the food product and prolong shelf life (additives) and flavour food product (spices)
Ambient products	Food that can be stored at room temperature, generally about 20°C
Bakery segment	Segment of the group which manufactures and distributes baking ingredients and equipment
B-BBEE	Broad-based black economic empowerment
BFA	Bidcorp Food Africa Proprietary Limited – a company registered in South Africa
BFS (EUROPE)	Bidcorp Foodservice (Europe) – a company registered in the United Kingdom
BF	Bidfood Proprietary Limited, previously Bidvest Foodservice Proprietary Limited – a company registered in South Africa
BFS247	BF's online ordering platform
BID	Share code for Bidcorp on the JSE
Bidcorp	Bid Corporation Limited – a company registered in South Africa
BidOne	NZ based software development team, previously BluePepper, responsible for the development and maintenance of the group's e-commerce customer portal. Accessed globally from any device for online ordering, menu planning, invoicing, sales reports, and day-to-day customer engagement
Bidvest	The Bidvest Group Limited – a company registered in South Africa
BPC	Bidfood Procurement Community – global procurement company sourcing product for Bidcorp
Brexit	Withdrawal of the United Kingdom from the European Union
Carton-movers	Traditional low margin logistics distribution business
Catering sector	A broad service category that provides food service at a remote site or a site at a hotel, care home, office building etc
Centre-of-plate	The main element of a dish e.g. beef, lamb, pork
Chilled products	Food that is stored at refrigeration temperatures (between 2°C and 4°C)
Contract distribution	Entire order delivered on one truck with freedom to select products, regular timed deliveries
Convenience stores	A small retail business with extended hours which stock grocery and food items
CP	Chipkins Puratos Proprietary Limited, previously Bidvest Bakery Solutions Proprietary Limited – a company registered in South Africa
CFG	Crown Food Group Proprietary Limited, previously Bidvest Food Ingredients Proprietary Limited – a company registered in South Africa
DC	Distribution centre
Direct	Online system for product management and online trading
Direct-to-customer	A business model adopted designed to sell online products direct to customers
DSM	Demand side management
EMS	Environmental management system
Farm gate inflation	Agricultural price inflation
Foodservice sector	The business of being a delivered wholesaler of a broad multi-temperature product range to the catering and hospitality sectors
Four geographic segments	Australasia, United Kingdom, Europe and Emerging Markets Bidcorp adopted divisional structure
Free trade	Also referred to as street trade or independent trade Standalone customers which are not part of a large conglomerate or holding entity, usually owner managed high-end restaurants
Fresh products/produce	Fresh produce (fruits and vegetables), meat, fish or poultry
Fresh segment	A segment of the foodservice sector that supplies fresh products (as defined above)

Glossary of terms and acronyms

Frozen products	Prepared fresh product, packaged and frozen at -18°C for distribution
Gourmet cuisine	A unique group of distributors based in Singapore, Hong Kong and Malaysia which sources and distributes the finest fresh foods and gourmet products across Asia
Group/Consolidated	Bidcorp and all subsidiaries (see Annexure A pg 144)
Him Kee Dry goods business	Business in Hong Kong providing specialty dry grocery goods including pastas, cereals, oats, organic cereals and grains, flours, rice, yeast, grains, beans and seeds etc
Horeca	A foodservice distribution channel that includes hotels, restaurants, caterers, cafés and the broader hospitality industry
Hospitality sector	A broad service category that inter alia provides food service at a hospitality unit such as a restaurant, pub, hotel etc
Industrial caterers channel	A provider of catering services to the employees/clients of institutions and factories, the industrial caterer usually has a presence situated on site
Institutional channel	A foodservice distribution channel that includes canteens, hospitals, schools, care homes, prisons etc
Irmãos Avelino	Bidfood foodservices provider and distributor in the Brazilian market
JSE	Johannesburg Stock Exchange Limited
Logistics segment	A segment of the foodservice sector that supplies logistics solutions to large scale food providers and the QSR trade
LTIFR	Lost-time injury frequency rate
Mariusso	Foodservice distributor based in greater São Paulo, Brazil
Mol	Memorandum of Incorporation
National accounts channel	Accounts which have a head office structure with one point of contact for overall account management
Natural casings category	Sheep, hog or beef sausage casings
Non-food products	Collection of non-food items ranging from cleaning products, work clothing to everything needed to create the perfect table setting; eg the DAC "DEDI" range
Nowaco	A leading distributor of frozen and chilled food for the retail, wholesale and Horeca sectors in the Baltics. Own brand Nowaco is a well-known brand of frozen fish in the Baltics; and our own brand NowaMeat and Horeca Exclusive are popular Baltic product ranges
Out-of-home eating	Restaurant and casual dining prepared outside of the home
Own-brands	Also known as home-brands or own manufactured products or private label products. These are products and brands manufactured by Bidcorp and TM registered
Pastry Global	A business selling premium pastry ingredients to the bakery and confectionary sector in Hong Kong and Macau
President products	French dairy brand sold and distributed by Angliss China
Processing segment	A segment of the foodservice sector which manufactures and distributes processed, semi-processed and pre-packaged products
QSR	Quick service restaurant
Ready meals	Pre-packaged frozen or chilled meals
Ready-to-eat	Prepared deli foods supplied by Angliss Macau
Repack products	Repacking of bulk containers of whole produce into smaller quantities
Retail segment	Business which supplies a full-range of products to supermarkets and hypermarkets
R Noone & Son	Manchester based fresh produce supplier to the catering industry
Route trade	Export of food and non-food items by sea or air and sourcing of products required by customers
Shabu-shabu	Japanese nabemono hotpot dish of thinly sliced meat and vegetables boiled in water
Sous Vide products	Quality cuts sealed in airtight plastic bags for slow cooking in water baths or in temperature-controlled steam environments
Voice picking	Accurate, efficient, and effective order picking system implemented in warehouses
Wholesale bakery category	Medium-sized plants which manufacture and sell bakery and patisserie products to artisan bakeries, fast food outlets and retailers and supermarkets for resale to the consumer
Wynne-Williams Flint	Newly acquired Wales based butchery business in the Bidfood UK business

Administration

Bid Corporation Limited

Incorporated in the Republic of South Africa
Registration number: 1995/008615/06
Share code: BID
ISIN: ZAE000216537

Directors

Non-executive chairman: B Joffe

Lead independent director: DDB Band

Independent non-executive: PC Baloyi, S Koseff, NG Payne, DD Mokgatle, H Wiseman*

Executive directors: BL Berson* (chief executive), DE Cleasby (chief financial officer)

**Australian*

Company secretary

AK Biggs CA(SA) MBA

Independent auditor

KPMG Inc.
Registration number: 1999/021543/2
KPMG Crescent, 85 Empire Road
Parktown, Johannesburg 2193
Private Bag 9, Parkview, 2122

Legal advisers

Baker & McKenzie
Edward Nathan Sonnenbergs
Werksmans

Transfer secretaries

Computershare Investor Services Proprietary Limited
PO Box 61051, Marshalltown, 2107
0861 100 950

Sponsor

The Standard Bank of South Africa Limited
30 Bauer Street, Rosebank
South Africa, 2196

Bankers

Absa Bank Limited
ASB Bank Limited
Barclays Bank Limited
BNP Paribas Fortis
Ceskoslovenska obchodni banka, a.s. (CSOB)
Commonwealth Bank of Australia Limited
Fortis Bank Polska SA
Hang Seng Bank Limited
HSBC Bank plc
Internationale Nederlanden Groep (ING)
Nedbank Limited
The Royal Bank of Scotland Group Plc
The Standard Bank of South Africa Limited
Standard Chartered PLC
UBI Banca

Registered office

Bid Corporation Limited
2nd Floor North Wing, 90 Rivonia Road, Sandton, 2196
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For further information regarding our group can be found on the Bidcorp website: www.bidcorpgroup.com



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