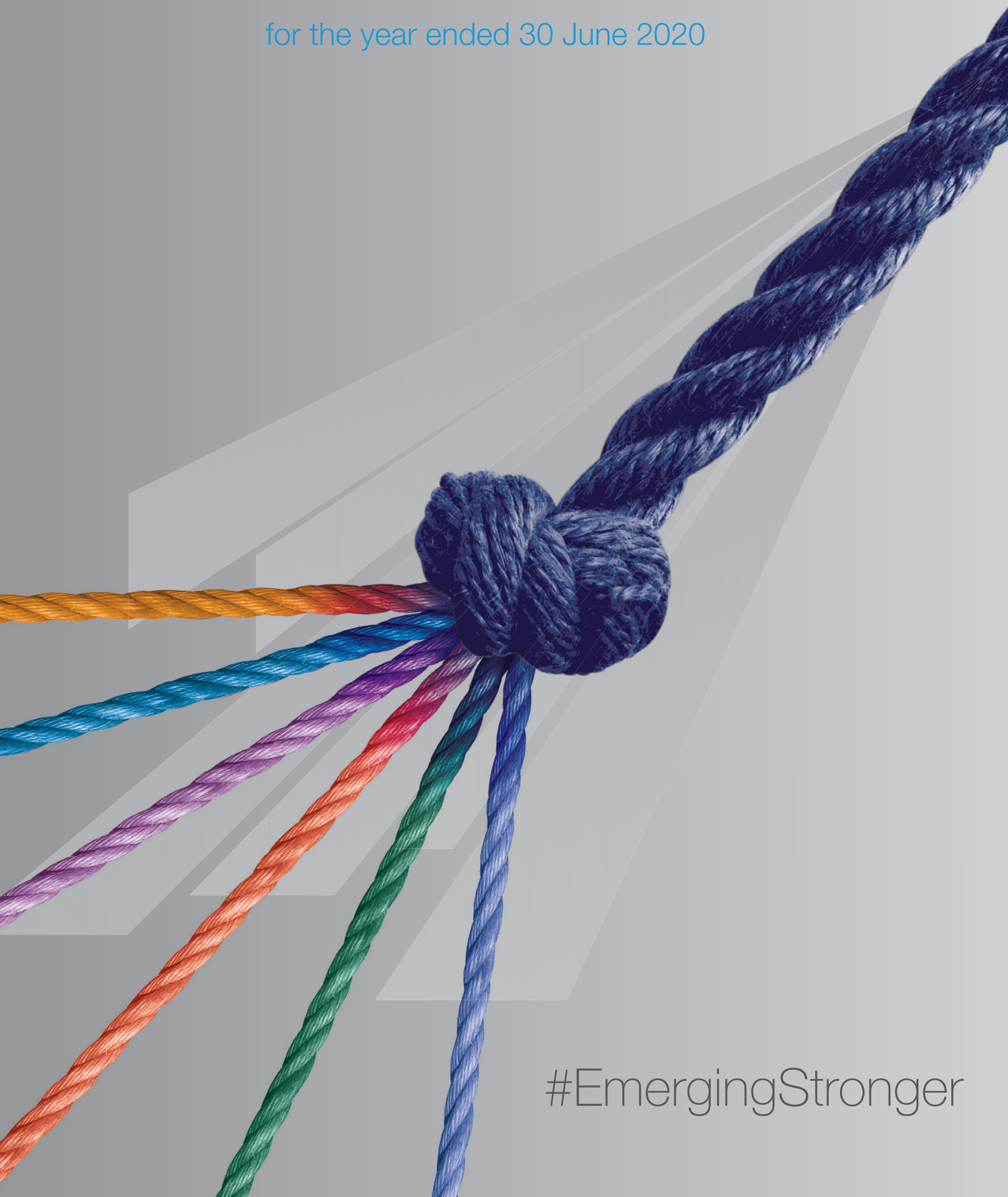
Bidvest

Audited financial results

for the year ended 30 June 2020



Salient features

R9.2bn
cash generated from operations up 38%

Free cash flow of
R3.7bn
a R1.4bn increase

R6.9bn
trading profit from continuing operations, up 3%, before R1.6bn COVID-19 charges

Normalised HEPS from continuing operations of
1 028.3 cents
down 23%

HEPS from continuing operations
553.2 cents

Exceptional asset management during challenging times resulted in a normalised
23% ROFE

Robust
balance sheet with moderate gearing

CE – designate Mpumi Madisa will assume Chief Executive role from
1 October 2020

Message to shareholders

Introduction

This financial year has been unprecedented. Never has the world, our country, Group and our people been tested to such an extent. But the true Bidvest spirit shone through. Numerous cost containment, liquidity preservation and strategic steps were implemented in rapid response to considerable demand changes. Various wellness and support interventions were rolled out to assist our employees and communities as their livelihoods were severely impacted. At the same time, innovation within our businesses ramped up to continue to add value to our customers. The Bidvest family is proud of what has been achieved, providing a solid platform to ensure that we are capable of #EmergingStronger.

The Group implemented various measures to lessen the impact of COVID-19 infections on its employees, communities and operations. Prevention and treatment interventions were rolled-out across the Group to manage health, safety and recovery during this time. Our sincerest condolences go to the families, friends and colleagues of the 35 Bidvest employees that sadly succumbed to the COVID-19 virus.

Highlights

The Group delivered a credible financial performance during the financial year which ended on 30 June 2020, considering the already significantly constrained South African economy pre-COVID-19 and the pandemic's impact on the last quarter. Post the complete national lockdown in April, monthly trading results have progressively improved.

At the onset of the lockdown, Bidvest proactively bolstered its liquidity position by securing R4.5 billion additional general credit facilities with South African banks, taking committed general banking facilities to a total of R11.6 billion. An intensified focus on cash generation and working capital management, together with rapid and decisive cost containment measures, resulted in R2.5 billion more cash generated from operations to total R9.2 billion. As a consequence, the Group had no need to access the additional credit facilities secured, a truly remarkable result and testament to Bidvest's long-standing cash generation focus.

The acquisition of PHS Group (PHS), a leading hygiene service provider in the United Kingdom (UK), Ireland and Spain, for GBP495 million was concluded and funded with a GBP-denominated bridge facility. Despite adding this significant amount of debt on the balance sheet, the net debt EBITDA remained well within the Group's gearing tolerance.

Exceptional cost discipline and improved gross profit margin were highlights in a very challenging year. Trading profit declined 19.9% after taking account of R1.6 billion in COVID-19 related charges. Almost two-thirds of profit originated from the services businesses, comprising the Services, Freight and Financial Services divisions, and provided a defensive underpin.

Bidvest family

An imperative during this crisis is to protect and provide for the safety, health and well-being of employees who are, collectively, the backbone of our businesses.

Bidvest established a R400 million Bidvest COVID-19 Fund ("Fund"), to assist our South African employees not working due to the lockdown restrictions. The 30% salary and fee sacrifice by the executive management team and board members respectively, during the last quarter, was added to the Fund. Various other employee and family support initiatives, such as a Group-wide comprehensive employee wellness support programme, COVID-19 testing and bursary extensions for children of those retrenched were rolled out.

Applications to the UIF on behalf of our employees for the COVID-19 TERS benefit were made and are ongoing. Furlough support programmes by the governments of the UK and the Republic of Ireland are comprehensive in supporting the livelihoods of our employees in these countries.

During the most stringent lockdown periods, approximately 75 000 of our employees were not working. Today, 91% of our employees are back at work.

Bidvest is also contributing to the social needs of the broader stakeholder community in the country, including a donation to the Solidarity Fund, a donation of PPE, cleaning and hygiene products and decontamination services to 2 800 schools as part of a nationwide school readiness project.

In addition, we sponsored the launch of the Woza Matric of 2020 campaign, a free-to-air television initiative aimed at grade 12 learners, in partnership with the SABC and Department of Education. We are also in the process of distributing food hampers in low-income communities across three provinces, to reach a total of 20 000 households once the project is completed.

Financial overview

Revenue from continuing operations was R76.5 billion (2019: R76.1 billion). On a comparable basis, the impact of the national lockdown on trading was broadly neutralised by the maiden consolidation of Adcock Ingram ("Adcock") and two months of PHS.

Gross profit margin improved from 29.6% to 30.6%. Operating expenses increased by 9.6%. Cost containment received extra attention, particularly at the onset of the pandemic. Excluding the impact of material acquisitions, IFRS 16 and COVID-19 related expenses, as a direct result of actions taken, expenses declined by 6.3%.

Services delivered a good overall result, with an excellent performance from Noonan while the SA profitability was negatively impacted by no travel- and hospitality-related activity in the last quarter. Freight delivered a resilient result on lower trade activity through South Africa's ports. Branded Products' result was a combination of a solid Adcock performance while the balance of the division bore the brunt of lower demand and trade restrictions during lockdown. The esults from Commercial Products and Automotive mirrored the latter. In Financial Services the negative impact of a complete drop-off of foreign exchange demand in the last quarter and fleet contracts rolling off, more than outweighed higher investment income.

Acquisition costs of R178.2 million relate mainly to the acquisition of PHS and other corporate actions.

Net capital items of R2.0 billion were recognised, R1.1 billion of which is attributed directly to COVID-19. Property, plant and equipment as well as goodwill and intangible assets of certain Brandcorp businesses and automotive dealerships in SA and Namibia, amongst others, were impaired by R1.0 billion as a result of lower forecast cash flows impacted by COVID-19, the expected slowdown in economic activity as well as higher discount rates. The losses recognised on the closure and disposal of Glenryck, Mansfield Group, Bidvest Wits and others totalled R247.2 million. Net negative adjustments of R485.7 million were made to the investment values of Adcock and Comair prior to the former becoming a subsidiary and the latter being put into business rescue. The balance of the charge relates to the insurance receipts on damaged Freight equipment.

Excluding the impact of IFRS 16, net finance charges were 7.4% higher at R993.3 million (2019: R924.6 million). Additional borrowings were raised to fund acquisitions. Despite the higher commitment fees and spreads over base rates, the decrease in interest rates and addition of cheaper offshore funding, lowered the Group's average cost of debt to 5.7% pre-tax (2019: 6.7%).

Share of losses from associates resulted from the operating losses incurred by Comair prior to going into business rescue as well as the impairment of the full outstanding SAA settlement. Adcock was accounted for as an associate for only one month compared to a full year previously.

The Group's taxation expense decreased by 40.5% to R851.6 million (2019: R1.4 billion). The effective tax rate of 65.7% (2019: 27.1%) was impacted by non-tax deductible associate, goodwill and Mumbai International Airport Limited (MIAL) impairments, losses on disposal of businesses, no deferred tax assets raised on closed operations Bidair Services, Commuter Handling Services and Voltex Namibia and other items.

Normalised headline earnings per share (HEPS) from continuing operations, a metric utilised by management to assess the underlying business performance excluding acquisition costs and amortisation of acquired customer contracts, fair value uplift of Adcock's inventory, Bidvest's share of Comair's full impairment of the outstanding SAA settlement as well as COVID-19 expenses, declined by 22.9%.

Bidvest's HEPS from continuing operations decreased by 59.5% to 553.2 cents per share. Basic earnings per share from continuing operations decreased from 1 133.8 cents to 49.8 cents mainly due to impairments, business closures and disposals together with the contraction in the share prices of associates.

Bidvest net debt increased from R7.8 billion to R19.2 billion, largely due to the acquisition of PHS for GBP495 million, effective 1 May 2020. Strong free cash flow generation resulted in Bidvest remaining within bank covenants of 3.0x net debt / EBITDA and greater than 3.5x interest cover, despite the disproportionate amount of debt versus EBITDA added and the lost trading in the fourth quarter. Net debt/EBITDA was 2.1x (2019: 0.9X)

The PHS acquisition is funded with a GBP-denominated bridge facility, repayable in December 2021. Following the downgrade of South Africa to junk status, and the resultant impact on the Bidvest credit rating, as well as the deterioration in the country's macroeconomic position, indicative credit spreads have widened considerably. This makes the initial decision to replace the bridge facility with a foreign-denominated bond less viable. The geographic mix of debt is also misaligned relative to trading profit. Management therefore embarked on a process to review the capital structure and evaluate all alternatives. As a consequence, the following steps have been taken to date to part-settle the bridge funding: R4.0 billion debt is in the process of being raised from local banks and offshore cash of R2.5 billion has been earmarked. Expected proceeds from the MIAL disposal and normal free cash generation in the business, will go a long way in settling the bridge funding. Further steps are being contemplated.

Total assets increased by 46.6% to R90.9 billion as Adcock and PHS was consolidated and right-of-use assets recognised under IFRS 16. The acquisition of PHS brought about R11.7 billion in goodwill which represent long-standing customer contracts and a leading brand, from which Bidvest expects to derive significant future value. NAV is R68.16 per share (2019: R75.71).

Cash generated by operations at R9.2 billion, was 38.2% higher than the R6.6 billion generated in the prior year. This is boosted by the adoption of IFRS 16 (positive R1.5 billion impact). The Group released R0.9 billion of working capital in the current year compared to an absorption of R1.3 billion in the prior year. The main impact, year-on-year, was from lower trade receivables on the back of lower activity levels. Free cash flow after leases increased by R1.4 billion to R3.7 billion.

Normalised return on funds employed, which excludes the COVID-19 charges declined marginally from 23.2% to 23.0%, as asset management remains a core focus, particularly in these challenging times. Normalised ROIC was 12.9% (2019: 18.4%) which is still in excess of the Group's weighted cost of capital.

Corporate action

The acquisition of PHS became effective on 1 May 2020. PHS was founded in the UK in 1963 and today service more than 120 000 customers. More than half its customers have long-standing relationships with PHS. Advance billings and high retention rates result in significant revenue visibility and attractive operational cash conversion. During the due diligence, management identified five areas of synergy and cost saving to achieve an improved margin, which is more in line with industry peers. Work has started to bring this into effect.

The hygiene market is increasingly resilient and is supported by structural growth drivers such as urbanisation, hygiene and safety standards as well as a growing and aging population, to name a few. The global outbreak of the COVID-19 pandemic undoubtedly heightened the awareness of and need for out-of-home hygiene. This is expected to accelerate the development and maturity of the industry globally.

As previously reported, the anticipated R3.2 billion Eqstra transaction was terminated. Three bolt-on acquisitions were concluded in Services, the most notable being Future Cleaning which augmented the footprint of Noonan's UK operations.

Following a detailed strategic review of all Bidvest businesses, a decision was taken to divest of Bidvest Car Rental and Bidair Services. Formal disposal processes were kicked off and have progressed since year-end. Management's preference is to sell the businesses in order to preserve as many jobs as possible. Bidvest Car Rental was disclosed as a discontinued operation.

The disposal of our stake in MIAL has been extremely frustrating and embroiled in litigation. A reduced offer was accepted given the deteriorated financial position of the airport as a result of the pandemic. Parties have agreed to cooperate in order to expedite the closing of the transaction.

Dividend

In light of the extraordinary levels of uncertainty as it relates to the economies and environments in which we operate and the restructuring actions taken, the board believes that the decision to not declare a final divided balances the interests of all stakeholders. This leaves the total dividend for the year at 282 cents per share, 53.0% lower year on year.

Prospects

Bidvest recognises that the pandemic will result in socio-economic shifts and consequently long-term structural changes to the economy and business in general. In recent weeks, Bidvest right-sized operations to make sure that our operating models remain relevant and future-fit, reinforce competitive positions, and ensure that the businesses have sufficient scale for growth. This unfortunately led to retrenchments across all six divisions.

Industries that are under incremental pressure include travel- and tourism-related activities, while out-of-home hygiene offers good structural growth opportunities. Affected Bidvest businesses have taken account of this in their planning.

Overall, we expect the uncertain and fragile operating environment to persist. Bidvest's basic-need services and everyday essential product ranges should stand it in good stead, especially when coupled with an innovative, value-adding mindset. In recent weeks, we have noted anecdotal market share gains across many of our Commercial Products businesses as we have stock available to trade. Our flagship liquid petroleum gas (LPG) storage project is expected to be commissioned during September 2020. The acquisition of PHS leapfrogged our hygiene exposure and this will be leveraged going forward.

South Africa's need for real GDP growth to create employment and prosperity for all, is undeniable. Bidvest is actively participating in national workstreams incorporating labour, government and private sector to achieve this.

Bidvest will continue to invest strategically to generate sustainable profits for the long term. The Group remains alert to opportunities both locally and internationally to further its strategy to expand into niche areas but will remain steadfast in our capital allocation disciplines.

Bidvest is well positioned to participate in pockets of activity and opportunities. Disciplined asset management, cost control and an agile business approach should yield good results. We remain confident in our overall resilience and ability to deliver consistent, sustainable growth over the long-term.

Chief executive

On 4 March 2019, Bidvest announced the appointment of Ms Mpumi Madisa as Chief Executive – designate, consistent with a comprehensive succession plan that was developed and has been executed over the past several years. The last 18 months was spent on extensive preparation for a smooth transition. Mr. Lindsay Ralphs, the current CEO, has now reached his retirement age, and Ms. Mpumi Madisa will assume the position of Bidvest CEO, effective 1 October 2020.

The Bidvest family and board of directors thank Lindsay for 28 years of invaluable commitment and contribution. He will leave behind a deep legacy and his distinct mark on Bidvest that will continue to guide the Group in its future endeavours. We wish him well in his retirement.

The Group

Bidvest is a leading business-to-business services, trading and distribution group, operating through six divisions: Services, Branded Products, Freight, Commercial Products, Financial Services and Automotive. The Group owns a significant Bidvest occupied property portfolio. Bidvest has a 53.6% stake in Adcock.

DIVISIONAL REVIEW

Services

Trading profit of R2.1 billion is an outstanding result considering the operating environment. Noonan performed exceptionally well and the results of the recently acquired PHS, which are included for the last two months of the year, are in line with expectations. Noonan widened its trading margin to 6.5% as focus on COVID-19 products and services was augmented by strong commercial and cost control. Recently acquired Future Cleaning's performance was disappointing as pubs and cinemas were closed. Both Noonan and PHS are seeing the benefits of a return to work in the UK, and synergies are being actively pursued between the two companies.

The Facilities Management cluster performed well. New contracts, the sale of COVID-19-related products and services more than offset the complete lack of hospitality business. Mastrantonio's catering operations were acquired to elevate the Bidvest offering into the corporate customer base. Within the Security and Aviation cluster, Protea Coin and UDS delivered excellent results. BidTrack, Vericon and Bidair Cargo achieved good results as it responded well to market changes. Bidair Lounges was on track for a record performance but was curtailed in the pandemic-affected fourth quarter. Bidair Services will be divested and incurred a loss during the year. Significant restructuring/closure costs were incurred. Businesses within the Allied Cluster held their own despite no hospitality demand and reduced water and coffee demand in corporate offices impacting Puréau. The Travel cluster was harshly impacted, resulting in a loss for the year. The extensive restructuring plan was accelerated. Strategically, the cost of doing business is being sharply reduced and niche inbound travel exposure increased.

Looking forward, management is monitoring how the future of remote working will impact the "empty building" syndrome in the regions where the division operates and is positioning its offering to respond. The opening up of international borders is critical to the travel- and tourism-related activities.

Branded Products

Adcock has been combined with the Office and Print division and other consumer businesses and this is the first annual reporting period of this integrated Branded Products division. Trading profit rose 49.2% to R1.4 billion. Despite the volatility and pressures with regard to demand patterns brought on by the pandemic Adcock's annual sales were 4% ahead of the prior year, but trading profit was flat. Margins were impacted by a weaker exchange rate, COVID-related costs and lower recoveries at certain facilities. There were excellent performances from Adcock's Critical Care and Consumer units, a commendable performance from OTC but the Prescription results were adversely affected by fewer patients consulting doctors and the postponement of elective surgeries.

Demand for printing and office products declined further as a result of remote working and online schooling. Technology solutions offered by Bidvest Mobility, essential product packaging and packaging geared towards e-commerce performed well. Consumer Products were negatively impacted by constrained consumer demand and trade restrictions. Almost all businesses were right-sized for expected lower demand. Online offerings are being expanded and improved. Cash generation was excellent.

Adcock continues to seek appropriate business and product acquisitions. While there has been a resumption of trade in certain segments of the office and print market, there is a large degree of hesitation. Online offerings will continue to grow.

Freight

R1.2 billion trading profit, down 16.3%, is indicative of the subdued local economy and lower global trade culminating in less volumes handled. Bidvest Tank Terminals performed well as the positive impact of efficiencies more than offset a 3% volume decline. Capacity requirements of a few customers have changed and are being managed. The LPG project was delayed due to the lockdown and travel restrictions preventing technical completion. South African Bulk Terminals produced an almost flat result even though maize exports only commenced in June, but wheat imports were strong following a poor local crop. Bulk Connections handled 1% more volume despite the lockdown disruptions. Encouragingly rail supply increased in June. Bulk Connections has ongoing engagements to optimise and increase rail allocation which should ultimately resolve some of the port congestion. The remaining result reflects the challenging trading environment in which Bidfreight Port Operations, Bidvest International Logistics, SA Container Depots and Ontime operated. Limited trading activity during the lockdown period, lockdown-led restructuring and right-sizing initiatives all had an impact.

While the immediate outlook for trade activity remains uncertain, a contribution from the LPG project is expected, a good maize crop and any economic recovery, albeit protracted, will be beneficial.

Commercial Products

Depressed trading conditions driven by little industrial and construction demand was followed by severe restrictions placed on all businesses within this division during the lockdown. Trading profit contracted 46.6% to R393.0 million. The slight decline in gross profit margin was the result of lower factory recoveries while trading margin was well controlled under the poor trading conditions. There were, however, excellent trading results from G Fox, Afcom and Bidvest Materials Handling. Bidvest's former electrical division was amalgamated into the Commercial Products division and a new management structure has been implemented with various operating changes being made. Operations in Namibia delivered poor results. Detailed and in-depth reviews of each business within the division were completed and appropriate action has been taken where necessary. Cash generation was excellent.

Commodity and product price increases as well as product shortages are becoming evident in the market. Bidvest operations are well stocked to take advantage of this as well as the uptick in DIY demand.

Financial Services

Bidvest Bank's non-interest revenue was severely affected by the international travel restrictions, which negatively impacted forex and currency card revenue streams. New business, including insurance policy sales, was disrupted and reduced employee headcounts affected the Bidvest Wealth and Employee Benefits business. A key challenge remains the fleet business, largely due to capital paydowns on the older fleets, while new business rollout has been slower than anticipated. Bidvest Bank liquidity remains healthy and is also very well capitalised with a further increase in deposits. The bank's balance sheet continues to grow. Payment deferrals were approved after case-by-case assessments. The IFRS 9 Expected Credit Loss provision increased driven by the impact of COVID-19 on the global and SA economy. FinGlobal and TradeFlow performed well. New banking and foreign exchange alliances are being explored and finalised. Investment income increased year-on-year.

Rationalisation of the branch network has been accelerated in response to the roll-out of digital forex and money transfer capabilities and changes in demand. Bidvest Insurance has recently launched new products for which initial demand has been encouraging. Across the division, management is focused on reducing the cost of doing business.

Automotive

Trading profit from continuing operations was decimated. This is despite producing excellent results for the first nine months of the year. The trading profit excludes Bidvest Car Rental, which has been treated as a discontinued operation, following the disinvestment of this business towards the end of the year. Even before the pandemic's effects, new vehicle sales were declining and trading conditions in the used car market were difficult given low consumer and business confidence. The rolling over effect of a declining car parc, particularly the portion under service and maintenance plans, continued to put pressure on aftermarket activities. The gross profit margin increased by an encouraging 60bps. Fixed operating costs, the bulk of which relate to facilities, could only be tweaked in response to the shutdown. Further restructuring was done based on expected buyer demand.

Recent new and used car sales, as well as workshop volumes, were surprisingly positive when compared to the pre-COVID February month. The impact of large-scale retrenchments across the SA economy and constrained disposable income could disrupt the demand rebound in the coming months.

Bidvest Properties and Corporate

Bidvest Properties delivered another strong result with trading profit largely unchanged at R579 million. The portfolio comprises 133 properties with an estimated market value of R8.6 billion, significantly higher than book value.

The R400 million Bidvest COVID-19 fund was accounted for in Corporate Office. The MIAL investment was adjusted for foreign exchange movements since the previous reporting date. A lower offer was accepted given the deteriorated financial position of the airport and the negative impact was accounted for.

For and on behalf of the board

BF Mohale
Chairman

LP Ralphs
Chief executive

Johannesburg
14 September 2020

Independent auditor's report on the summarised consolidated financial statements

To the Shareholders of The Bidvest Group Limited

Opinion

The summarised consolidated financial statements of The Bidvest Group Limited, set out on pages 11 to 34 of The Bidvest Group Limited audited financial results which comprise the summarised consolidated income statement, the summarised consolidated statement of other comprehensive income, the summarised consolidated statement of cash flows, the summarised consolidated statement of financial position as at 30 June 2020 and the summarised consolidated statement of changes in equity for the year then ended, and related notes, are derived from the audited consolidated financial statements of The Bidvest Group Limited for the year ended 30 June 2020.

In our opinion, the accompanying summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the JSE Limited's (JSE) requirements for summarised financial statements, as set out in the note "Basis of presentation of summarised consolidated financial statements" to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

Summarised consolidated financial statements

The summarised consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summarised consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon. The summarised consolidated financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 11 September 2020. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

Director's responsibility for the summarised consolidated financial statements

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with the JSE's requirements for summarised financial statements, set out in the note "Basis of presentation of summarised consolidated financial statements" to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: C West
Registered Auditor
Johannesburg

14 September 2020

Summarised consolidated income statement

R000s	Year ended 30 June 2020 Audited	Year ended 30 June 2019 Restated Audited	% Change
Continuing operations			
Revenue	**76 542 581**	76 058 362	0,6
Cost of revenue	**(53 101 006)**	(53 511 794)	(0,8)
Gross profit	**23 441 575**	22 546 568	4,0
Operating expenses	**(18 079 797)**	(16 501 399)	9,6
Net impairment losses on financial assets	**(245 401)**	(54 440)	
Other income	**266 807**	308 395	
Income from investments	**(43 482)**	368 258	
Trading profit	**5 339 702**	6 667 382	(19,9)
Share-based payment expense	**(202 494)**	(188 840)	
Acquisition costs and customer contracts amortisation	**(345 229)**	(65 858)	
Net capital items	**(1 973 149)**	(787 102)	
Profit before finance charges and associate income	**2 818 830**	5 625 582	(49,9)
Net finance charges	**(1 429 627)**	(924 585)	54,6
Finance income	**80 253**	238 152	
Finance charges	**(1 509 880)**	(1 162 737)	
Share of (loss) profit of associates	**(92 250)**	583 198	
Current year earnings	**(87 129)**	592 104	
Net capital items	**(5 121)**	(8 906)	
Profit before taxation	**1 296 953**	5 284 195	(75,5)
Taxation	**(851 589)**	(1 431 779)	(40,5)
Profit for the year from continuing operations	**445 364**	3 852 416	(88,4)
Discontinued operations			
Loss after tax from discontinued operations	**(632 267)**	(48 486)	
(Loss) profit for the year	**(186 903)**	3 803 930	

R000s	Year ended 30 June 2020 Audited	Year ended 30 June 2019 Restated Audited	% Change
Attributable to			
Shareholders of the Company – continuing operations	**168 981**	3 823 768	(95,6)
Shareholders of the Company – discontinued operations	**(632 267)**	(48 486)	
Non-controlling interest	**276 383**	28 648	
	(186 903)	3 803 930	
Basic earnings per share (cents) – continuing operations	**49,8**	1 133,8	(95,6)
Diluted basic earnings per share (cents) – continuing operations	**49,7**	1 130,7	(95,6)
Basic earnings per share (cents) – discontinued operations	**(186,4)**	(14,4)	
Diluted basic earnings per share (cents) – discontinued operations	**(186,1)**	(14,3)	
Basic earnings per share (cents) – Group	**(136,6)**	1 119,4	
Diluted basic earnings per share (cents) – Group	**(136,4)**	1 116,4	
Supplementary Information			
Normalised headline earnings per share (cents) – continuing operations*	**1 028,3**	1 334,4	(22,9)
Headline earnings per share (cents) – continuing operations	**553,2**	1 366,4	(59,5)
Diluted headline earnings per share (cents) – continuing operations	**552,5**	1 362,7	(59,5)
Headline earnings per share (cents) – discontinued operations	**(159,2)**	(14,4)	
Diluted headline earnings per share (cents) – discontinued operations	**(159,0)**	(14,3)	
Normalised headline earnings per share (cents) – Group*	**869,1**	1 320,0	(34,2)
Headline earnings per share (cents) – Group	**394,0**	1 352,1	(70,9)
Diluted headline earnings per share (cents) – Group	**393,5**	1 348,4	(70,8)
Shares in issue			
Total ('000)	**339 770**	338 382	
Weighted ('000)	**339 264**	337 245	
Diluted weighted ('000)	**339 728**	338 164	

* *Refer normalised headline earnings note for detailed definition.*

R000s	Year ended 30 June 2020 Audited	Year ended 30 June 2019 Restated Audited	% Change
Headline earnings			
The following adjustments to profit attributable to shareholders were taken into account in the calculation of headline earnings:			
Profit attributable to shareholders of the Company – continuing operations	**168 981**	3 823 768	(95,6)
Impairment of property, plant and equipment, goodwill and intangible assets	**990 164**	10 299	
Property, plant and equipment#	**222 463**	9 580	
Right-of-use assets#	**145 144**	–	
Goodwill#	**496 850**	–	
Intangible assets#	**322 124**	1 648	
Taxation effect	**(141 865)**	(196)	
Non-controlling interest	**(54 552)**	(733)	
Net loss on disposal of interests in subsidiaries and disposal and closure of businesses	**247 181**	175 030	
Loss on disposal and closure#	**278 944**	202 250	
Taxation effect	**(18 482)**	(23 947)	
Non-controlling interest	**(13 281)**	(3 273)	
Net loss on disposal and impairment of associates	**485 711**	622 900	
Impairment of associates#	**523 279**	623 941	
Net loss (gain) on change in shareholding in associates#	**693**	(1 041)	
Taxation effect	**(38 261)**	–	
Net gain on disposal of property, plant and equipment and intangible assets	**(8 963)**	(19 016)	
Property, plant and equipment#	**29 981**	(28 192)	
Intangible assets#	**(30 681)**	(4 249)	
Taxation effect	**(8 263)**	11 554	
Non-controlling interest	**–**	1 871	
Compensation received on loss or impairment of property plant and equipment	**(11 267)**	(13 630)	
Compensation received#	**(15 648)**	(16 835)	
Taxation effect	**4 381**	3 205	
Non-headline items included in equity accounted earnings of associated companies	**5 121**	8 906	

R000s	Year ended 30 June 2020 Audited	Year ended 30 June 2019 Restated Audited	% Change
Headline earnings – continuing operations	**1 876 928**	4 608 257	(59,3)
Loss attributable to shareholders of the Company – discontinued operations	**(632 267)**	(48 486)	
Impairment of property, plant and equipment, right-of-use assets, goodwill and intangible assets – discontinued operations	**92 094**	–	
Property, plant and equipment	**48 927**	–	
Right-of-use assets	**52 790**	–	
Intangible assets	**26 583**	–	
Taxation effect	**(36 206)**	–	
Headline earnings – Group	**1 336 755**	4 559 771	(70,7)

Items above included as capital items on summarised consolidated income statement. The R1 973 million net capital items disclosed above includes R1 148 million net capital items directly attributable to the COVID-19 pandemic and associated lockdown.

Normalised headline earnings per share

Normalised headline earnings per share is a measurement used by the chief operating decision-makers, the Group executive directors. The calculation of normalised headline earnings per share excludes acquisition costs and amortisation of acquired customer contracts and is based on the normalised headline profit attributable to ordinary shareholders, divided by the weighted average number of ordinary shares in issue during the year. The Group's non-cash share of Comair's SAA travel agent incentive scheme settlement and COVID-19 pandemic expenses relating to abnormal receivables provisioning, inventory obsolescence, restructuring costs and COVID-19 compliance regulatory costs have been included for the first time as a change in policy in the calculation of normalised headline earnings in the period. The presentation of normalised headline earnings is not an IFRS requirement.

Headline earnings – continuing operations	**1 876 928**	4 608 257	
Acquisition costs	**178 179**	22 940	
Amortisation of acquired customer contracts	**70 120**	42 918	
Fair value uplift of Adcock Ingram inventory	**96 930**	–	
Non-cash share of Comair's SAA travel agent incentive scheme settlement	**122 191**	(167 950)	
COVID-19 pandemic expenses – refer significant accounting judgements	**1 200 644**	–	
COVID-19 pandemic impact on MIAL investment– refer significant accounting judgement	**351 442**	–	
Taxation effect	**(333 513)**	(5 883)	
Non-controlling interest	**(74 193)**	–	

R000s	Year ended 30 June 2020 Audited	Year ended 30 June 2019 Restated Audited	% Change
Normalised headline earnings – continuing operations	**3 488 728**	4 500 282	(22,5)
Normalised headline earnings – discontinued operations	**(540 173)**	(48 486)	
Normalised headline earnings – Group	**2 948 555**	4 451 796	(33,8)

Summarised consolidated statement of other comprehensive income

R000s	Year ended 30 June 2020 Audited	Year ended 30 June 2019 Restated Audited
(Loss) profit for the year	**(186 903)**	3 803 930
Other comprehensive income (expense) net of taxation		
Items that may be reclassified subsequently to profit or loss	**155 080**	(38 166)
Increase (decrease) in foreign currency translation reserve		
Exchange differences arising during the year	**200 770**	(11 044)
Decrease in fair value of cash flow hedges	**(51 704)**	(12 617)
Fair value loss arising during the period	**(71 811)**	(17 523)
Taxation effect for the year	**20 107**	4 906
Share of other comprehensive income of associates	**6 014**	(14 505)
Other comprehensive income transferred to profit or loss		
Realisation of exchange differences on disposal of subsidiaries and or associates	**7 327**	(42 903)
Items that will not be reclassified subsequently to profit or loss		
Changes in the fair value of financial assets recognised through other comprehensive income	**(15 865)**	23 849
Share of other comprehensive income of associates	**–**	677
Defined benefit obligations	**(28 030)**	(679)
Net remeasurement of defined benefit obligations during the year	**(38 729)**	(943)
Taxation effect for the year	**10 699**	264
Total comprehensive (loss) income for the year	**(68 391)**	3 746 708
Attributable to		
Shareholders of the Company	**(368 125)**	3 718 156
Non-controlling interest	**299 734**	28 552
	(68 391)	3 746 708

Summarised consolidated statement of cash flows

R000s	Year ended 30 June 2020 Audited	Year ended 30 June 2019 Restated Audited
Cash flows from operating activities	**4 258 631**	2 580 285
Profit before finance charges and associated income	**2 818 830**	5 625 582
Dividends from associates	**123 910**	155 889
Acquisition costs	**178 179**	22 940
Depreciation and amortisation	**2 947 695**	1 513 700
Share-based payment expense	**216 348**	188 840
Impairments of associates	**523 279**	623 941
Impairment of goodwill and intangibles	**818 974**	1 648
Impairment of property, plant and equipment and right-of-use assets	**367 608**	9 580
Fair value adjustment to investments	**108 598**	(229 935)
Other non-cash items	**201 858**	14 305
Cash generated by operations before changes in working capital	**8 305 279**	7 926 490
Changes in working capital	**874 428**	(1 282 470)
(Increase) decrease in inventories	**(740 413)**	45 211
Decrease (increase) in trade receivables	**2 623 679**	(273 473)
Increase in banking and other advances	**(449 541)**	(764 085)
Decrease in trade and other payables and provisions	**(1 438 571)**	(1 076 471)
Increase in amounts owed to bank depositors	**879 274**	786 348
Cash generated by operations	**9 179 707**	6 644 020
Net finance charges paid	**(1 432 054)**	(916 707)
Taxation paid	**(1 454 119)**	(1 420 857)
Dividends paid by the Company	**(2 033 951)**	(1 964 229)
Dividends paid by subsidiaries	**(233 613)**	(55 048)
– Non-controlling shareholders	**(229 818)**	(51 207)
– Put-call option holders	**(3 795)**	(3 841)
Net operating cash flows from discontinued operations	**232 661**	293 106
Cash flows from investment activities	**(3 319 199)**	(3 281 913)
Net additions to property, plant and equipment	**(1 678 051)**	(2 178 902)
Net additions to intangible assets	**(141 409)**	(146 394)
Net cash and cash equivalents arising on consolidation of Adcock Ingram	**467 913**	–
Acquisition of subsidiaries, businesses, associates and investments	**(5 329 003)**	(2 253 448)
Disposal of subsidiaries, businesses, associates and investments	**4 014 367**	1 573 284
Net investing activities from discontinued operations	**(653 016)**	(276 453)

R000s	Year ended 30 June 2020 Audited	Year ended 30 June 2019 Restated Audited
Cash flows from financing activities	**2 041 278**	(766 609)
Repayment of lease liabilities	**(1 017 544)**	–
Settlement of puttable non-controlling interest liability	**(57 050)**	(16 500)
Transactions with non-controlling interests	**(200 650)**	(757 645)
Part held subsidiary share buy-back from non-controlling interest	**(154 056)**	–
Borrowings raised	**19 954 763**	3 124 004
Borrowings repaid	**(16 774 408)**	(3 116 468)
Net financing activities from discontinued operations	**290 223**	–
Net increase (decrease) in cash and cash equivalents	**2 980 710**	(1 468 237)
Net cash and cash equivalents at the beginning of the year	**2 034 523**	3 514 398
Exchange rate adjustment	**328 632**	(11 638)
Net cash and cash equivalents at end of the year	**5 343 865**	2 034 523
Net cash and cash equivalents comprise:		
Cash and cash equivalents – continuing operations	**10 412 475**	6 617 075
Cash and cash equivalents – discontinued operations	**(746 561)**	–
Bank overdrafts included in short-term portion of interest-bearing borrowings	**(4 322 049)**	(4 582 552)
	5 343 865	2 034 523

Summarised consolidated statement of financial position

R000s	30 June 2020 Audited	30 June 2019 Restated Audited
ASSETS		
Non-current assets	**52 286 231**	31 139 634
Property, plant and equipment	**14 425 708**	12 048 736
Right-of-use assets	**5 134 768**	–
Intangible assets	**8 494 820**	3 835 665
Goodwill	**17 961 091**	5 094 959
Deferred taxation assets	**1 588 036**	845 421
Defined benefit pension surplus	**214 329**	241 390
Interest in associates and joint ventures	**599 188**	5 803 569
Life assurance fund	**76 188**	44 175
Investments	**2 031 937**	1 732 951
Banking and other advances	**1 760 166**	1 492 768
Current assets	**36 806 591**	30 834 644
Vehicle rental fleet	**–**	1 277 803
Inventories	**11 060 258**	8 558 967
Short-term portion of banking and other advances	**1 344 550**	1 162 407
Short-term portion of investments	**1 141 545**	1 211 481
Trade and other receivables	**12 522 646**	11 724 064
Taxation	**325 117**	282 847
Cash and cash equivalents	**10 412 475**	6 617 075
Assets of disposal group held for sale	**1 806 855**	–
Total assets	**90 899 677**	61 974 278
EQUITY AND LIABILITIES		
Capital and reserves	**26 640 903**	25 922 832
Attributable to shareholders of the Company	**23 159 047**	25 618 212
Non-controlling interest	**3 481 856**	304 620
Non-current liabilities	**31 062 000**	9 074 339
Deferred taxation liabilities	**3 016 417**	1 463 126
Long-term portion of borrowings	**22 883 554**	7 008 238
Post-retirement obligations	**79 075**	74 317
Puttable non-controlling interest liabilities	**22 002**	82 317
Long-term portion of provisions	**667 672**	350 705
Long-term portion of lease liabilities	**4 393 280**	95 636
Current liabilities	**31 557 555**	26 977 107
Trade and other payables	**15 018 849**	11 991 853
Short-term portion of provisions	**820 590**	332 465
Vendors for acquisition	**2 611**	518 231
Taxation	**438 105**	291 042
Amounts owed to bank depositors	**7 286 764**	6 407 490
Short-term portion of borrowings	**6 752 335**	7 436 026
Short-term portion of lease liabilities	**1 238 301**	–
Liabilities of disposal group held for sale	**1 639 219**	–
Total equity and liabilities	**90 899 677**	61 974 278
Supplementary Information		
Net asset value per share (cents)	**6 816**	7 571

Summarised consolidated statement of changes in equity

R000s	Year ended 30 June 2020 Audited	Year ended 30 June 2019 Restated Audited
Equity attributable to shareholders of the Company	**23 159 047**	25 618 212
Share capital	**17 014**	16 948
Balance at beginning of the year	**16 948**	16 873
Shares issued during the year	**66**	75
Share premium	**1 367 796**	1 099 231
Balance at beginning of the year	**1 099 231**	797 717
Shares issued during the year	**268 856**	302 012
Share issue costs	**(291)**	(498)
Foreign currency translation reserve	**400 927**	208 936
Balance at beginning of the year	**208 936**	262 787
Movement during the year	**184 664**	(10 948)
Realisation of reserve on disposal of subsidiaries and or associates	**7 327**	(42 903)
Hedging reserve	**(65 284)**	(13 580)
Balance at beginning of the year	**(13 580)**	(963)
Fair value losses arising during the year	**(71 811)**	(17 523)
Deferred tax recognised directly in reserve	**20 107**	4 906
Equity-settled share-based payment reserve	**(437 247)**	(343 118)
Balance at beginning of the year	**(343 118)**	(243 388)
Arising during the year	**219 827**	191 070
Deferred tax recognised directly in reserve	**(18 093)**	34 289
Utilisation during the year	**(295 863)**	(324 656)
Realisation of reserve on disposal of subsidiaries and or associates	**–**	8 049
Transfer of equity-settled share-based payment reserve as a result of changes in shareholding of subsidiaries	**–**	2 734
Transfer from retained earnings	**–**	(11 216)
Movement in retained earnings	**21 211 095**	24 012 732
Balance at the beginning of the year	**24 012 732**	22 406 910
IFRS 16 adjustment to balance at beginning of the period (associate)	**(21 064)**	–
IFRIC 23 adjustment to balance at beginning of the period	**(172 800)**	–
Attributable (loss) profit	**(463 286)**	3 775 282
Change in fair value of financial assets recognised through other comprehensive income	**(15 865)**	23 849
Net remeasurement of defined benefit obligations during the year	**(28 319)**	(679)
Other transactions with subsidiaries	**(154 056)**	–
Transfer of reserves as a result of changes in shareholding of subsidiaries and other transactions with subsidiaries	**80 424**	(218 674)
Remeasurement of put option liability	**1 266**	(7 115)
Share of other comprehensive income of associates	**6 014**	(13 828)
Net dividends paid	**(2 033 951)**	(1 964 229)
Transfer from equity-settled share-based payment reserve	**–**	11 216
Treasury shares	**664 746**	637 063
Balance at the beginning of the year	**637 063**	637 063
Shares disposed of in terms of share incentive scheme	**27 683**	–

R000s	Year ended 30 June 2020 Audited	Year ended 30 June 2019 Restated Audited
Equity attributable to non-controlling interests of the Company	**3 481 856**	304 620
Balance at beginning of the year	**304 620**	1 006 609
Total comprehensive income	**299 734**	28 552
Attributable profit	**276 383**	28 648
Movement in foreign currency translation reserve	**16 106**	(96)
Movement in cash hedge fund	**6 936**	–
Changes in the fair value of financial assets recognised through other comprehensive income	**20**	–
Net remeasurement of defined benefit obligations during the year	**289**	–
Dividends paid	**(229 818)**	(51 207)
Movement in equity-settled share-based payment reserve	**(2 155)**	(961)
Transfer of equity-settled share-based payment reserve as a result of changes in shareholding of subsidiaries	**–**	(2 734)
Changes in shareholding	**3 189 899**	(894 313)
Transfer of reserves as a result of changes in shareholding of subsidiaries	**(80 424)**	218 674
Total equity	**26 640 903**	25 922 832

Summarised disaggregated revenue

R'000s	**Year ended 30 June 2020 Audited**	Year ended 30 June 2019 Restated Audited
Revenue		
Sale of goods[1]	**47 812 695**	47 219 468
Rendering of services[2]	**27 977 794**	27 390 190
Commissions and fees earned[3]	**2 306 642**	2 646 942
Billing relating to clearing and forwarding transactions[4]	**2 112 326**	2 295 850
Insurance[5]	**512 356**	498 223
	80 721 813	80 050 673
Inter-group eliminations	**(4 179 233)**	(3 992 311)
	76 542 580	76 058 362
Included in commissions and fees earned is R1,9 billion (2019: R1,9 billion) which does not relate to revenue from contracts with customers but commissions and fees from rendering financial services. All other categories other than insurance relate to revenue from contracts with customers.		
Disaggregation of segmental revenue		
Services[2]	**21 008 073**	19 649 966
Branded Products[1]	**16 298 000**	10 862 420
Freight[2,4]	**6 054 636**	6 402 323
Commercial Products[1]	**11 287 019**	12 145 446
Financial Services[3,5]	**2 452 682**	2 502 604
Automotive[1]	**18 028 934**	22 605 629
Properties[2]	**48 059**	55 932
Corporate and Investments[1]	**1 365 178**	1 834 042
	76 542 581	76 058 362
Geographic disaggregation of revenue		
Southern Africa	**67 687 640**	68 386 612
International	**8 854 941**	7 671 750
	76 542 581	76 058 362

Summarised segmental analysis

R000s	Year ended 30 June 2020 Audited	Year ended 30 June 2019 Restated Audited	% Change
Segmental revenue			
Services	**22 090 784**	20 648 296	7,0
Branded Products	**17 327 336**	11 857 820	46,1
Freight	**6 308 343**	6 698 225	(5,8)
Commercial Products	**11 943 006**	12 851 008	(7,1)
Financial Services	**2 650 190**	2 700 993	(1,9)
Automotive	**18 263 276**	22 847 747	(20,1)
Properties	**624 292**	615 444	1,4
Corporate and Investments	**1 514 587**	1 831 140	(17,3)
	80 721 814	80 050 673	0,8
Inter group eliminations	**(4 179 233)**	(3 992 311)	
	76 542 581	76 058 362	0,6
Geographic region			
Southern Africa	**71 857 855**	72 378 923	(0,7)
International	**8 863 959**	7 671 750	15,5
	80 721 814	80 050 673	
Segmental trading profit			
Services	**2 133 745**	2 201 208	(3,1)
Branded Products	**1 404 039**	941 028	49,2
Freight	**1 160 543**	1 386 195	(16,3)
Commercial Products	**393 032**	735 534	(46,6)
Financial Services	**304 354**	584 503	(47,9)
Automotive	**177 518**	531 654	(66,6)
Properties	**579 110**	563 395	2,8
Corporate and Investments	**(812 639)**	(276 135)	(194,3)
	5 339 702	6 667 382	(19,9)
Geographic region			
Southern Africa	**4 766 669**	6 360 031	(25,1)
International	**573 033**	307 351	86,4
	5 339 702	6 667 382	

R000s	Year ended 30 June 2020 Audited	Year ended 30 June 2019 Restated Audited	% Change
Segmental operating assets			
Services	**8 928 512**	5 183 863	72,2
Branded Products	**10 026 686**	4 161 959	140,9
Freight	**8 311 029**	6 926 154	20,0
Commercial Products	**6 036 883**	5 847 829	3,2
Financial Services	**7 464 971**	6 576 227	13,5
Automotive	**4 656 611**	5 608 219	(17,0)
Properties	**3 561 295**	3 566 788	(0,2)
Corporate and Investments	**2 086 390**	8 151 406	(74,4)
	51 072 377	46 022 445	11,0
Inter group eliminations	**(761 094)**	(724 134)	
	50 311 283	45 298 311	11,1
Geographic region			
Southern Africa	**46 035 348**	44 332 128	3,8
International	**5 037 029**	1 690 317	198,0
	51 072 377	46 022 445	
Segmental operating liabilities			
Services	**7 306 940**	2 876 118	154,1
Branded Products	**4 298 796**	1 720 876	149,8
Freight	**4 257 185**	3 221 981	32,1
Commercial Products	**2 360 317**	1 863 346	26,7
Financial Services	**8 807 482**	7 608 408	15,8
Automotive	**2 354 633**	1 984 441	18,7
Properties	**40 877**	32 377	26,3
Corporate and Investments	**839 395**	669 053	25,5
	30 265 625	19 976 600	51,5
Inter group eliminations	**(761 094)**	(724 134)	
	29 504 531	19 252 466	53,3
Geographic region			
Southern Africa	**25 444 241**	19 060 941	33,5
International	**4 821 384**	915 659	426,5
	30 265 625	19 976 600	

Basis of presentation of summarised consolidated financial statements

These summarised provisional financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, and includes, at a minimum, disclosure as required by IAS 34 Interim Financial Reporting, the Companies Act of South Africa and the JSE Listing Requirements. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding to the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 June 2019.

In preparing the consolidated financial statements from which these summarised final consolidated financial statements are prepared, directors make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2019.

Significant accounting policies

The accounting policies applied in these summarised financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ending 30 June 2019, except those relating to the accounting for and treatment of, operating leases. Effective 1 July 2019 the Group adopted IFRS 16 Leases (IFRS 16) as issued by the IASB. In transitioning to IFRS 16 the Group used a modified retrospective approach where the right-of-use asset is recognised at the date of initial application (1 July 2019) as an amount equal to the lease liability, using the entity's prevailing incremental borrowing rate at the date of initial application, adjusted for any prepaid or accrued lease payments relating to that lease that were recognised in the statement of financial position immediately before the date of initial application.

The Group has applied the following practical expedients allowed under IFRS 16:

- reliance on onerous lease assessments under IAS 37 to impair right-of-use assets recognised on adoption instead of performing a new impairment assessment for those assets on adoption;
- elected not to reassess whether a contract is, or contains a lease, at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made applying IAS 17 and IFRIC 4 in determining whether an arrangement contains a lease;
- accounting for operating leases with remaining lease terms of less than 12 months as at 1 July 2019 as short-term leases;
- the low value expedient;
- the use of single discount rates for portfolios of leases with reasonably similar characteristics; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The adoption of IFRS 16 has had a material impact on the Group's statement of financial position, right-of-use assets of R5.4 billion and R5.6 billion operating lease liabilities were recognised during the period. Lease liabilities recognised at 1 July 2019 were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rates of between 4.25% and 9.28%, due to the Group's geographic spread and variation in these terms. The impact of IFRS 16 on the consolidated income statement and consolidate statement of cash flows is as follows:

R000s	2020
Continuing operations	
Operating expenses	203 154
Net finance charges	(436 295)
Net capital items	(145 144)
Taxation	89 568
Share of (loss) profit of associates	5 800
(Loss) for the period	(282 917)
Non-controlling interest	7 399
Attributable to shareholders	(275 518)
Impairment of property, plant and equipment, right-of-use assets, goodwill and intangible assets	114 936
Right-of-use assets	145 144
Taxation effect	(30 208)
Headline earnings	(160 582)
Cash flows from operating activities	(1 052 307)
Profit before finance charges and associate income	(58 010)
Depreciation and amortisation	(1 225 089)
Impairment of PPE and right-of-use assets	(145 144)
Net finance charges paid	375 936
Cash flows from financing activities	1 052 307
Repayment of lease liability	1 052 307
Net increase (decrease) in cash and cash equivalents	–

IASB's *IFRIC Interpretation 23: Uncertainty over Income Tax Treatments* (IFRIC 23) is applicable to the Group for the year ending 30 June 2020. IFRIC 23 clarifies the recognition and measurement of IAS 12 income taxes when there is uncertainty over income tax treatments. The Group has reassessed the tax treatment of international transactions completed in prior periods and in light of new facts and circumstances has estimated and recognised an additional R173 million tax liability. In concordance with the transitional provisions allowed in IFRIC 23 the Group elected to account for the additional provision retrospectively without restating comparatives. Accordingly the R173 million tax liability was recognised in the current period and opening retained earnings was reduced by the same amount.

Discontinued operation

Bidvest Car Rental (BCR) is a motor vehicle rental business operating in South Africa, Botswana and Namibia. As a result of declining international and domestic travel brought on by the COVID-19 pandemic and a low prospect of a short- to mid-term recovery, management took the decision to exit the business. The BCR business is an identifiable component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group. BCR represents a separate major line of business in the geographical area of Southern Africa. The relevant requirements of IFRS 5 were met for this operation to be classified as a disposal group held for sale and as a discontinued operation as at 30 June 2020. BCR is a separate and major business component of the Automotive segment.

A buyer was engaged during June 2020 and the indicative purchase price remains largely unchanged. COVID-19 restrictions added additional challenges to the transaction execution. Success in obtaining financing is considered to be highly probable and some suspensive conditions exist.

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

Results of the discontinued operation included in the Group's results for the year ended 30 June are detailed as follows:

R000s	2020 Audited	2019 Audited
Revenue	**1 057 525**	1 094 022
Cost of revenue	**(840 519)**	(630 877)
Gross profit	**217 006**	463 145
Operating expenses	**(716 538)**	(396 414)
Other income	**1 063**	1 813
Trading (loss) profit	**(498 469)**	68 544
Share-based payment expense	**(1 324)**	(1 269)
Impairment of property, plant and equipment and right-of-use assets	**(128 300)**	–
Operating (loss) profit before finance charges and associate income	**(628 093)**	67 275
Net finance charges	**(210 151)**	(130 348)
Finance income	**5 151**	7 320
Finance charges	**(215 302)**	(137 668)
Operating loss before taxation	**(838 244)**	(63 073)
Taxation	**205 977**	14 587
Loss for the year from discontinued operations	**(632 267)**	(48 486)
Basic earnings per share (cents) – discontinued operations	**(186,4)**	(14,4)
Diluted basic earnings per share (cents) – discontinued operations	**(186,1)**	(14,3)
Effect of the discontinued operation on the Group's consolidated statement of financial position		
Assets of disposal group held for sale	**1 806 855**	
Vehicle rental fleet	**1 561 338**	
Inventories	**1 600**	
Trade and other receivables	**168 694**	
Current tax asset	**58 335**	
Cash and cash equivalents	**16 888**	
Liabilities of disposal group held for sale	**1 639 219**	
Post retirement medical aid obligations	**1 123**	
Lease liabilities	**78 096**	
Trade and other payables	**195 325**	
Provisions for discontinuation	**255 233**	
Interest-bearing borrowings	**345 993**	
Cash and cash equivalents (overdrafts)	**763 449**	
Cash of disposal group held for sale		
Net operating cash flows from discontinued operations	**232 661**	293 106
Net investing activities from discontinued operations	**(653 016)**	(276 453)
Net financing activities from discontinued operations	**290 223**	–
Net (decrease) increase in cash and cash equivalents	**(130 132)**	16 653

Significant commitments

Bidvest Freight's completion of the LPG tank farm in the port of Richards Bay has been delayed three months as a result of travel restrictions arising from the COVID-19 lockdown with a new commissioning date expected in September 2020. At 30 June 2020 R923 millon has been spent with an additional R73 million committed to complete and commission the facility. Bidvest Freight has committed R201 million to an LPG tank farm project in Isando, Gauteng. The estimated completion date for the Isando LPG project is March 2022.

Fair value of financial instruments

The Group's investments of R3 173 million (2019: R2 944 million) include R141 million (2019: R135 million) recorded at amortised cost, R1 757 million (2019: R1 498 million) recorded and measured at fair values using quoted prices (Level 1) and R1 276 million (2019: R1 311 million) recorded and measured at fair value using factors not based on observable data (Level 3). Fair value losses on Level 3 investments recognised in the income statement total R103 million (2019: R249 million gain).

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

R000s	**Year ended 30 June 2020 Audited**	Year ended 30 June 2019 Audited
Balance at the beginning of year	**1 311 132**	1 056 988
On acquisition of business	**29 627**	3 798
Purchases, loan advances or transfers from other categories	**41 169**	10 540
Fair value adjustment recognised directly in equity	**55**	5
Fair value adjustment arising during the year recognised in the income statement	**(102 831)**	248 830
Proceeds on disposal, repayment of loans or transfers to other categories	**(3 396)**	(12 906)
Profit on disposal of investments	**–**	2 085
Exchange rate adjustments	**582**	1 792
	1 276 338	1 311 132

The Group's effective beneficial interest in the Indian-based MIAL is an unlisted investment held at fair value through profit or loss, where the fair value is not based on observable market data (Level 3). The carrying value of this investment at 30 June 2020, based on the directors' valuation of 30 June 2019, is R1 billion (2019: R1 billion). The valuation of MIAL is fair value less cost to sell and was based on a signed sale agreement, subject to suspensive and conditions precedent. The investment is classified as a current asset and is expected to be sold within the next 12 months.

MIAL is a foreign based asset and the ruling year-end exchange rate, ₹1cr = R2 298 610 (2019: US$1 = R14.09), is a further factor that affects the carrying value.

The carrying values of all financial assets and liabilities approximate their fair values, with the exception of borrowings of R29 470 million whose carrying value is R29 636 million.

Business combinations

The table below summarises the derecognition of the associate investment in Adcock and recognition and consolidation of Adcock as a 51.40% held subsidiary effective 1 August 2019, following the dissolution of the Adcock Ingram Broad-Based Black Empowerment Scheme. No additional consideration was paid for the ordinary shares received on the dissolution of the Scheme. Adcock has been included in the Branded Products segment.

R000s	Derecognition of associate	Recognition of subsidiary (at carrying values	Recognition of NCI, fair value and intangibles	**Impact on financial position**
Property, plant and equipment	–	1 534 423	–	**1 534 423**
Right-of-use assets	–	297 373	–	**297 373**
Deferred taxation	–	(96 342)	(1 188 176)	**(1 284 518)**
Interest in associates and joint ventures	(5 057 908)	519 668	–	**(4 538 240)**
Investments and advances	–	29 627	–	**29 627**
Inventories	–	1 499 187	96 930	**1 596 117**
Trade and other receivables	–	2 065 534	–	**2 065 534**
Cash and cash equivalents	–	467 913	–	**467 913**
Post retirement medical aid obligations	–	(15 660)	–	**(15 660)**
Lease liabilities	–	(327 164)	–	**(327 164)**
Trade and other payables and provisions	–	(2 234 860)	–	**(2 234 860)**
Taxation	–	(374)	–	**(374)**
Net tangible assets	(5 057 908)	3 739 325	(1 091 246)	**(2 409 829)**
Non-controlling interest^	–	(3 196)	(3 386 266)	**(3 389 462)**
Intangible assets	–	432 322	3 714 234	**4 146 556**
Goodwill	–	176 339	1 476 396	**1 652 735**
Net assets recognised	(5 057 908)	4 344 790	713 118	**–**

^ *Subsequent to 1 August 2019 the Group purchased an additional 1 597 100 Adcock ordinary shares for R90 million raising the Group's economic interest in Adcock to 52.3%. During March 2020 Adcock purchased 4 014 038 of its own shares from shareholders other than the Group, which raised the Group's effective holding to 53.6% and a R154 million Group cash outflow. The NCI has been measured at the Group's proportionate share.*

Adcock contributed R6 855 million to revenue and R822 million to operating income. Had the acquisition taken place 1 July 2019, the contribution to revenue would have been R7 347 million and R862 million to operating profit. Trade receivables are stated net of impairment allowances of R32 million and there were no significant contingent liabilities.

Acquisition of businesses, subsidiaries, associates and investments

Effective 7 May 2020, the Group acquired 100% of the share capital and voting rights of, and claims on loan accounts against PHS Bidco Limited and PHS Group Limited (PHS) via its UK subsidiary, Bidvest Services Group (UK) Limited. The PHS Group are specialists in washroom, healthcare and floorcare hygiene, and are a leading hygiene service provider in the UK, Spain and Ireland. With over 120 000 customers in over 300 000 locations the Group supports, among others, restaurants, offices, hospitals and schools and meets the hygiene needs of up to 100 million people. The acquisition adds significance to the Group's hygiene service offerings as a whole and in the UK and Europe geography. The Group will gain and achieve substantial synergies from this acquisition, which has been funded with a one-year sterling bridge facility, with an option to extend for a further one-year period.

On 1 July 2019, the Group acquired 100% of the share capital and voting rights of Future Cleaning Services Limited (Future Cleaning) via its UK subsidiary, Noonan Services Group (UK) Limited. Future Cleaning, a North Yorkshire company formed in 2003, is an office and commercial cleaning services company operating throughout the UK and Ireland through bespoke packages designed to service any size company and budget providing the best value contracts. Specialist cleaning services include boat, transport and escalator cleaning, jet washing and road sweeping. General cleaning services include, daily contract, commercial, industrial, window and carpet cleaning. This bolt-on acquisition increases the Group's cleaning service footprint and market share in the UK and Ireland and was funded from existing cash resources and facilities.

As at 1 March 2020 the Group acquired 100% of the share capital and voting rights of New Frontiers Tours Proprietary Limited (New Frontiers). New Frontiers is a full service ground handler, specialising in the deluxe end of the market and offering accommodation, safaris, car rental, transfers, day tours, private touring, charter flights and VIP Meet and Greet services throughout Southern Africa. The consulting team is made up of travel professionals who have been in the industry a minimum of seven years and who are driven by passion and creativity to ensure impeccable on the ground service and responses. This inbound travel and tourism acquisition compliments the Group's existing portfolio of internal and outbound travel and tourism offerings. The acquisition was funded from cash resources and existing facilities.

The Group also made a number of less significant acquisitions during the year. These acquisitions were funded from existing cash resources.

The following table summaries the assets acquired and liabilities assumed at fair value which have been included in these results from the respective acquisition dates. The goodwill, intangible and tangible asset values represented for PHS are provisional, as this acquisition was completed close the Group's reporting date. The remaining values represent the final at acquisition fair values consolidated by the Group.

R000s	PHS	Future Cleaning	New Frontiers	Other acquisitions	**Total acquisitions**
Property, plant and equipment	1 079 088	60 885	2 291	7 740	**1 150 004**
Right-of-use assets	916 375	4 037	2 036	–	**922 448**
Deferred taxation	166 683	(48 603)	(1 822)	(66 573)	**49 685**
Interest in associates and joint ventures	–	–	617	59 529	**60 146**
Investments and advances^	–	–	4 728	4 258 585	**4 263 313**
Inventories	177 736	147	–	58 674	**236 557**
Trade and other receivables	1 413 900	112 115	93 926	39 797	**1 659 738**
Cash and cash equivalents	1 218 465	9 201	31 720	21 652	**1 281 038**
Borrowings	(12 377 334)	–	–	(12 940)	**(12 390 274)**
Trade and other payables and provisions	(2 891 003)	(100 986)	(83 443)	(49 504)	**(3 124 936)**
Lease liabilities	(901 659)	(4 037)	(2 181)	–	**(907 877)**
Taxation	(186 155)	(5 832)	3 777	(1 068)	**(189 278)**
Intangible assets	–	236 034	25 022	235 811	**496 867**
	(11 383 904)	262 961	76 671	4 551 703	**(6 492 569)**
Goodwill	11 685 164	296 493	215 715	211 439	**12 408 811**
Net assets acquired	301 260	559 454	292 386	4 763 142	**5 916 242**
Settled as follows:					
Cash and cash equivalents acquired					**(1 281 038)**
Acquisition costs					**178 179**
Net change in vendors for acquisition					**515 620**
Net acquisition of businesses, subsidiaries, associates and investments					**5 329 003**

^ *R43 million of advances to BBBEE and other partners, R21 million costs capitalised to MIAL investment, R4 194 million purchases made in the Bidvest Insurance and Bidvest Bank investment portfolios, and R5 million towards acquisitions.*

Goodwill arose on the acquisitions as the anticipated value of future cash flows that were taken into account in determining the purchase consideration exceeded the net assets acquired at fair value. The acquisitions have enabled the Group to expand its range of complementary products and services and, as a consequence, has broadened the Group's base and geographic reach in the market place.

PHS contributed R767 million to revenue and R121 million to operating profit. Had the acquisition taken place 1 July 2019 the contribution to revenue would have been R5 144 million and R741 million to operating profit. Future Cleaning was acquired 1 July 2019 and contributed R572 million to revenue and R26 million to operating profit. New Frontiers contributed R1 112 million and R41 million to operating profit. Other acquisitions contributed R178 million to revenue and an operating loss of R3 million. Had these other acquisitions taken place 1 July 2019, the contribution to revenue would have been R407 million and R20 million to operating profit.

Disposals

In the current period the Group disposed of 100% of the share capital and voting rights of DH Mansfield Group Limited (DH Mansfield). DH Mansfield is a rescue and recovery business operating services centres across the northern, central and southern geographical areas of the UK. The business is considered non-core to the Group because of its size, geographic isolation and lack of scalability.

The Group disposed of the entire share capital of Glenryck South Africa Proprietary Limited to the African Pioneer Group. Glenryck is a leading South African oil-rich canned fish brand and its disposal is in line with the Group's divestiture of its fishing and associated interests and follows the disposal of fishing interests in 2018 and 2019.

R000s	DH Mansfield	Glenryck	Other disposals	**Total disposals**
Property, plant and equipment	(136 433)	(531)	(24 412)	**(161 376)**
Right-of-use assets	(51 011)	–	–	**(51 011)**
Deferred taxation	6 361	(25 431)	18 218	**(852)**
Interest in associates	–	–	(3 049)	**(3 049)**
Investments and advances^	–	–	(3 964 433)	**(3 964 433)**
Inventories	(14 611)	(13 827)	(21 800)	**(50 238)**
Trade and other receivables	(95 489)	(48 228)	(130 602)	**(274 319)**
Cash and cash equivalents and bank overdrafts	33 205	(14 143)	(15 360)	**3 702**
Borrowings	24 289	–	–	**24 289**
Lease liability	47 991	–	–	**47 991**
Trade and other payables and provisions	61 381	28 684	9 742	**99 807**
Taxation	(13 479)	–	899	**(12 580)**
Intangible assets	–	(18 205)	–	**(18 205)**
	(137 796)	(91 681)	(4 130 797)	**(4 360 247)**
Non-controlling interest	–	–	(1 087)	**(1 087)**
Realisation of foreign currency translation reserve	(2 803)	–	(4 542)	**(7 327)**
Goodwill	–	–	(2 152)	**(2 152)**
Net assets disposed of	(140 599)	(91 681)	(4 138 560)	**(4 370 840)**
Settled as follows:				
Cash and cash equivalents and bank overdrafts disposed of				**(3 702)**
Net loss on disposal of operations				**261 155**
Raising of receivable arising on disposal of subsidiaries and associates				**99 020**
Net proceeds on disposal of businesses, subsidiaries, associates and investments				**(4 014 367)**

^ *R24 million repayment of advances to BBBEE and other partners, R3 936 million sales made in the investment portfolios of Bidvest Insurance and Bidvest Bank, and R4 million in disposals.*

Significant accounting judgements

Judgement was required to consider the impact of COVID-19 on the results of the Group for the year. The Group's assessment of the impact is detailed below.

R000s	2020
COVID-19 Capital impairments	**1 147 958**
COVID-19 non-capital charges	**1 552 086**
Restructuring costs	**460 443**
Bidvest COVID-19 Fund	**400 000**
Impairment of MIAL	**351 442**
Net impairment losses on financial assets (ECLs)	**228 315**
Onerous contracts	**57 148**
Inventory obsolescence provisions	**54 738**

- Impairment of goodwill and intangible assets – The impact of lower forecast cash flows, the expected slowdown in economic activity due to COVID-19 as well as higher discount rates resulted in impairment of certain automotive dealerships, some Brandcorp businesses as well as smaller businesses in Branded Products.
- Property, plant and equipment – The decision to divest of Bidair Services as a result of declining international and domestic air travel resulted in an impairment of customised plant and equipment.
- Working capital – The increased credit risk posed by the consequences of COVID-19 and the impact on forward looking economic assumptions resulted in higher ECLs, particularly in Financial Services and Services. The impact of lower expected demand on inventories was assessed and provisions were increased in select trading and distribution businesses.
- Investments, associates and joint ventures – Comair filed for voluntary business rescue as a direct consequence of COVID-19. As a result, the Group ceased equity accounting for this 27.2% held investment and impaired its value to nil. The capital impairment amounted to R241 million and the Group's share of operating losses was R201 million. The financial position of MIAL deteriorated as a direct consequence of COVID-19 on air travel.
  The investment was impaired to its recoverable amount based on a revised offer accepted.
- Deferred tax assets – No material impact was noted.
- Restructuring – The socio-economic shifts and long-term structural changes caused by COVID-19 resulted in a strategic review and right-sizing of businesses. This impacted all divisions. Restructuring and retrenchment costs were provided for. The cost of adhering to health and safety protocols has been included.
- Bidvest COVID-19 Fund – The Group has pledged to provide support to its employees and wider society to assist in dealing with the impact of COVID-19. R400 million was approved by the board and set aside for this purpose. A significant amount has already been spent on the project and employee support.
- Trading impact – The impact of lost business due to the trade restrictions and lower demand caused by the pandemic was not quantified.
- Going concern – Based on projections of future results and cash flows, future debt repayment commitments, available liquidity and funding covenants in place, no going concern risk has been identified.

Restatement of comparatives

During the current period, a prior year acquisition UAV and Drone Solutions Proprietary Limited (UDS) was subject to a Purchase Price Allocation (PPA) review. The PPA review resulted in the recognition of an indefinite life intangible asset, beyond visual line of sight (BVLOS) license in the amount of R457 million, deferred tax liabilities of R128 million and the derecognition of goodwill in the amount of R330 million. The prior year comparative consolidated statement of financial position has been restated accordingly.

As a result of an internal reporting restructure, effective 1 July 2019, Bidvest Electrical and Bidvest Commercial Products were merged and reported under the Bidvest Commercial Products segment, the prior year comparative has been re-presented to reflect the merger. Following the rationalisation and restructure of the Groups Namibian investments, the Bidvest Namibia segment has been dissolved with the remaining Namibian operations reported under the Groups seven operating segments, the prior period comparatives have been restated. Certain other operations were reclassified between segments and the comparative period's segmental information has been amended to reflect these insignificant changes.

Net impairment losses on financial assets, in accordance with IAS 1, have been disclosed as a separate line item in the consolidated income statement and the comparative period has been restated accordingly.

No comparative information has been changed following the adoption of IFRS 16.

Subsequent event

Subsequent to the 30 June 2020 the Group has received a non-binding offer for Bidvest Car Rental, which has been disclosed as a disposal group held for sale and discontinued operation. There have been no other events noted, that occurred subsequent to the reporting date, including events associated with the COVID-19 pandemic, that could have a material impact on these annual consolidated financial statements.

Audit report

The auditors, PricewaterhouseCoopers Inc, have issued their opinion on the consolidated financial statements for the year ended 30 June 2020. The audit was conducted in accordance with International Standards on Auditing. They have issued an unmodified opinion. A copy of the auditor's report together with a copy of the audited consolidated financial statements are available for inspection at the Company's registered office.

These summarised consolidated financial statements have been derived from the consolidated financial statements and are consistent in all material respects with the consolidated financial statements. These summarised consolidated financial statements have been audited by the Company's auditors who have issued an unmodified opinion on page 9. The auditor's report does not necessarily report on all of the information contained in this announcement. Any reference to future financial information included in this announcement has not been reviewed or reported on by the auditors. Shareholders are advised, that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of that report together with the accompanying financial information from the Company's registered office.

Preparer of the summarised consolidated financial statements

The consolidated financial statements and summarised consolidated financial statements have been prepared under the supervision of the Chief Financial Officer, MJ Steyn BCom CA (SA), and were approved by the board of directors on 11 September 2020.

Notes

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