Bidcorp

It's all about the food

Annual integrated report 2018

Cross-reference content within this report

Further information available on the company's website

All definitions are included in our glossary on page 152

Bidcorp's six capitals:

Human
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.

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

Social and relationship
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.

Intellectual
Organisational knowledge, systems, protocols and intellectual property in particular the innovative cutting-edge online customer and 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
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.

Natural
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.

Stakeholders key:

- Customers
- Suppliers
- Employees
- Shareholders
- Environment
- Communities
- Authorities
- Partners

This is Bidcorp

Bidcorp is an international broad-line foodservice group, listed on the South African JSE, and present in developed and developing economies on five continents.

Focused on foodservice, the business comprises a mix of well-established leading and rapidly growing market positions, offering significant future upside.

It's all about the food

We are pleased to present our 2018 annual integrated report. This is our primary report to our shareholders and other stakeholders. This report should be read together with the information available on the Bidcorp website **www.bidcorpgroup.com**.

Scope and boundary
The Bidcorp annual integrated report for the year ended June 30 2018 reports consolidated information gathered from the global spread of the group's divisions.

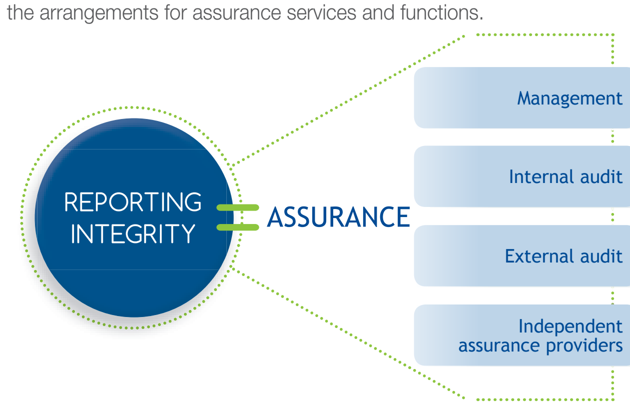
Bidcorp's geographic reach spans over 30 countries on five continents. Due to the expanse of local geographic regulations, we only include limited material sustainability information in the annual integrated report. Additional information is available on request.

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, while striving for concise, relevant reporting.

There has been no material change in the scope and boundary of this report compared to the prior year.

Financial performance
We have provided a full set of Bidcorp's audited 2018 annual financial statements (AFS) in this report in accordance with the recognition and measurement criteria of International Financial Reporting Standards.

Assurance
We have adopted the principles of King IV on corporate governance thereby recognising the board, board committees, management, internal assurance providers and external assurance providers as key assurance roleplayers in ensuring that the business continues to have an effective control environment and a strong ethical climate. The board is ultimately responsible for combined assurance by setting the direction concerning the arrangements for assurance services and functions.



Materiality
The Bidcorp board has considered the legitimate interests of all our key stakeholders in determining information that is considered to be material for inclusion in this report. We aim to demonstrate the connectivity between our strategy, business model, stakeholder interests and concerns as well as 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.

Reporting suite
We are committed to transparent reporting to our stakeholders.

The following reporting frameworks were applied in preparing this report:
- The Companies Act, No 71 of 2008, as amended
- The Listings Requirements of the JSE Limited
- The King IV Report on Corporate Governance for South Africa 2016
- Global Reporting Initiative Framework
- International Financial Reporting Standards
- International Integrated Reporting Council Integrated Reporting Framework.

Approval by the board
It is Bidcorp board's responsibility to ensure the integrity of the annual integrated report. The audit and risk committee and the social and ethics committee acknowledge their responsibility to ensure the integrity of this annual integrated report. The board has accordingly applied its collective 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 Bidcorp board has authorised the annual integrated report for release on October 30 2018.

Stephen Koseff	Bernard Berson	David Cleasby
Chairman	Chief executive	Chief financial officer

Chairman's statement

Stephen Koseff
Chairman

Highly satisfactory performance by operations worldwide

Expansion into new international markets

HEPS rises **9,1%** to 1 286,3 cents (2017: 1 179,2 cents)

Quality commitment underpins Bidcorp brand success

Honour to succeed **Brian Joffe** as chairman

Final dividend of **280,0 cents** takes total distribution to 560,0 cents

In a generally supportive environment, Bidcorp grew its market share, achieved efficiencies and drew substantial benefit from its strategic focus on a foodservice industry that continues to flourish. The result was robust cash generation that supported an already strong balance sheet.

In 2018, Bidcorp put in a highly satisfactory performance, delivering growth in all group geographies while reinforcing the strategy of clear focus on foodservices and the freetrade segment of our industry.

It is testimony to the dedication and professionalism of management and staff that they achieved solid market share gains despite some unavoidable disruption as our businesses continued the strategic task of rebalancing product portfolios and the customer mix.

Impressive momentum by continuing operations enabled a 9,1% increase in headline earnings per share to 1 286,3 cents (2017: 1 179,2 cents) while basic earnings per share rose 1,1% to 1 223,9 cents (2017: 1 210,5 cents).

A final cash dividend of 280,0 cents per share – a rise of 12% – took the total distribution to 560,0 cents; a commendable performance for a business in only its second full year as a distinct listed entity.

Leadership

I am proud to chair an organisation with such a fierce commitment to sustained growth, irrespective of economic conditions and competitive challenges in markets from Africa and South America; to Europe, Asia and Australasia.

I take over as chairman from one of Africa's most successful entrepreneurs and visionary business leaders, Brian Joffe. Our association goes back 30 years to the days when Brian, then head of Bidvest, was making his first acquisition. He bought a R23 million business and turned it into one of South Africa's biggest job creators and a platform for global expansion. I witnessed that process first hand, so I am well aware I have big shoes to fill.

Brian, of course, was also instrumental in the founding of Bidcorp and did an outstanding job on the group's JSE listing in May 2016.

Thankfully, Brian has agreed to stay on as a director of Bidcorp. I look forward to continuing our association and working with him and my fellow directors on enabling the group to continue on a sustained growth path.

Global environment

Bidcorp optimised opportunities in 2018 as global economic growth continued. The group's diversified geographic base proved beneficial as some national economies faltered while others maintained strong momentum.

Growth moderated in some West European jurisdictions while it remained buoyant in East Europe. Chinese growth, despite geopolitical tensions, remained close to 6,5%. However, downside risk rose late in our financial period in some Asian markets. The British economy demonstrated its resilience and made continued, though modest, gains. Australia and New Zealand continue to do well.

Emerging Markets were volatile, though South America showed signs of economic recovery. South Africa faced continued pressure, but a measure of growth was achieved.

In this generally supportive environment, Bidcorp grew market share, achieved efficiencies and drew substantial benefit from its strategic focus on a foodservice industry that continues to flourish. The result was robust cash generation that supported an already strong balance sheet.

Continued expansion

Over the past 12 months, a series of bolt-on acquisitions and investments took the group into new markets, including Germany, Austria, Portugal and Vietnam, while strengthening Bidcorp's existing position in regions in which we see long-term potential.

Diversity is not only a function of geographic reach. We are a people-driven organisation and all gains are underpinned by the talent and strong work ethic of autonomous local teams. The development of talent on the ground keeps us rooted in our chosen markets and ensures our offering remains relevant.

Diversity is also evident in our comprehensive product offering. Range development is constant as Bidcorp stays close to customers and responds to new demands. This process – a key feature of performance in 2018 – is assisted by the group's use of technology as both an ordering tool and a means of building customer relationships.

Innovative, future-focused investment

For Bidcorp, online means staying on message and making good on our promise to deliver quality, tailor-made solutions, no matter how big or small the customer. Those expectations are increasingly communicated across digital platforms that enable us to take our business in new directions in the knowledge that innovation is likely to achieve rapid acceptance by customer groups, especially in Bidcorp's key area of focus, the freetrade or independent channel.

To make sure we listen and keep on listening, we continually invest in digital platforms. Responsive ecommerce systems have become a means of attaining and retaining competitive advantage. In the review period, Bidcorp made further strategic gains as a result of the continued inhouse development of these tools. Infrastructure investment is another key element of the group's growth strategy and was maintained in 2018.

Health and reputation

Bidcorp is an international enterprise represented across five continents but ensures local relevance through close alignment with markets and communities. Local initiative and know-how are supported by local product sourcing and sustainable business practice.

Our businesses stay close to customers, their preferences and concerns and in 2018 the group again demonstrated its sensitivity to environmental and health issues as outbreaks of foodborne disease caused growing unease among consumers in several markets.

The listeria outbreak in South Africa was perhaps the most worrying development. Our business was not directly involved. Nonetheless, Bidfood South Africa stepped up the relevant safeguards and ensured food safety awareness remained at a high level.

The group's enduring commitment to consistently high product quality and rigorous compliance with food safety protocols proved to be a key factor as the Bidcorp brand continued to enjoy the high regard of the general public in South Africa and markets worldwide.

Appreciation

We thank our customers and suppliers for continuing to maintain their close relationship with Bidcorp. This contributed hugely to our high rate of growth in 2018. We aim to be the foodservice partner of choice for those who supply us and those who order from us. We have the utmost regard for our partners and hope to see the relationship deepen still further in 2019.

I also applaud our managers and their people for their hard work and spirit of innovation. Our people are rightly valued for their ability to solve problems at pace while maintaining a positive mindset in the face of operational challenges. These qualities had particular relevance in those markets that were deeply impacted by last year's dairy crisis.

In addition, I am deeply appreciative of the contribution of senior management and my colleagues on the Bidcorp board. Their strategic vision makes it possible to achieve steady, group-wide gains, no matter how volatile and changeable some markets become.

Future focus

Global challenges are expected to persist in the year ahead. Indeed, geo-political tensions may well increase. Some fear the introduction of tariffs and other constraints on the free movement of goods could put a brake on world trade, perhaps stalling global growth.

In these circumstances, it is important that we do not to lose sight of the positives.

The foodservice industry continues to grow worldwide. At the same time, our group's successful focus on the freetrade segment of the market has demonstrated that significant gains are possible for those who add value for the independent operator.

We continue to work through our legacy issue regarding the non-core logistics business in the UK. This may take us a bit longer than anticipated but it is important that we find a solution that is in the best interests of all stakeholders involved.

We have seen that opportunities abound for nimble businesses closely aligned to market needs.

In an uncertain world, it is difficult to say what impacts we can expect on currencies and interest rates. What we can say, with a much higher degree of certainty, is that Bidcorp businesses will make the most of market developments.

The group is well positioned to benefit from our sustained investment in people, systems and infrastructure. We anticipate the contribution of newly acquired operations to be more meaningful as these businesses are integrated into the group.

In 2019, further acquisitions could well support renewed gains, though organic growth is again expected to be the principal driver of growth.

Another growth driver is closer collaboration across Bidcorp geographies while the sharing of knowledge and pooling of experience have the potential to deliver significant savings.

I am therefore confident that Bidcorp, as a well-resourced, full service foodservice business, is ideally positioned to maintain its record of sustained growth and consistent enhancement of shareholder value.

The group's entrepreneurial culture and value-add philosophy served us well in 2018. They will do so again in 2019.

Stephen Koseff
Chairman

Board of directors

See full CVs on pages 74 and 75

Dolly Mokgatle

Qualifications: BProc (University of the North) LLB (Law) (Wits)
Age: 62
INDEPENDENT NON-EXECUTIVE DIRECTOR
Appointed: October 4 2016
Committee membership: ● Social and ethics committee ● Nominations committee

Douglas Band

Qualifications: BCom (Wits) CA(SA)
Age: 74
LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR
Appointed: March 10 2016
Committee membership: ● Acquisitions committee ● Nominations committee ● Remuneration committee

Stephen Koseff

Qualifications: CA(SA), MBA, H.Dip. BDP and Hon. DCom (Wits)
Age: 67
CHAIRMAN
Appointed: August 16 2017

Nigel Payne

Qualifications: BCom (Hons), CA(SA), MBL
Age: 58
INDEPENDENT NON-EXECUTIVE DIRECTOR
Appointed: March 10 2016
Committee membership: ● Audit and risk committee ● Social and ethics committee ● Acquisitions committee ● Remuneration committee

Bernard Berson

Qualifications: CA(Australia)
Age: 53
CHIEF EXECUTIVE
Appointed: March 10 2016
Committee membership: ● Social and ethics committee ● Acquisitions committee

David Cleasby

Qualifications: CA(SA)
Age: 56
CHIEF FINANCIAL OFFICER
Appointed: September 12 2007
Committee membership: ● Acquisitions committee

Paul Baloyi

Qualifications: MBA (Manchester Bangor University of Wales), SEP (Harvard), AMP: ENSEAD (France), MDP (University of Stellenbosch)
Age: 62
INDEPENDENT NON-EXECUTIVE DIRECTOR
Appointed: March 10 2016
Committee membership: ● Audit and risk committee ● Acquisitions committee ● Remuneration committee

Helen Wiseman

Qualifications: BSc (Hons) University of Manchester, CA, GAICD
Age: 52
INDEPENDENT NON-EXECUTIVE DIRECTOR
Appointed: March 10 2016
Committee membership: ● Audit and risk committee ● Social and ethics committee

Brian Joffe

Qualifications: CA(SA)
Age: 71
NON-EXECUTIVE DIRECTOR
Appointed: August 17 1995
Committee membership: ● Acquisitions committee ● Nominations committee

Board committees

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

It is with confidence that Bidcorp acknowledges each individual member of our governing body, appreciative of their unique, robust contribution in leading Bidcorp ethically and effectively.

"Ethical leadership is exemplified by integrity, competence, responsibility, accountability, fairness and transparency.

Effective leadership is results-driven. It is about achieving strategic objectives and positive outcomes.

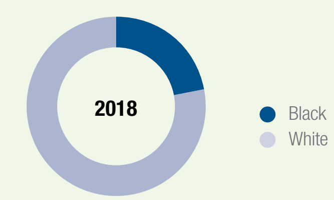
Effective leadership includes, but goes beyond, an internal focus on effective and efficient execution."

King IV – *defining leadership*

Board
Gender diversity

Female	Male
22%	78%

Board
Race diversity



Our food adventure

The achievement of a consistently good track record is a result of strong organic and acquisitive growth, positive market fundamentals and the advantages of shared operational best practice, network density, and deep local customer and supplier relationships.

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.

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.

1999
Booker Foodservice, renamed 3663 First for Foodservice, acquired by Bidvest plc United Kingdom.

2000
Bidvest plc enters the New Zealand foodservice market with the acquisition of 100% of Crean Foodservice.

2001
John Lewis Foodservice acquired and incorporated into Bidvest Australia, creating the leading foodservice distributor in Australia.

2004
Bought out the minority shareholders in Bidvest plc.

2006
Acquired 100% of the Netherlands and Belgium foodservice company, Deli XL and an 80% stake in Horeca Trade, a UAE based foodservice distributor.

2007
Acquired 100% of Angliss, a leading foodservice wholesaler and distributor in Singapore and Hong Kong.

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.

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 foodservice provider in Turkey.

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 foodservice provider in Italy and 100% of PCL24/7.

2016
Separately listed and unbundled the foodservice operations, being Bid Corporation Limited (Bidcorp).

2017
Bidcorp moves into Spain through its acquisition of a 90% stake in Guzmán Gastronomía & Cuttings (Guzmán).

2018
Foodservice acquisition in Germany and Austria, as well as a bolt-on in Portugal strengthening our Bidfood Iberia business. 13 smaller bolt-on acquisitions in nine countries completed.

Bidcorp global offering

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. Each business operates as an autonomous, small, local business.

Australasia

Australia and New Zealand offer customers the industry's most comprehensive range, wide market coverage, economies of scale and one-stop solutions.

Revenue	Trading profit	Employees
R30,0bn	R2,0bn	4 638

Bidfood Australia
Bidfood New Zealand

For more information see page 26

United Kingdom

United Kingdom is a market-leading foodservice and product distributor serving customers in the hospitality, institutional, catering and free-trade sectors.

Revenue	Trading profit	Employees
R31,4bn	R1,4bn	7 930

Bidfood UK
Bidfresh
Logistics

For more information see page 31

Europe

Bidcorp in Europe is the leading foodservice distributor to the Horeca sector. Bidcorp has a world-class service offering and a diverse product range that meets the needs of its vast customer base.

Revenue	Trading profit	Employees
R39,2bn	R1,6bn	7 842

Netherlands
Belgium
Czech/Slovakia
Iberia
Poland
DAC Italy
Baltics
Pier 7 Germany

For more information see page 36

Emerging Markets

With a geographic footprint over four continents, this division includes operations in Africa, South America, Asia, the Middle East and Europe.

Revenue	Trading profit	Employees
R18,7bn	R1,0bn	6 014

Bidfood SA
Crown Food SA
Chipkins Puratos SA
China
Hong Kong
Singapore
Malaysia
Brazil
Chile
Middle East
Aktaes Turkey

For more information see page 41

Delivering on our strategic vision

Bidcorp driving innovation, customer friendly solutions and service excellence

It's all about the food

We continue to focus on higher margin freetrade business.

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

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

Opportunities exist in each of our markets to grow entrepreneurially-led businesses like Bidcorp.

Strategy

Business Model

Responsible procurement

Our suppliers are specialists in their product, as well as ethical and sustainably minded, located as close to the source of the food as possible. We source both quality wholesale foods and a large range of catering equipment and non-food essentials.

We are proud to say we take a sustainability-based approach to product sourcing, minimising the impact of our carbon footprint, whilst ensuring fair labour practices are at the forefront of all stages of our supply chain.

Value-add processing

Through listening to our customers, Bidfood has identified 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, as directed by customer needs and market trends identified.

Warehousing and distribution efficiencies

We invest in depots and vehicles equipped with state-of-the-art efficient and sustainable capabilities. We utilise tools such as voice-pick technology and onboard-telematics in vehicles to ensure improved efficiencies and accuracies in service. Coupled with anti-error systems, we commit to reduced preparation error rates and overall improved working conditions for our workforce.

Our fleet is equipped to simultaneously distribute products at positive and negative temperatures, with modular compartments equipping us to deliver to specific customer and product requirements.

Market-leading innovation

Our in-house developed ecommerce solution is a market-leading customer communication, transaction and information portal connecting us directly. Customers have online touch access to products offered by Bidfood divisions; real-time stock and pricing; product and sourcing information; planning and costing facilities, as well as intuitive complementary product suggestions.

By using technology to deliver operational efficiency, implementing smart solutions faster through sharing of learning and ideas across our businesses, Bidfood is ahead of the pack. Continual upgrading, modernisation and simplification of our global IT infrastructure; from farm to fork.

Customer service excellence

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.

Stakeholders

- Customers
- Suppliers
- Employees
- Shareholders
- Environment
- Communities
- Authorities
- Partners

Further detail overleaf.

Stakeholder engagement

Customers

- Customer-centric ethos at the heart of all engagement
- Ecommerce, CRM and social media presence
- Call centres, online support services as well as independently managed complaints channels in place

Actions taken

- Customer service improvements identified and actioned
- Continuous monitoring of tip-off and help-line contact points
- Staff training on new legislation

Suppliers

- Ongoing communication at local level with suppliers on changing trends and customer needs
- Joint pursuit of efficiencies
- Long-term sustainable support of local home-grown suppliers

Actions taken

- Embracing electronic media initiatives
- Supportive relationships with small, local suppliers
- Continued efforts to streamline logistics chain

Employees

- Employee feedback and trade union engagement
- Monitoring and reporting on gender and diversity topics
- Health and safety prioritisation, including reporting on lost-time injuries

Actions taken

- Focused training programmes
- Effective social media communication tools promoting collaboration
- Career pathing initiatives across each division

Shareholders, incl. investors/analysts

- Investor meetings and presentations
- Online updates and communications

Actions taken

- Quarterly presentations to investors and analysts
- Assessment of non-financial data collection for reporting
- Reporting non-financial issues in annual integrated report

Environment

- Commitment to reduce environment impacts
- Group-wide focus, with reporting to board level to ensure this remains a top priority
- Identification of industry-specific environmental and sustainability initiatives

Actions taken

- Cost reduction, elimination of duplication and reduced water usage included in business strategies
- Quarterly reporting metrics increased and closely monitored

Communities

- Interaction to explore community employment opportunities
- Direct local business engagement with communities

Actions taken

- Corporate support of identified causes
- Individual businesses support community-based projects
- Healthy eating campaigns

Partners

- Need to scrutinise prospects for entry into new markets

Actions taken

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

Authorities incl. government and regulators

- Proactive interaction and communication at each business
- Group level engagement on overarching issues such as taxation
- Need to meet requirements of national authorities and regulators

Actions taken

- Compliance programmes
- Proactive consultations
- Training opportunities for newly qualified candidates, with potential career opportunities offered within Bidfood

Risks and opportunities

Bidcorp is 'all about the food'. This gives us focus and a unifying mission, no matter what our geographic location. The positioning is an implicit invitation to collaborate with customers and suppliers who share our obsession.

This can help us strengthen relationships and assist us when partnerships with like minded businesses are necessary in the pursuit of shared objectives. However, any claim to specialist positioning imposes certain obligations. We must be quality driven, knowledgeable and innovative, always at the forefront of developments in our chosen field. Our people must be skilled and highly trained.

Our products must be known for exceptional quality and the ability to assist our customers as they address market shifts and business challenges. New product development must anticipate market trends rather than lag behind changing dynamics.

MARKET LEADING INNOVATIVE SOLUTIONS

High reliance on technology

To effectively serve our customers, IT systems able to support our operations are required. Technology improves communication, engagement and efficiencies in customer service.

Our response
Our decentralised model ensures we do not have global dependency on a single system, but are locally independent. Therefore a material group-wide system failure impact is unlikely. We have invested in 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 transactions in our business processes. Managing cyber security risks is a key focus.

Our response
We have rolled out a group-wide rapid response plan and implemented measures to protect our data and to prevent security breaches and cyber incidents. Insurance policies have been purchased and awareness programmes instituted. Continuous vigilance in the face of potential attack is at the heart of our risk management programme.

RESPONSIBLE PROCUREMENT

Product cost volatility

The foodservice industry is characterised by high-inventory turnover at low-profit margins. Volatile product costs directly impact margins, reducing profits.

Our response
We do not to enter into long-term customer agreements on pricing. Our businesses can therefore react quickly to changes in product pricing. In our decentralised model, purchasing decisions are based on the quality and price of the local product, according to customers' ever-changing needs.

Outside "group purchasing organisations" (GPO)

Some customers purchase through GPO to reduce prices per product.

Informal buying groups use peer-to-peer apps, for example WhatsApp to engage directly.

Our response
We offer innovative, real-time engagement with customers through our bespoke industry-leading ecommerce solutions. We are small enough to remain 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.

Intense competition

Foodservice distribution is highly competitive, with low barriers to entry. Drivers include local presence, product offerings, cost efficiencies and flexibility to meet changing customer requirements.

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

Getting executive management attention · Getting local management attention · Managed via day-to-day operational internal controls

Risks and opportunities

VALUE-ADD PROCESSING

Environmental, health and safety compliance

Compliance is non-negotiable. We face a broad range of ever-changing international, national and local laws and regulations managed by our local teams.

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

Timely infrastructure investment

Timely investment in the development of a robust infrastructure is key to creating the capacity demanded by growth.

Our response
Expansion requires that distribution centres and depots be large enough to be economically viable, yet small enough to ensure we remain agile and customer focused.

To remain ahead of the demand curve, we invest in assets with state-of-the-art sustainable capabilities.

WAREHOUSING AND DISTRIBUTION EFFICIENCIES

Driver development

The role of the driver and driver recruitment have become global challenges. It is vital to recognise the importance of the role and support drivers with tools to enable them to do the best possible job.

Our response
We invest in driver training programmes while providing incentives and better work environments. With onboard tracking and monitoring systems we improve driver safety.

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.

Our response
Ongoing communication with customers about pricing changes and product sourcing challenges is key to our success. We have a record of successful problem-solving in pursuit of mutually beneficial solutions. This stands us in good stead with customers, strengthens relationships and builds trust.

Extreme weather conditions and natural disasters

Some of our facilities and our customers' facilities may be subject to extreme weather conditions. Such extreme weather conditions may interrupt operations and impede access to market.

Our response
Robust disaster recovery plans are established in all businesses. In the event of business interruption, our decentralised network of smaller warehouses and distribution centres allows us to assist affected sites. We have the necessary global insurance policies in place to protect our assets and address business interruption risk.

Getting executive management attention

Getting local management attention

Managed via day-to-day operational internal controls

CUSTOMER SERVICE EXCELLENCE

Product liability claims

As a reseller of food products, we may be exposed to liability claims. The impact could be significant. It is critical that we source from the best possible suppliers.

Our response
We generally seek supplier contractual indemnification and insurance coverage. We have group liability policies in place. We only select suppliers who respect our standards and provide the transparency required in the rigorous evaluation of procedures.

Debtor collection

Economic conditions are tough and this impacts the timing of payments received. Even when contracts are in place, the inability to meet obligations may adversely affect our collections.

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

Reputational damage from adverse publicity

A good reputation is critical. Any event that damages the reputation of the quality, safety or integrity of our products could quickly affect our results. Instances of foodborne illnesses, food tampering or other health concerns, even those unrelated to our products, can dramatically impact our performance.

Our response
Prevention is better than cure. Therefore, at an operational level, quality controls are stringent and training continuous on food safety and the correct handling of all food products. In addition, Bidfood continually monitors social media platforms to gain customer feedback and insight on product and service experience.
We have an independently managed tip-offs 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 address any material issue reported.

GROWTH

Growth through organic expansion and acquisition

Bidcorp may selectively pursue opportunities to supplement organic growth with strategic acquisitions. These acquisitions present opportunities for growth and changes the scale of Bidcorp's operations and exposure to new risks.

Our response
A global executive management team provides insight on all transactions. We ensure full and proper due diligence is complete before any acquisition is finalised. New acquisitions are conducted in line with the decentralised Bidcorp governance framework by local management teams who are close to and understand their markets.

Succession planning

Bidcorp's ability to operate effectively depends largely on the experience and skills of its senior management team and their succession plan.

Our response
With a robust and significant global footprint, international opportunities are provided to those eager for career progression. Experienced management skills underpin the growth and ongoing development of our teams to ensure a strong succession plan exists.

Economic, political or social instability

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

Our response
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.

Awareness of safety

Leadership review

Chief executive's report

Bernard Berson
Chief executive

Pleasing **growth** driven by our 'all about the food' focus

Expansion into Germany, Austria, Portugal and Vietnam

Freetrade strategy a **platform** for sustained gains

Greater **collaboration** across national teams

Net revenue from continuing operations up **8,0%** at R119,4 billion

Ecommerce underpins solid gains

Trading profit **8,7% higher** at R6,0 billion

Food safety awareness built into culture

We take a positive view and see a world of opportunity. Dangers exist, but the group has the capacity to manage them, thanks to our broad geographical spread, closeness to individual markets and the experience of local teams. Difficulties may arise in the short term, but experience tells us that our teams have the knowledge and talent to successfully address them.

All about the food

Bidcorp is all about the food and this was reflected by dedicated operational focus in a year notable in many quarters for distractions and peripheral noise. The world may be more uncertain and weather patterns more extreme, but this merely underlines the benefit of working hard on those things you can control, rather than those you cannot. Bidcorp certainly derived benefit by addressing its own priorities while increasing operational efficiency.

Progress was evident worldwide, largely because we concentrated on executing our proven strategy of building responsive, efficient foodservice businesses that partner with an increasing number of independent customers in the freetrade channel.

Freetrade has become the central pillar of our business. Penetration of this sector varies across regions. In view of our decentralised business model, this is to be expected. However, the overall trend is plain. The contribution of low-margin large-scale business is gradually being reduced while freetrade continues to grow.

Bidcorp's 'all about the food' philosophy adds substantial value for these customers. Here, we provide solutions and develop products that address specific needs among independent operators who have an entrepreneurial mindset that is similar to our own. Engagement is greater. Margins are higher. Risks are lower.

Volumes in this segment are not only growing because we win more and more independent customers, but because we help existing customers grow their businesses. A spirit of partnership is natural when you and your customers are all about the food.

2018 all about steady growth

Group figures for continuing operations confirm sustained organic and acquisitive growth.

Net revenue from continuing operations rose 8,0% to R119,4 billion (2017: R110,5 billion) while gross profit percentage was maintained at 24,0% despite a freetrade growth strategy that allowed some businesses to sacrifice margin to grow volume. We also gave local teams the discretion to absorb some dairy price increases in those markets that are deeply affected by the world dairy crisis.

Group trading profit rose 8,7% to R6,0 billion (2017: R5,5 billion).

Bolt-on acquisitions were completed in Australia, Netherlands, Spain, New Zealand, South Africa, Greater China and Turkey. Total investments were R965,6 million.

Pier 7 (a small foodservice business with operations in Germany and Austria) and a niche horeca business in Portugal (integrated into Bidfood Iberia) were springboards for expansion into new geographies.

A world of opportunity

It is possible to take a world view dominated by geo-political risk and financial exposure. Risks certainly have to be addressed and mitigated. But if you consider nothing but danger, you succumb to the biggest risk of all… doing nothing when there is work to be done and opportunities to pursue.

At Bidcorp we take a positive view and see a world of opportunity. Dangers exist, but the group has the capacity to manage them, thanks to our broad geographical spread, closeness to individual markets and the experience of local teams.

Difficulties may arise in the short term, but experience tells us that our teams have the knowledge and talent to successfully address these challenges. We adapt and can be extremely flexible in the application of our basic business model. In the long run, growth will be achieved if you work hard, stay close to customers and listen to what the market has to tell you.

Of course, perceptions of enhanced risk affect not only sentiment but valuations. This creates potential for acquisitive growth at attractive prices and helps explain our record for superior results even in times of adversity.

Positive perspective

Bidcorp's positive mindset was apparent in a year when we widened our exposure to China and several other countries.

America and China may engage in acrimonious exchanges, but the Chinese population continues to grow and these families must eat. At the same time, income levels are rising in Asia, opening up greater menu choice.

Opportunity for market-share growth is clearly apparent. For example, China imports 4,6 million metric tonnes of meat a year. Bidcorp currently accounts for 0,01% of this business by volume and value. Clearly, we have a lot of growing to do in this category and many others.

We have a well-developed Chinese base with operations in 28 cities. Work is well advanced to widen the network by creating a presence in another two cities. In the past year, we acquired Hong Kong-based Linson Global Seafood Trading, strengthening our presence in an important food category, as well as Jilin Food Service in mainland China.

In addition, we entered the Vietnam market in a joint venture with a local business, Dai Thuan. Vietnam is an interesting market. Economic growth has been rapid in recent years and looks set to continue. We prefer to investigate potential from the inside rather than stay on the outside looking in.

Growth takes time

This mindset explains numerous forays into supposedly risky markets. Some years ago, we entered South America via Chile and subsequently established a presence in Brazil. At the time, the political and economic conditions were challenging and have remained so, but these businesses have demonstrated their resilience and an appetite for solid growth.

Bidcorp resilience in the face of uncertainty is also evident in the Middle East and Turkey. Again, we focus on the potential and witness continued progress. Build good businesses and assemble energetic teams. You then have the capacity to ride out temporary difficulties created by a turn in the economy or shifts in the political situation.

We are gradually building scale in this region and can report encouraging progress by new initiatives in Bahrain and Jordan.

Eastern Europe also provides compelling evidence that market engagement is often preferable to market avoidance. Many of these countries have sizeable populations that are eager to achieve higher living standards and aspire to a lifestyle that includes regular eating out with family and friends. For a foodservice business alert for new opportunities, this looked like a solid foundation on which to grow, and so it has proved.

It has taken a little time – growth often does – but our businesses in the Czech Republic, Slovakia and Poland have become consistent contributors. We have also invested some time (and money) in the Baltics, where a solid base is now taking shape.

We will continue to take a long view and look for opportunities rather than problems.

Brexit

Our philosophy of focusing on the things you can control applies in developed as well as developing markets.

In the UK, the country's planned exit from the European Union has dominated the headlines for more than two years. Initial predictions were that the economy would stall or go into reverse. Instead we have seen two years of steady growth; nothing spectacular but much better than many commentators expected.

Now the media noise is all about a messy 'divorce' and the possibility that no deal will be struck by British and European negotiators.

We prefer to focus on the certainties and they include the fact that the UK has a growing population of 65,6 million. Life expectancy is going up. Healthy eating is an established trend, as is out-of-home eating. From our perspective, the fundamentals look good.

Our job is to continue to build a vibrant foodservice operation in the UK that will make the most of these opportunities – with or without a messy Brexit. Our British businesses are in good shape and I am confident they are resilient and resourceful enough to continue on the growth path.

Food safety

Risk not only attaches to specific geographies. Public health risks are even more fundamental for a business like ours.

In the review period, the South African authorities reported that more than 200 people had died in what is believed to be the world's worst listeria outbreak.

Listeriosis is one of the most serious of foodborne diseases and in 2018 cases were reported as far afield as the UK, Europe and Australia. In view of heightened food safety risks, our food testing protocols, systems and recall procedures were re-examined and strengthened.

Within the Crown Food Group (CFG) in South Africa, the listeriosis crisis had material effects as some ingredient sales fell sharply for a time. CFG's sister company, Bidfood South Africa, was impacted to a lesser extent.

Listeria is one of many diseases that poses a food safety risk. These risks have always existed and in all probability will never be totally eliminated.

Bidcorp actively mitigates these risks by scrupulously applying rigorous quality and food safety controls while building food safety awareness into our organisational culture.

Chief executive's report

We step up preventive measures and safeguards immediately any outbreak of foodborne disease is notified. Instant reaction is complemented by a proactive policy of staying permanently on guard, rather than waiting for specific cases to occur.

We not only focus on internal processes and procedures to minimise risk. Among our criteria for the selection of food suppliers is their commitment to the highest quality and safety standards.

Experience tells us that, once aroused, food safety concerns are contagious. The public becomes defensive about affected brands, products and specific companies. As health concerns rise, consumers may avoid entire categories of food, affecting volumes across all industry players.

Given appropriate remedial action – in South Africa and elsewhere – we believe public confidence will be restored over time. We therefore expect our CFG volumes to recover in the coming months.

Legacy issues and balance

Increased focus on foodservice, with special emphasis on freetrade, is rapidly turning into a worldwide success story for Bidcorp. However, redirecting and refocusing a business also creates challenges, especially for an acquisitive group that purchases international businesses in highly fragmented industries.

Legacy issues are one such challenge.

Clearly, some activities in some national markets may be non-core and on occasion can consume an inordinate amount of management time while distracting leadership teams from the high-growth areas of the business.

This situation arises in many geographies. Resolution may be swift and pain free or may take time. For example, the historical bias in Singapore toward commodity trading activities took some time to correct, but the business has gone from strength to strength since foodservice excellence became its core focus.

A current priority is portfolio rebalancing at many Asian businesses as the traditionally heavy weighting of dairy products can result in undue risk. This is work in progress, but a good start has been made.

In the UK, the legacy question involved a strong historical commitment to logistics.

We are a foodservice business, not a transport business. We have spent some years putting in place structures that enable us to compete with great success in the foodservice industry while reducing our exposure to low-margin delivery contracts for third parties.

We honour contracts and will not let down our logistics customers. At the same time, we have made no secret of the fact – in the UK and elsewhere – that our focus is on foodservice rather than logistics.

Discontinued business

In the UK, we are committed to the exit of our UK Contract Distribution (CD) business.

We have treated CD as a discontinued operation since the end of calendar 2017 and this year reported its performance separately.

The business has been making losses for some time. What's more, in the review period, it lost a substantial contract, resulting in the closure of a major distribution centre and more than 400 redundancies. We do not like to see people lose jobs and as a responsible employer, we fulfilled our obligations to the affected people.

The remaining UK businesses are in good shape and are well positioned for continued success. The CD exit is the last piece of the puzzle in the rebalancing of UK operations. With these legacy issues contained, we look forward to further successes in a British market that made a big contribution to our bottom line in 2018.

ESG framework

As an international foodservice enterprise, we are acutely aware of our environmental, social and governance (ESG) responsibilities. Bidcorp touches countless lives. It is our job to ensure this interaction is mutually beneficial.

Doing no harm is a good start. It is much better to go further by doing well by all stakeholders and the communities in which you conduct business.

We operate successfully in some of the world's most rigorously regulated jurisdictions. Compliance with sometimes complex regulations imposes a cost, but failure to meet these obligations can incur even higher costs in the form of reputational damage. We therefore take all our obligations seriously.

The commitment goes beyond regulatory compliance. Wholehearted involvement is often apparent, notably the effort to reduce, reuse and recycle on the environmental front.

Knock-on benefits also tend to accrue as our operations are increasingly characterised by collaboration, including the sharing of world best-practice in an ESG context. In this way, we ensure teams operate to the highest standards, even in countries where regulations have yet to catch up with the demands made in some advanced economies.

An ESG yardstick not only applies operationally. It also shapes strategic thinking. This is understandable as international experience suggests acceptable financial outcomes are unlikely without acceptable ESG outcomes.

Our deepest sympathy

It is with the deepest regret that we report one fatality in the review period. This involved a contractor in South Africa and we extend our sympathies to his family. The incident serves as a reminder that even when rigorous health and safety measures are in place it is imperative to ensure all guidelines are strictly observed by those on the job.

Ongoing progress

Revolution is rare at Bidcorp. We prefer evolution. We do what works for us and then build further momentum by reinforcing success.

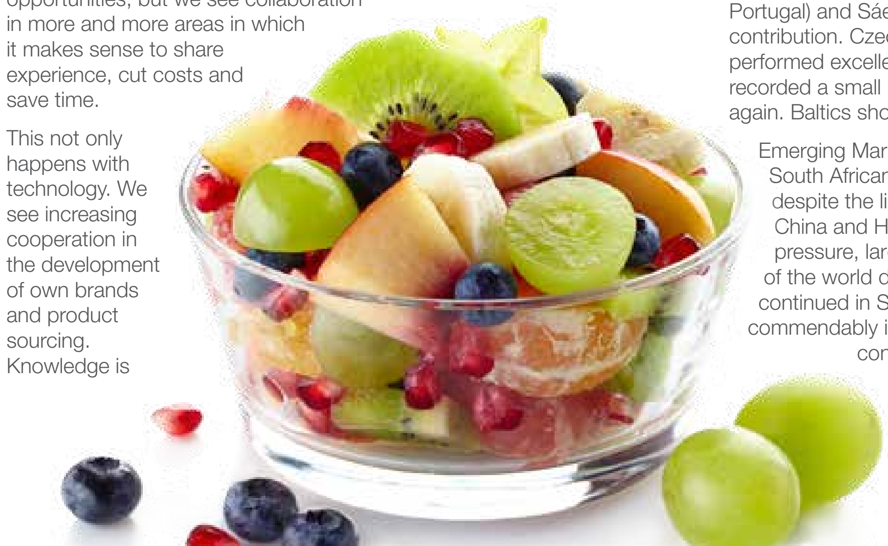
Ecommerce has become a key differentiator. We are not a technology company. We use technology as a means of staying close to customers. We don't just take and fulfil orders across an e-platform, we identify needs and meet them.

Our online platform leads the local markets. We are not complacent about these successes. To ensure our IP continues to give us competitive advantage we commit to constant enhancement.

In many markets, more than half our sales are digitally driven. In other markets, these platforms have only recently been scoped or are in the process of being rolled out. This creates opportunities for sharing knowledge and systems. This shortens implementation periods and helps local teams avoid costly missteps.

We remain a decentralised business and local managers are trusted to optimise local opportunities, but we see collaboration in more and more areas in which it makes sense to share experience, cut costs and save time.

This not only happens with technology. We see increasing cooperation in the development of own brands and product sourcing. Knowledge is also being shared in new categories where we see high growth potential, but where our experience is limited.



Fresh produce, for example, is a speciality niche with special demands. The meat category is another area with unique demands. These areas tend to be much more volatile than traditional foodservice lines. Prices can change in a few hours. Supply and inventory issues also create challenges.

In 2018, we gathered invaluable experience in this exciting part of the business. Progress is being made, but the learning curve is steep, as teams in several markets, including the UK and Australia, can confirm.

Today's learnings plant the seeds of tomorrow's growth, and the potential is substantial.

Divisional performance

Australasia performed strongly. Both Australia and New Zealand set records as the region maintained its position as the group's leading contributor. Australia achieved commendable results in a year of transformation as three of the biggest metropolitan branches went through major changes. New Zealand grew in a sluggish market. Infrastructure investment continued.

United Kingdom businesses did well. Foodservice achieved excellent results as new trading depots bedded down. Customer migration to the latest version of the UK ecommerce platform, "Bidfood Direct" progressed. Fresh faced challenges as the meat business moved to new purpose-built facilities. PCL continues to be challenging and non-core.

Europe was the standout performer as economies generally continued to grow. Netherlands finished strongly and Belgium achieved record results. DAC Italy did well, including a small contribution from the new acquisition, D&D. Iberia continues to develop momentum. New acquisitions Frustock (in Portugal) and Sáenz Horeca made their first contribution. Czech Republic and Slovakia performed excellently. Newcomer Germany recorded a small loss, but Poland did well again. Baltics showed further improvement.

Emerging Markets delivered mixed results. South African operations performed well, despite the listeria challenge. Greater China and Hong Kong were under pressure, largely from the consequences of the world dairy crisis. Improvement continued in Singapore. Brazil performed commendably in tough economic conditions and Chile did well. Middle East achieved second-half gains as a regional recovery plan took hold. In Turkey, newly purchased Efe contributed to momentum.

Appreciation

I salute Bidcorp people – all 26 448 of them – for an outstanding effort in markets around the world. Economies were not always buoyant, but our staff and their managers made the most of growth opportunities and recorded highly satisfactory results. I'm proud to lead this wonderful team.

I also thank customers and suppliers for their continued support. Our business is increasingly characterised by a spirit of partnership. Without our customers and suppliers our sustained growth would not be possible.

I am also indebted to our new non-executive chairman, Stephen Koseff and our board of directors for their wisdom and strategic direction.

On a personal note, I would like to record my heartfelt and sincere appreciation of the work and contribution of outgoing chairman, Brian Joffe. He has a record of exceptional achievement as entrepreneur and business leader. He had a profound influence on my career over the past 28 years, and that of many others. He remains on our board as a director, for which we are all grateful.

Going forward

Essentially, we expect more of the same in the year ahead. This means more growth on the 2018 pattern, with more own-brand development, more success from foodservice and freetrade focus and more gains through responsive online systems.

Organic growth will be the principal driver. We also look for stronger contributions from recently acquired businesses as we integrate them into our group and secure synergies.

Growth through bolt-on acquisitions is an enduring theme at Bidcorp and we will continue to investigate new opportunities and perhaps some new territories.

Major strategic acquisitions are not on the immediate horizon, though we have the resources to pursue them vigorously, if opportunities present themselves.

On the issue of possible penetration of entirely new regions we should state that in the immediate term we see little opportunity in North America. Current US valuations are extremely high and we see no reason to pay a premium and dilute returns for representation in this market when prospects are so bright in so many others.

For example, Australasia's future looks exciting. Australia's population has just hit 25 million and growth prospects are enticing. New Zealand has to contend with a tight labour market (in common with many low-unemployment environments) and cost pressures may mount over there, but we have built strong momentum and are confident we can maintain it.

In Emerging Markets some volatility may be experienced, but prospects overall are good. All our South African businesses are performing well and in the Middle East our teams are establishing a strong base. In South America, we continue to build scale and the customer base and are well positioned in both Chile and Brazil.

In Asia, the Singapore business is now seeing the benefit of strategic refocus. Greater China may face challenges in the short term, but a firm base is in place and our businesses are well able to absorb competitive pressure while optimising new opportunities.

In Europe, economic conditions are expected to remain broadly supportive and we are well placed to derive benefit from our investments in new systems and modern infrastructure. We're excited about prospects in markets from Belgium to the Baltics. Momentum continues to build in Italy. In four years, the DAC business has more than doubled in size and in 2018 the operation doubled its export sales to other Bidcorp companies. Spain and Germany pose some short-term challenges, but these are new markets for us. Building sustainable momentum will take time, but long-term potential is exciting.

The UK offers further opportunities. UK Foodservice is making strong headway and is well positioned to continue on the growth trajectory. UK Fresh is bouncing back after a challenging year.

We don't expect the outside world to be predictable, but the Bidcorp world often is. We have a proven approach and we plan to stick to it.

In 2019, we will be working hard, while sticking close to customers and exploring new categories and some new activities, in basic manufacturing, processing and exports, and perhaps exploring some new national markets as well.

We see a world of opportunities and plan to pursue them.

Bernard Berson
Chief executive

Chief financial officer's report

David Cleasby
Chief financial officer

Strong balance sheet, group well positioned

Net debt of R3,6 billion after infrastructure spending and new acquisitions

World class trading margin at **5,0%**

Bidcorp **well capitalised** with ample capacity for further growth

Cash generated by operations before working capital up **10,6%** to R6,9 billion

Maintaining appropriate returns a **priority**

Free cash flow **positive** at R1,0 billion after investments of R3,1 billion

Bidcorp remains well capitalised, with ample capacity to fund further organic and acquisitive growth. However, management is well aware of the necessity for balancing debt capacity with the need to assure appropriate returns to our investors. This key consideration underpins a generally cautious approach to debt.

Overview

Financial performance over the 2018 financial year was highly satisfactory, reinforced by a strong balance sheet, a factor of growing importance in view of volatile global markets and indications that interest rates may well strengthen as central banks become less accommodative in their approach to money supply.

Our performance was largely driven by market-share growth and innovation in new categories. Contributions from newly acquired businesses came on stream in several regions but were relatively modest and organic growth remained the principal driver in a year when almost all teams achieved solid gains in local currencies.

The reporting currency of our JSE-listed group remains the South African rand, though 91% of trading profit is earned outside of South Africa and international investors hold approximately 52% of our shares. In line with our group philosophy, individual businesses are managed and measured in local currencies.

In our 2018 year, the rand experienced bouts of volatility, but over the 12-month term the effect of currency shifts on our results was not material.

Macro factors

Internationally, the macro environment was largely supportive, especially in Eastern and Western Europe, Australasia and the UK, but headwinds were encountered in China because of the consequences arising out of the world dairy crisis. The Middle East and Africa also faced uncertain trading conditions at various stages of the year.

In recent years, several geographies have enjoyed consistently good economic growth, taking unemployment to extremely low levels. As a result, employers are under growing pressure to find the labour needed to drive their own growth. For instance, tight labour markets in the UK and New Zealand create a growing recruitment challenge for our local management teams while pushing up the wage bill. There is no quick fix. Hiring and retaining high-calibre employees is critical for a service-intensive business like Bidcorp. Containing labour costs while retaining the right people will continue to be a challenge for management in low unemployment economies.

Continuing operations' figures

Bidcorp regards balance sheet strength and low debt as sources of competitive advantage in a dynamic international foodservice industry where growth can be a function of opportunistic acquisitions or timely investment in new capacity.

With cash and cash equivalents of R6,0 billion on the balance sheet, the group remains well-resourced and strongly positioned.

In 2018, net revenue increased by 8,0% from R110,5 billion to R119,4 billion. The rate of growth in constant currency terms was 8,5%. Top-line gains reflect real growth in activity levels despite relatively benign food inflation in the core foodservice markets in which we operate.

Gross profit percentage was maintained at 24,0% despite increased penetration of the freetrade sector and the need, on occasion, to sacrifice margins for the sake of volume growth.

Operating expenses showed a like-for-like increase of 3,6%. Overall, this was a commendable achievement in the face of ongoing wage pressures and generally higher fuel bills. Quality support for independent foodservice customers also tends to increase cost pressures.

However, increased group collaboration has become a cost-saving tool as teams share best practice and learn from each other as they implement homegrown technology in the digital space.

The overall cost of doing business remained at 19,0%, a solid result in the context of higher sales, increased distribution activity and additional infrastructure investment.

Group trading profit increased by 8,7% from R5,5 billion to R6,0 billion and the trading margin was maintained at 5,0%.

Cash generated by operations before working capital absorption was R6,9 billion, an increase of 10,6%.

Though working capital management remained a focus area, we witnessed greater working capital utilisation. This was a function of higher activity levels, tighter supplier terms, some excess stocking (following the listeria crisis in South Africa) and the impact of recent acquisitions.

The rise in monthly average net working capital days was well controlled, up from 10 to 11 days.

Free cash flow (excluding dividend payments) was positive at R1,0 billion after investment activities absorbed R3,1 billion.

Debt and liquidity

There was no material year-on-year change to liquidity. Gross borrowings were R9,6 billion, with 64% of gross borrowings termed to beyond June 2019. The weighted average interest rate on foreign borrowings was 2,4%.

The net debt-to-equity ratio rose from 7,3% in 2017 to 13,5%. Net debt to EBITDA increased to 0,5x (2017: 0,3x), with trading profit interest cover at 25,8x (2017: 25,4x).

Net finance charges were 7,1% higher at R231,1 million (2017: R215,7 million).

An increase in net debt to R3,6 billion reflected ongoing investment and the impact of bolt-on acquisitions and the funding of the discontinued operation. Continued growth in total fixed assets was driven by replacement and expansionary capital expenditure.

Bidcorp remains well capitalised, with ample capacity to fund further organic and acquisitive growth. However, management is well aware of the necessity for balancing debt capacity with the need to ensure appropriate returns to our investors. This key consideration underpins a generally cautious approach to debt.

Incentivisation

Share-based payments increased to R99,2 million (2017: R94,1 million) as a result of further long-term incentivisation of staff across the group.

Incentivisation such as this plays a key role in our strategy of driving sustained growth across market cycles and generating above average returns in our businesses in their home markets. Highly motivated teams are measured on their returns on funds employed and in 2018 continued to achieve strategic goals in a highly competitive environment.

Investing in the future

Modernisation and investment in new infrastructure are ongoing. For example, our New Zealand business invested NZ$46,0 million in 2018 in five new distribution centres and an extension to an existing facility while the bill for modernisation in the UK jumped 45% in a single year to £33,0 million.

Ongoing investment in Bidcorp's proprietary ecommerce platform is another constant.

Despite substantial and continuing investment such as this, the group achieved a 34,6% return on funds employed.

Acquisitions

Acquisitive activity dipped in the review period and acquisition costs fell to R35,5 million from R46,1 million in 2017.

In all, we acquired 13 companies with combined annualised revenue of R4,6 billion. These bolt-on acquisitions were made in various jurisdictions, including Australia, Netherlands, Spain, New Zealand, Italy, Malaysia, South Africa, Greater China and Turkey. Total investments were R965,6 million.

Expansion into new territories was driven by the acquisition of Pier 7 (a small foodservice business based in Germany and Austria) and Frustock (a niche horeca business based in Portugal, now integrated into Bidfood Iberia).

Acquisitions contributed R3,3 billion to group revenue (3,0%) and R22,5 million (0,4%) to trading profit. Clearly, there was no meaningful profit contribution in the immediate term. This was expected. Typically, with bolt-on acquisitions of this type, there is a short interlude while systems and infrastructure are bolstered. Synergies and efficiencies can then be sought, setting the scene for a material contribution across a broader operational base.

Dividend policy

At listing in 2016, Bidcorp committed in the medium term to 2,5 times headline earnings cover when determining dividend payments. The intention, all things being equal, over time is to reduce this cover, thereby improving returns for shareholders.

In 2018, the total distribution was 560,0 cents, representing dividend cover of 2,3x, a 12,0% increase over 2017.

It should be noted that since the demerger from Bidvest in May 2016, shareholder returns, excluding dividends, exceed 50%. What's more, since demerger, headline earnings per share are up 19% (or 28% in constant currency terms).

This track record, though admittedly brief, indicates that we are committed to delivering shareholder value in a consistent and responsible manner, while remaining true to our strategy of fostering sustained international growth.

Chief financial officer's report

Communication

A further priority is ongoing communication, not only to our investors but to all stakeholders, including our people, trade unions, communities, interest groups and the media.

Openness as an integral part of our culture helps to ensure no surprises, an important plus in today's dynamic business environment. Changes to key positions, at boardroom level and elsewhere, are communicated in timely fashion. Disappointments and worrying developments are also communicated in good time.

Over the last year, we were at pains to communicate the difficulties experienced at Contract Distribution (CD), our UK logistics business, and the decision at the end of the first half to treat the company as a discontinued operation, to be reported separately.

At CD we were confronted by a major contract loss, stubbornly high expenses, disappointing trading results and the need to right-size the business, reduce the vehicle fleet and close a major depot, with consequent redundancies.

By year-end, we were close to finalising our proposed exit from this non-core segment. Costs associated with this anticipated exit were substantially provided for and any further costs were unlikely to be significant.

Post the year-end, the prospective purchaser of our CD business notified Bidcorp that for its own internal reasons, it has decided not to proceed with the transaction. The CD business remains a non-core activity in respect of Bidcorp's global foodservice operations. Accordingly, Bidcorp is currently considering alternative proposals which were suspended due to the advanced sale process.

Business risk

Bidcorp is active in numerous jurisdictions and within a diverse range of communities. No matter where we operate, we are acutely aware of our environmental, social and governance (ESG) responsibilities.

In the corporate environment at large, the review period put a harsh spotlight on the governance aspect of the ESG framework.

It has become abundantly clear that without scrupulous regard for governance discipline, businesses run a heightened risk of financial loss, even corporate collapse, as poorly policed controls leave the door open to fraud and dubious accounting practices that may go undetected for years.

In recent months, members of the accounting profession, in South Africa and internationally, have been severely criticised by lawmakers, regulators and the media for their failure to spot warning signs, challenge suspicious accounts, expose conflicts of interest and hold senior executives to account.

Failure to apply professional scepticism in the face of glaring irregularities can result in spectacular losses in shareholder value, cost jobs and even lead to the collapse of an enterprise.

Alleged abuses in various cases include earnings manipulation, tax fraud, the creation of sophisticated mechanisms to hide losses and the extent of debt, non-disclosure of related party transactions and the out-and-out plundering of assets.

No organisation can be completely isolated from these risks. The challenge is how best to respond to them.

Lessons learned

In the reports of regulators who have investigated recent cases two key words appear repeatedly, 'scrutiny' and 'scepticism'. Scrutiny of all reports must be intense, and scepticism must be exercised whenever numbers appear suspicious or explanations seem vague or incomplete.

Bidcorp hires good people. Our people are honest and do a good job. But, in view of the recent spate of high-profile corporate failures, we have stepped up efforts to ensure accurate, transparent reporting at all levels. Numbers are not simply presented, they are interrogated.

At a strategic level, three special meetings of the audit and risk committee were convened during the course of the year to consider the performance of our external audit firm.

Structural safeguards

At Bidcorp, we engage a unitary board structure rather than the typical European two-tier alternative. Our board comprises a majority of independent non-executive directors, all of whom have unfettered access to management and are able to attend any committee work of the board. Both the group and divisional audit and risk committees are chaired by an independent non-executive director who has unrestricted access to management and information. We feel this provides independent 'scrutiny' and 'scepticism' to the activities of the businesses and their management.

Our decentralised structure helps mitigate risk by geographical spread and economic diversification. Significant responsibility and accountability is devolved to local management teams. For instance, they may identify targets for acquisition, but any significant capital outlay is subject to stringent levels of authorisation. Senior executives and the acquisitions committee rigorously scrutinise the business case, valuations and deal structure. This separation of powers helps us respond quickly to local opportunities without losing control.

Reporting rigour

Decentralisation creates its own challenges, of course. One is the need to generate reliable and timely reports from all geographies. Substantial progress was made during the year in this area. However, the work is ongoing, and efforts will continue to ensure the efficiency and accuracy of local reports and their timely presentation.

Other warning signs showcased by recent governance failures in the wider corporate environment include headlong growth into disparate, unrelated sectors during an 'acquisitions spree' and a cavalier attitude to debt. Again, our conservative approach ensures we have some built-in protection.

We are 'all about the food'. We have specialist focus and take a disciplined approach to acquisitive growth. It has worked for us for years and we foresee no departure from acquisitions focus and philosophy.

Our conservative attitude to debt is well known. We may take on more debt, but we do so incrementally, making judicious use of the interest rate environment.

Our culture, our people and our ESG focus may not guarantee immunity from corporate wrong-doing, but they provide sturdy defences. These defences are regularly reviewed and stepped up as necessary.

External audit

In 2018, we continued to make use of the external auditing services of KPMG, one of the Big Four global audit firms. We are satisfied as to the conduct, quality and independence of KPMG in the audit of the 2018 annual financial statements.

Future

Bidcorp's second full year as a separately listed business provided ample confirmation that we are operating in the right space and have significant opportunities for growth. We therefore look forward to a year of continued expansion. However, within a portfolio of businesses operating across many geographies, we have a few short-term challenges which are being addressed. Specifically Greater China remains bedevilled by the effects of the dairy crisis and focus on diversification of the product base is underway. In PCL in the UK, discussions with the client around mutually beneficial reward for activity level needs resolving to enable the business to move forward.

Our debt-to-equity ratio is low at 13,5%, creating headroom to fund both organic and acquisitive growth.

Interest rates have already risen in the USA and are likely to rise in the coming year in Europe. We do not view this as a material constraint on our growth ambitions and, in line with standard practice at Bidcorp, we will take advantage of favourable rates as and when we can.

Traditionally, higher interest rates tend to lead to a softening of business valuations. So far, this has not been the case in the USA and vendors continue to put high price-tags on their businesses. We will closely monitor valuations in non-American markets should there be a shift in the interest rate climate. It remains Bidcorp policy to stay patient when considering acquisitions. We identify the right deal, buy in the right markets, at the right time… but only when the price is right.

No material acquisitions that meet our disciplined criteria have so far been identified, but, should opportunities occur, we will pursue them.

Rigorous management of working capital remains a priority and management teams will step up these efforts as we believe this is essential to our mission to deliver above average returns in every market in which we are represented.

In the year to come, we expect periods of currency volatility. The international environment can be quite uncertain and the trade war between the USA and others have had an unsettling effect. The rand has come under pressure, along with some other Emerging Market currencies.

Despite these challenges, management remains confident that forward momentum will be maintained. In 2019, Bidcorp is therefore budgeting for further real growth in earnings.

David Cleasby
Chief financial officer

Divisional reviews

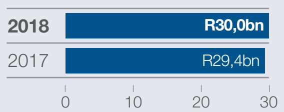
Passionate about quality

Australasia

Financial capital

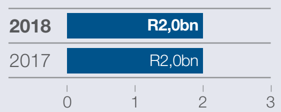
Revenue

+2,0%



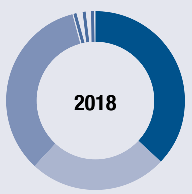
Trading profit

+0,8%



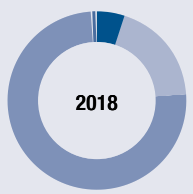
Manufactured capital

Product segmentation (%)



	2018	2017
Frozen	37	37
Chilled	25	26
Ambient	34	34
Non-food	4	3

Market segmentation (%)



	2018	2017
Logistics	5	5
Chain	19	20
Independent	75	73
Retail	1	2

Own brand 16%
of 2018 divisional revenue

Pictured: an example of New Zealand's Dewfresh own brand product.

Chief executives

Rachel Ruggiero
Australia

Phil Struckmann
New Zealand

The region performed strongly, in spite of growth tracking below trend, and both Australia and New Zealand set new records. "Financial capital" remained robust. Revenue moved 2,0% higher to R30,0 billion (2017: R29,4 billion). Trading profit rose marginally by 0,8% to R2,0 billion (2017: R2,0 billion). Results reflect continued focus on the successful freetrade strategy and the management mission to remain 'all about the food'. Human capital remained a focus area. We continued to grow jobs and skills investment rose. The future continues to look bright.

Australia put in a strong performance, supported by a domestic economy that is still "cooking". Interest rates remained low and business investment in non-mining activities outweighed declining mining investment. Unemployment is at 5,4%, wage growth is 2,1% and inflation 1,9%.

Trading profit lagged the prior year at the half-year mark, but by year-end was up 2,5%. This was an outstanding result in a year of transformation and some internal disruption.

Revenue rose 4,7%, though this included the sales contribution from recent small acquisitions. The sales effort was exceptional as three of the biggest branches went through major changes during the year.

Margins were maintained, despite pressures in Foodservice. As expected, expenses increased as new branches bedded in, further strengthening manufactured capital. Payroll costs were well contained.

Robust metropolitan representation is a key ingredient of the growth strategy going forward and meaningful progress was made in the review period. Strong bases were established in Australia's most densely populated cities – Melbourne, Sydney and Brisbane – creating platforms for long-term gains. Benefits are already apparent.

Foodservice performed reasonably well. The number of Foodservice branches rose to 39, all of which were profitable. Melbourne's branches made outstanding gains in the throes of their restructure. The new alcohol category was poured out to Foodservice branches. "Decanting" continues in the new period. Freetrade sales again grew.

Supply Solutions made big progress. New product development was the key feature of the year with over 100 new product lines introduced.

The team also began the processing of an own-brand cheese. Customer response has been highly favourable.

Fresh sales fell, but margins were well managed. Meat continues to gain traction as we refine our route-to-market model. Overall both the Fresh and Meat divisions were profitable, but still not at desired levels. The new Festival acquisition performed below expectation and will improve in the future once fully integrated.

Social and relationship capital was not neglected. Donations were made to the Daniel Morecombe Foundation and Kick Start for Kids while many branches supported local charities.

Human capital in our high-employment economy remains a focus area. An employee assistance programme was launched, offering free counselling sessions to any employee or family member going through a difficult time. The intervention addresses a growing need as the number of Australians diagnosed with depression continues to climb.

New Zealand did well to grow revenue and trading profit in a sluggish market. Business confidence dipped and GDP growth slowed. Lower unemployment added to wage pressures while higher fuel costs impacted all markets.

The business's investment in new distribution centres to handle continued growth demonstrated our sustained commitment to the development of our manufactured capital. This spending added to the cost base.

Foodservice performed solidly and Imports put in another stellar performance. Hamilton moved to a new distribution centre, as did Nelson, Timaru and Invercargill.

Fresh had a challenging year as extreme weather conditions disrupted supply and impacted pricing. Processing results were mixed. Newly acquired Prepared Foods failed to meet initial expectations and additional investment was required. The Auckland logistics operation did well, taking on additional QSR volumes while ice cream sales went up.

IT served up new order entry and scales projects, now in use at most branches. The latest version of the Progress database was upgraded.

Sustainability

Sustainability and social outreach are important components of the work we do in Australasia. Our suppliers, customers and the communities within which we work are environmentally and socially aware and expect the highest standards from us.

Natural capital

Fuel consumption, energy, water and waste are the key focus areas that drive our environmental initiatives. They are the foundation of our environmental management procedures, which include the implementation of the ISO 14001 environmental management system at all our Australian sites.

A 5% increase in fuel consumption was recorded in a year in which revenue was dampened by investment activities relating to the expansion of our presence in major cities. There was a change in fleet mix, with investment into smaller, more fuel-efficient vehicles for better inner-city reach. The full benefit of fleet spending, in revenue and fuel efficiency terms, will become evident in the year ahead.

Installed in all vehicles are GPS fleet monitoring systems that enable efficient route planning and accurate data capture of road usage and related tax and fuel rebates, as incentivised by the Australian government. New Zealand has begun trials of hybrid cars in the sales fleet. Efforts to ensure optimum fuel efficiency are ongoing.

In total, 80% of New Zealand grid-electricity is generated from hydro, wind and solar renewable sources. The applied emissions factor does account for this in calculating the carbon footprint. Deployment of various energy-efficiency technologies is at the forefront of our drive to reduce electricity consumption across both New Zealand and Australia. Smart LED lighting and motion sensors have been installed in all our Australian branch warehouses. Solar panel arrays have been installed at selected sites.

New Zealand has committed to a trial of solar panels at the Hobsonville distribution centre (DC). This is currently under construction and is due to be completed in June 2019. In addition, New Zealand intends that all future depots and warehouses will be equipped with solar power as upgrades and expansion occur. LED lighting and motion sensors have been fitted in existing DCs and are standard in all new DCs.

Australia has committed to the installation of efficient refrigeration, insulation and solar initiatives in all new depots. In addition, all current sites are fitted with timers on the air-conditioning. All lighting is turned off when offices are closed.

Water consumption is another key area of focus. The Auckland plant, our largest site in New Zealand, has installed a 200 kilolitre rain-harvesting tank that gathers rain water for use in irrigation and the washing of our fleet. Australia reported 29% increase in water consumption being the full year effect of the 2017 acquisitions of Pye, Central Choice, Primo and Festival. The acquisition of Prepared Produce, a fresh food processing business, in the current year has increased water usage due to the nature of the operations.

Australasia continued

Natural capital

Scope 1 emissions (tCO_2e)
(excl refrigerants and aircon gases)

28 747

2017: 27 151

Scope 1+ emissions (tCO_2e)
(only refrigerants and aircon gases)

11 372

2017: NR

Scope 2 emissions (tCO_2e)

48 403

2017: 43 950

Scope 3* (tonnes)

Food waste	47
Waste recycled	320
Waste to landfill	1 213

2017: NR

	2018	% Change	2017
Diesel *(kilolitres)*	**9 804**	**5**	9 340
Petrol *(kilolitres)*	**785**	**9**	720
LPG *(tonnes)*	**131**	**5**	115
LNG *(tonnes)*	**73**	**3**	72
Aircon gas *(tonnes)*	**3**	**–**	NR
Electricity *(non-renewable) (kWh)*	**79 834 037**	**9**	73 142 923
Electricity *(renewable) (kWh)*	**5 540 154**	**11**	5 000 000
Municipal water *(kilolitres)*	**300 015**	**29**	233 420
Depot *(m²)*	**469 986**	**5**	445 716
Vehicles	**1 135**	**(3)**	1 171

NR = not reported
** Emissions not calculated.*

At the Auckland and the new Hamilton distribution centres, compacting balers are being used in the recycling of cardboard and plastic. They save space and improve recycling rates while significantly boosting the revenue generated from these initiatives.

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

Human capital

Employee development is a key operational focus and expenditure on staff training continues to increase.

In New Zealand, the roll-out continues of "seeing eye" technology that detects driver fatigue and inattention. The deployment reduces the risk of accidents and can save lives. Health and safety procedures are well drilled in all our New Zealand sites and close analysis made of typical workplace injuries and remedial action.

Within Australian operations, all branches are guided by a Quality, Safety, Environmental and Food Safety Policy that outlines strict occupational, health and safety procedures.

In 2018, Bidfood Australia launched its Employee Assistance Programme (EAP) to promote mental wellbeing and provide team members with access to free and confidential counselling, either face-to-face or by phone. Professional EAP assistance enables individuals to develop strategies for handling stress, set goals and plan for major life events or changes.

Social and relationship capital

Bidfood Australia is a proud partner of KickStart for Kids. We donate a pallet of milk every week to the programme. Annually, this equates to A$30 000 worth of milk. Each week, the gift of milk enables KickStart for Kids to serve around 40 000 breakfasts and 10 000 lunches to schoolchildren in need.

This year, Bidfood Australia also partnered with Reconciliation Australia and developed a Reconciliation Action Plan that encourages cultural learning, respectful business practices and Aboriginal and Torres Strait Islander employment.

Bidfood Australia is also a proud sponsor of the Australian Culinary Federation, the industry organisation that represents professional chefs, cooks, apprentices and culinary students. Bidfood Australia is involved with leading apprentice chef competition, the Nestle Golden Chef's Hat Award, along with numerous regional culinary student initiatives.

Since 2011, Bidfood Australia has supported the Daniel Morcombe Foundation and its work in the area of child safety awareness. To date, Bidfood Australia is the largest single contributor to the Foundation, raising more than A$400 000 through annual "Day for Daniel" fundraising events across its national branches.

Bidfood New Zealand has a long history of collaboration with the Graham Dingle Foundation (GDF, formerly the Foundation for Youth Development). Over the past 10 years, we have raised approximately NZ$720 000, including NZ$170 000 in 2018, in support of the Foundation's work with vulnerable children. This is achieved by channelling a percentage of the sales of our Smart Choice home brand products to GDF.

Support is warranted. New Zealand has the highest youth suicide rate in the OECD while 20% of its children live in relative hunger. The GDF's work is well researched and sustainable.

In addition to donations to sports teams and smaller charities, much of the community outreach work in New Zealand has focused on youth development.

Bidfood New Zealand has also responded to the growing call for better animal welfare and in 2018 switched house brand eggs over from caged produced eggs to cage free produced eggs.

Human capital

Female employees
1 244
2017: 1 184

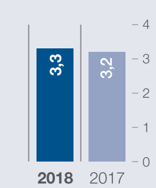
Male employees
3 394
2017: 3 199

4 638
Total employees
2017: 4 383

Employees training spend
2017 **R1,8m**
2018 **R2,4m**

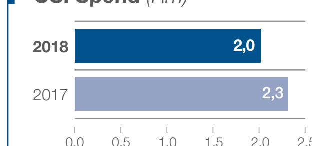
Fatalities
Zero
fatalities for the past three years

Payroll spend *(Rbn)*



Social and relationship capital

CSI Spend *(Rm)*



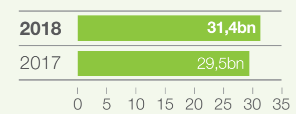
1. *Bidfood Christchurch*
2. *Hawkes Bay Freezer*
3. *New Mozzie Fleet Brisbane*
4. *Demonstrating MyBidFood Online, Australia*
5. *Bidfood Processing, Auckland*

Bidfood

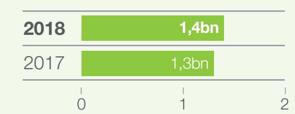
United Kingdom

Financial capital

Revenue +6,4%

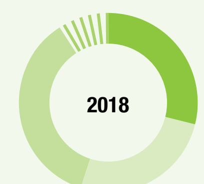


Trading profit +8,6%



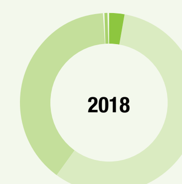
Manufactured capital

Product segmentation (%)



	2018	2017
Frozen	29	30
Chilled	26	26
Ambient	36	35
Non-food	9	9

Market segmentation (%)



	2018	2017
Logistics	3	4
Chain	57	57
Independent	39	38
Retail	1	1

Own brand 19%
of 2018 divisional revenue

Pictured: 'Everyday Favourites' an example of Bidfood UK own brand products.

Chief executives

Andrew Selley – Bidfood UK
Stephen Oswald – Bidfresh
Grant Cox – Logistics

The UK businesses did well, with the Foodservice business achieving excellent results. Revenue grew 6,4% to R31,4 billion (2017: R29,5 billion). Trading profit increased by 8,6% to R1,4 billion (2017: R1,3 billion). The core Foodservice and Fresh businesses are in good condition and well positioned for future growth.

Bidfood UK achieved growth in revenue and trading profit despite low-consumer demand and restaurant closures. National Account margins strengthened and freetrade sales showed continued growth. Own brands and specialist pillar range sales gained further momentum – all indicators that strategic goals are being achieved.

Sales pressures sharpened in the third quarter as business and consumer sentiment hit a low ebb. Customer confidence returned in the fourth quarter and sales picked up. Margins overall were well managed. Overheads were higher than expected as labour costs rose and the national driver shortage persisted. Overtime became a significant item at some depots, driven by higher freetrade activity levels.

New trading depots bedded down in Royton and Penrith. The Penrith opening in March underlined community and human capital commitments as over 200 jobs were created for communities in Cumbria. Social capital remains a priority and the business donated over 6 000 hours in community support, up 18%.

Specialist operations performed well, except the Channel Islands business which is taking a little longer to restructure than anticipated.

Intellectual capital is continually strengthened and customer migration to the latest version of the online "Bidfood Direct" platform was completed. In the fourth quarter, nine IT projects went live, including the installation of IT infrastructure and a voice pick console for Penrith and IT infrastructure for the centre of excellence following its move from Bury to Royton.

Note: The Financial and Manufactured Capital information does not include the discontinued operations.

United Kingdom continued

In May, Bidfood UK IT was named Technology Team of the Year at the Real-IT awards.

Natural capital has long been a point of focus and work began to develop a "plastic pledge" to establish a baseline for plastic use in own brand products while exploring ways of reducing single-use plastics and boosting recycled content.

The plate2planet online platform (a tool to help foodservice businesses share sustainability information and tips) has become a much-used resource. Other natural capital successes include a reduction of over 10% in emissions following refrigeration plant improvements and a 37% rise in recycled water consumption. In addition, over 120 000 sheets of paper were saved by transferring paper payslips to digital format while a 23% reduction of sugar in own brand ice cream was achieved along with a 19% sugar reduction in tray cake recipes.

Another initiative sees the establishment of a responsible sourcing fish committee to further improve performance in this area.

Bidfresh performed below expectations. However, a platform for renewed growth has been laid.

Challenges related to the move of the Hensons meat business from the ageing site in King's Cross, London, to a purpose-built facility in Woolwich. Some customers were lost and staff left. A new team and new processes are revitalising the business in the new facility.

At Seafood, timely succession planning resulted in the deployment of a new management team at Daily Fish. The average sales to independents rose and customer numbers increased.

Oliver Kay, the fresh fruit and vegetables business, opened a new depot in Birmingham designed to improve customer service and reduce cost inefficiencies. Scotland operations derived knock-on benefits and Campbells Produce staged an impressive turnaround.

In **PCL**, management has dedicated significant effort to improve service levels. However, profitability has been impacted. Discussions are underway with the client in order to match activity and service level expectations with profitable returns.

Discontinued operation – UK Contract Distribution (CD)
Performance was extremely poor in this business, which recorded significant losses, particularly in the second half of the year. The exit of KFC in February and accompanying redundancies and restructuring, the downscaling of properties and vehicles, the subsequent onboarding of a part of the KFC contract, poor weather and reduced consumer confidence in the chain segment of the market all contributed, as did additional costs in relation to the exit of the business.

At the time of the release of our results, Bidcorp was in the process of finalising an agreement with a proposed purchaser of the business who was in the final stages of clearing their approvals. Subsequently the prospective purchaser has notified Bidcorp that for its own internal reasons, it has decided not to proceed with the transaction. The CD business remains a non-core activity in respect of Bidcorp's global foodservice operations and accordingly, Bidcorp is currently considering various proposals to exit the business.

During the year, the management irregularities identified during 2015 and 2016 were settled against the former business director and numerous other defendants. Significant legal costs were incurred in pursuing this matter, which has been resolved to our satisfaction. Certain recoveries have been made but further recoveries are still expected, including the finalisation of the insurance matter.

Sustainability

Sustainability is a key area of our business focus within the United Kingdom. Our aim is to develop and implement a sustainability strategy that reflects the wider industry drive towards sustainable development and embraces the United Nations Sustainable Development Goals (UN SDGs) while further improving our ongoing engagement with our key stakeholders.

Our ambition is to continue to lead and inspire change in foodservice through an enhanced strategy and new sustainable programme called "Food for the future" that is being embedded within UK operations. Bidfood UK is creating a healthier, more sustainable and more engaged approach to foodservice that is future fit.

Natural capital

UK operations continue to actively participate in the Climate Change Agreement (CCA), a UK government volunteer programme that sets sector-based greenhouse gas reduction targets. Numerous sites are engaged in the agreement. The current phase aims for an 8,3% carbon reduction target against the baseline year.

Since 2016, Bidfood UK has been awarded The Planet Mark™ Sustainability Certificate and is the first foodservice business to obtain this external validation of its commitment to continued improvement of our sustainability credentials.

Natural capital

Scope 1 emissions (tCO_2e) (excl refrigerants and aircon gases)	**Scope 1+ emissions** (tCO_2e) (only refrigerants and aircon gases)
110 283	**9 606**
2017: 104 000	2017: NR

Scope 2 emissions (tCO_2e)	**Scope 3*** (tonnes)
25 534	Food waste 318 Waste recycled 8 813 Waste to landfill 6 472
2017: 23 744	2017: NR

	2018	% Change	2017
Diesel (*kilolitres*)	40 754	5	36 658
Petrol (*kilolitres*)	5	>100	1
LPG (*tonnes*)	–	–	–
LNG (*tonnes*)	267	6	251
Aircon gas (*tonnes*)	4	–	NR
Electricity (*non-renewable*) (*kWh*)	90 204 696	8	83 879 995
Electricity (*renewable*) (*kWh*)	705 969	(6)	752 402
Municipal water (*kilolitres*)	224 603	(0,2)	225 132
Depot (*m²*)	289 955	20	241 773
Vehicles	2 587	5	2 464

NR = not reported
** Emissions not calculated.*

Note: The Natural Capital information presented above includes the discontinued operations emissions for 2018.

Sustainable sourcing
Bidfresh is at the forefront of sustainable sourcing, with particular emphasis on the seafood sector. It is now expanding its sustainable sourcing affiliations into produce and meat.

To ensure the highest standards of our product offering, Bidfresh actively engages with organisations such as the Marine Stewardship Council, the Marine Conversation Society, the Global Sustainable Seafood Initiative, Project UK, the Aquaculture Stewardship Council, GAA-BAP certification, GLOBAL-G.A.P, Blue Marine Foundation and Red Tractor.

Focused efforts are in place to ensure our supply chain engages participants with high ethical standards. As a member of the Ethical Trade Initiative, Bidfresh has detailed mapping of the full supply chain, gaining assurance through supplier questionnaires and site audits.

To encourage our customers to make positive food choices, Bidfood UK has developed a vast array of tools, from product specifications and allergen information product lists to government buying standards and Food For Life best practice guides and fact sheets. Our work with industry-specific partnerships helps to ensure the delivery of healthier and more sustainable food choices to our customers.

Circular economy

Bidfresh is conducting a circular economy project pilot early in 2019. Focus of the project is to remove single-use plastics, use returnable crates, implement compostable packaging, collect rainwater and dispose of waste using a screw cork (generating compostable waste for return to farms).

Simple efficiency projects have reduced the consumption footprint. Interventions include phase load balancing, paperless delivery systems and self-service payroll and HR.

Waste management aims to "do more and better with less," increasing net welfare gains from economic activities by reducing resource use, degradation and pollution. The goals are sustainable consumption and production.

Human capital

From pickers and packers to drivers and directors – it takes a lot of dedicated people to get quality food and catering supplies to our customers while delivering improvements in sustainability.

United Kingdom continued

Bidfood UK is proud to be a fair employer and an employer of choice. According to our 2018 Employee Health and Wellbeing Survey, 73% of employees believe in our organisation, and their contributions, and feel proud to work with us.

Bidfood UK, committed to equal opportunities across the workforce, conducted an in-depth exercise to test employment practices such as fair pay and terms and equal treatment regardless of gender. Along with other companies across the UK, Bidfood UK reported our gender pay gap information, identifying the differences in male and female pay across the workforce. Within Bidfood UK, we found that mean average pay is slightly higher for females than males.

Our business is committed to ensuring employees are presented with a wide variety of development opportunities. Interventions include induction programmes for new starters joining warehouse and sales and the creation of an open programme of all training events scheduled across the business.

Our inaugural talent programme was launched in late 2018. This bespoke leadership and succession programme will help Bidfood UK grow and develop those individuals with long-term leadership potential.

Employee training and especially, health and safety, continue to be priorities. Across all our companies, the lost-time injury rate decreased and no fatalities were recorded during the reporting period.

Social and relationship capital

Beyond providing a service and employment, Bidfood UK believes it is important to make a difference to the local, national and global community. By engaging with the communities through various initiatives, Bidfood UK helps to empower people to make a difference and, by listening to people within these communities, helps us adjust our own priorities.

Our corporate social investment spend has remained constant over the past year. Bidfresh hosted a variety of charity dinners, using onsite development kitchens to raise money for Action Against Hunger. Via social media, these dinners were used to obtain suppliers' participation as sponsors for Action Against Hunger events. This resulted in wider coverage and reach and, most notably, a significant contribution to the charity.

PCL proudly acknowledges the strong partnership with the local school, Howe Dell School. The school promotes environmental awareness and educates children in the economic and global impact of climate change. The PCL team was offered the opportunity to lead some school lessons and enthusiastically embraced the chance to discuss road safety and the impact of road transport on the environment.

Bidfood UK continues to support the One Foundation. The charity provides access to clean water and sanitation at projects in Africa. We help by encouraging customers to purchase "One" bottled water. Profits are channelled to the charity.

Human capital

Female employees
2 020
2017: 1 592

Male employees
5 910
2017: 5 866

7 930
Total employees
2017: 7 458

Employees training spend

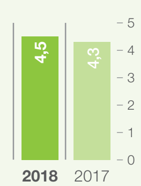
2017 R7,7m

2018 R7,2m

Fatalities

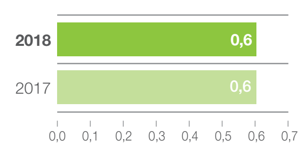
Zero
fatalities for the past three years

Payroll spend *(Rbn)*



Social and relationship capital

CSI Spend *(Rm)*

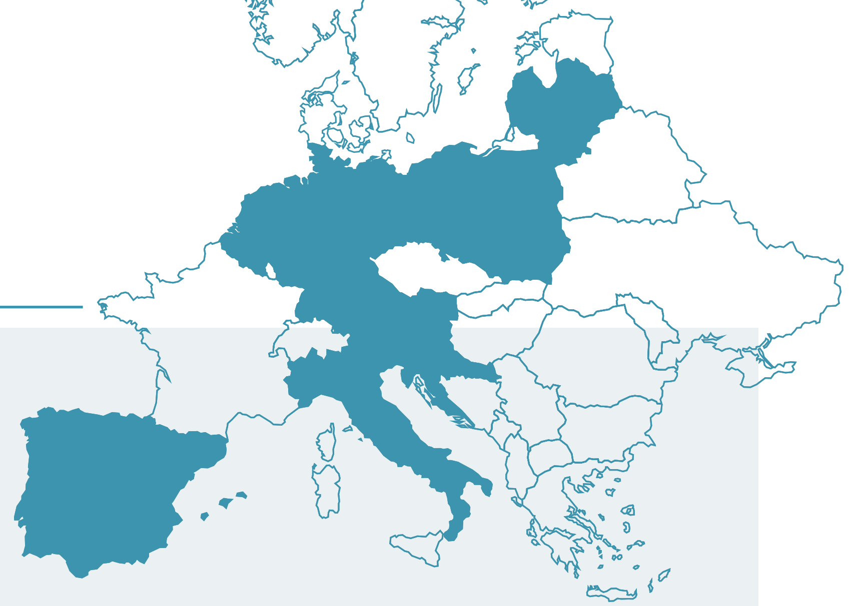


Note: The Human and Social and Relationship Capital information presented above does not include the discontinued operations.

1. Bidfood UK warehouse
2. Oliver Kay display
3. Bidfood UK Breakfast Club
4. Direct Seafoods van, Bidfresh
5. Bidfresh fish processing
6. Bidfood UK lorry

Bidfood

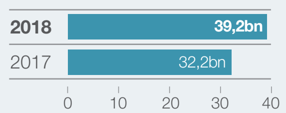
Europe



Financial capital

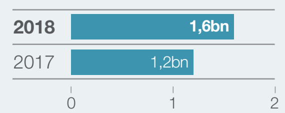
Revenue

+21,8%



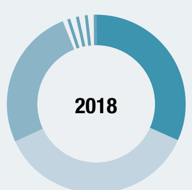
Trading profit

+37,7%



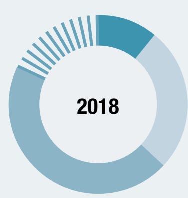
Manufactured capital

Product segmentation (%)



	2018	2017
Frozen	31	30
Chilled	37	36
Ambient	26	27
Non-food	6	7

Market segmentation (%)



	2018	2017
Logistics	11	15
Chain	26	23
Independent	45	42
Retail	18	20

Own brand 18%
of 2018 divisional revenue

Pictured: 'Arco', a leading own brand product from our Italian DAC business

Chief executives

Dick Slootweg
Bidfood Netherlands

Bohumil Volf
Bidfood Czech/Slovakia

Thierry Legat
Bidfood Belgium

Daniele Scuola
DAC Italy

Pawel Świechowicz
Bidfood Poland

Markus Erhart
Pier 7 Germany/Austria

Ramunas Makutenas
Bidfood Baltics

Jordi Franch
Bidfood Iberia

Europe was the standout performer this year, as the economies generally delivered continued growth. Revenue rose 21,8% to R39,2 billion (2017: R32,2 billion) while trading profit rose 37,7% to R1,6 billion (2017: R1,2 billion). Investments made in prior years established a strong foundation that we were able to capitalise on in improved market conditions. Human capital development continued and sustained jobs growth was achieved.

Netherlands optimised a strong finish to the year. Economic conditions were generally supportive. Rising revenue and trading profits were assisted by the first contribution of the small bolt-on acquisition, Van de Mheen. The deal was finalised in March.

The National Accounts business grew and regional horeca sales rose strongly. As anticipated, Catering volumes were under pressure. Institutional sales fell on the prior year. However, within the hospitality sector, pleasing growth in independent volumes was secured. The ongoing simplification processes in the business continue to deliver the desired benefits.

Relationships were reinforced and the business increased its stake in Farm Fresh Holding and Vanilla Venture.

Belgium delivered its best ever results. Revenue and trading profit exceeded expectations while margins were well protected and cash generation was strong.

The horeca and institutional channels did especially well. Contributions from Catering and Logistics were marginally below expectations.

The online "myBidfood" platform, implemented at Makady and Langens, had a positive impact on the wholesale horeca business. Intellectual capital is increasingly a source of competitive advantage and work has begun in the wholesale institutional segment on a project that will enable the business to offer customers a forecasting tool to help identify and address emerging needs. Initial work has begun on the planned merger of the Limburg-based businesses, Makady and Langens. Improvements continue at Bestfood (acquired in 2016).

Italy achieved strong growth in revenue and trading profit, with a positive contribution from new acquisition, D&D. Pleasing momentum was evident in the core DAC business. Quartiglia Food Service (QFS), acquired in the previous year, met expectations. Trading profits still topped projections, even without the D&D contribution.

Work to integrate D&D into DAC systems will begin early in the new period as our intellectual capital has become as an indispensable lever of sustained growth. Work on QFS integration is approaching completion.

Sales into the street or independent channel now account for more than 80% of volumes. Product sales to DAC's international trading markets (including other Bidfood companies) gained momentum, with own brands accounting for a significant part of the total mix.

Iberia developed momentum as the Guzmán business created a platform for strategic growth. Revenue and trading profits were bolstered by contributions from new acquisitions, Frustock (our operation in Portugal) and Sáenz Horeca (a meat and hospitality specialist). Continued political uncertainty in and around Barcelona affected sales in this important region. Costs increased as systems, sales force and infrastructure were strengthened. The overall results were below expectations, but the base is now set for future growth.

Growth of independent business was an important feature of the year and the sales force was beefed up. Investment of manufactured capital is constant and the Barcelona warehouse was expanded.

Late in the year, a new branch in Mallorca was opened. Initial performance was promising. Frustock performed in line with expectations.

Intellectual capital as a driver of growth is coming to the fore. Going forward, work will be stepped up on the integration of Frustock and Sáenz Horeca systems on Iberia's new IT platform. The Spanish roll-out of the "myBidfood" ecommerce tool is in prospect.

Czech Republic and **Slovakia** performed excellently, securing good profit and volume growth on the back of a buoyant consumer market.

Horeca Gastro benefited from positive consumer sentiment and the middle-class trend to increased out-of-home eating. Quality service underpinned continued growth. Good spring and summer weather drove strong ice cream sales, contributing to the excellent results.

Relationship capital helps drive the business as restaurants, hotels and caterers face a shortage of trained chefs and other specialists. We provide solutions for our customer partners through the development of ready-meal ranges, Sous-Vide and added value products.

Retail was buoyed by rising consumer incomes and growing focus on quality and reputable brands. Growth was achieved in many value-add products as market demand rose and shopping at upmarket malls became part of the lifestyle. Sales of fresh fish and meat exceeded expectations.

Output at the factories was consistently high. Highest production was achieved in Sous-Vide lines, ready meals, red meat and ice cream. Manufactured capital and intellectual capital support our growth and in the review period a new depot was established in Chlumec. Training was initiated for staff and users.

Germany recorded a small loss. Sales at the recently acquired business failed to meet expectations. Margins were impacted by high levels of operational expenses at the branches and the poor quality of some National Account businesses.

Manufactured capital is a point of focus. Hamburg depot moved into a new warehouse in April and Munich will move to a new warehouse in the new period. Vienna maintained solid margin management and performed well. We are setting up a solid foundation in Germany to facilitate further expansion in due course.

Poland delivered substantial revenue growth. Market share improved and profit forecasts were exceeded.

Freetrade growth continued at a high rate, now accounting for more than 70% of all volumes. We have become one of the major players in this market. Margins were well managed as terms were revised on some National Accounts.

Expansion of the Gdansk and Poznan operations was completed, underlining the continuing commitment of manufactured capital. Lublin branch moved to a new depot. Further small investments are planned at the Katowice and Bydgoszcz branches.

Innovation continues. Asian cuisine is a growth area and Farutex has begun to serve this sector. Early results are encouraging. Good progress was also achieved with a new venture in the wine market.

Further inroads are expected in these areas of opportunity as online capability has the potential to drive further sales gains while investment in manufactured capital – specifically warehousing – creates the capacity to pursue ongoing growth.

Pressure on the wage bill persists as a result of low unemployment levels.

Baltics showed continued improvement, with growing emphasis on intellectual capital as a differentiator. Work on the implementation of the "myBidfood" platform began at the end of the period, along with integration of the ERP process. Manufactured capital is another priority. Construction of a new depot in Kaunas is on track. Human capital development is constant. Intensive training for loaders and drivers was successful and more responsibility was given to shift leaders. Revenue at the now profitable Lithuanian operations continues to rise. Latvia did well off the back of sales growth and improved expense control. Performance improvements across the Baltic markets are driven by growing foodservice volumes.

Europe continued

Natural capital

Scope 1 emissions (tCO_2e) (excl refrigerants and aircon gases)	**Scope 1+ emissions** (tCO_2e) (only refrigerants and aircon gases)
46 572	**31 432**
2017: 40 708	2017: NR

Scope 2 emissions (tCO_2e)	**Scope 3*** (tonnes)	
53 874	Food waste	536
	Waste recycled	1 953
	Waste to landfill	898
2017: 38 057	2017: NR	

	2018	% Change	2017
Diesel *(kilolitres)*	**13 619**	**14**	11 905
Petrol *(kilolitres)*	**917**	**16**	793
LPG *(tonnes)*	**1**	**(86)**	9
LNG *(tonnes)*	**2 857**	**14**	2 503
Aircon gas *(tonnes)*	**9**	**–**	NR
Electricity *(non-renewable) (kWh)*	**100 692 114**	**23**	81 724 940
Electricity *(renewable) (kWh)*	**895 951**	**>100**	10 000
Municipal water *(kilolitres)*	**226 305**	**26**	179 858
Depot *(m²)*	**441 637**	**22**	360 905
Vehicles	**2 449**	**30**	1 881

NR = not reported
** Emissions not calculated.*

Consistency in sustainability activities has been achieved across our European geographies against an operating background of six business acquisitions, increased headcount and depot square metres, as well as sales and trading profit improvements. Carbon emissions (both scope 1 and 2) have increased. However, the region's acquisitive and organic growth is the key driver.

This performance is indicative of a growing economic region and greater disposable income, combined with strong, stable local Bidfood management and operational efficiency gains.

Natural capital

Environmental efforts in Europe have focused on energy efficiencies and fleet fuel optimisation through monitored driver behaviour and route planning.

Bidfood Netherlands continue to roll out LED lighting solutions across all distribution centres. Within the vehicle fleet, a pilot programme using onboard computers has shown reduced fuel consumption. In total, 180 trucks are equipped with the fleet telematics systems, with more installations planned for the coming year. Account managers within Amsterdam's inner-city limits utilise scooters instead of cars while cycle-powered "bubble post" is used for local deliveries.

Bidfood Belgium have embraced new cold-production technology in petrol-fuelled truck engines, resulting in greater emission efficiencies. Previously, trucks had independent cold engines. Operations continue to focus on driver behaviour and route optimisation, pursuing the decreased fuel consumption goal of 5% by the end of 2019. However, petrol consumption depends on weather conditions: the hotter the summer, the higher the consumption. The increase reported in 2018 was partly due to this factor.

Electricity usage has also received attention in Belgium, with LED lighting and motion detection systems being introduced at various sites. Photovoltaic solar systems were installed in Thuin and Kruibeke sites. Employee awareness is being raised in a bid to cut consumption by 6% by the end of 2019.

Our Czech and Slovakian operations have been replacing warehouse lighting with LED solutions. An electricity-efficient microprocessor was installed at one of the factories. One depot has installed a full photovoltaic solar energy system, allowing it to operate independently of the national electricity grid.

A particularly cold European winter this year resulted in an increase in liquid natural gas consumption to heat the operational environment.

Water availability, cost and quality continue to be areas of concern. Netherlands has installed two rainwater tanks in fire sprinkler systems. The Belgium Thuin site is a large consumer of water used in its cooling system towers. Water consumption is related to weather conditions. The hot European summer meant more water was consumed. Water consumption is variable from one year to the next. Our Belgium operations have introduced various water-saving initiatives, including the installation of rainwater harvesting tanks.

Acquisitions in Italy, Spain and Germany over the 2018 financial year impacted the reported consumption of electricity, water, fuels and gases. These operations are now being integrated into the Bidcorp system, with its strong focus on efficiencies in these areas. Reduced consumption and greater efficiency are priorities in these operations.

Human capital

A 26% increase in headcount was as a direct result of the acquisitions made in Bidfood Europe over the year. Gender diversity and EU GDPR regulations on the protection of personal information are key areas of management attention across this region.

The Netherlands continues to focus on hiring employees living with disabilities. By 2025 the business intends that 5% of its workforce will be drawn from groups previously "distanced from the labour market" by disabilities. The target is self-imposed.

Bidfood@Work, the Dutch staff wellness programme, provides access to stress, emotional and physical therapies. With PAM-coaching, Bidfood proactively coaches drivers and warehouse staff in workplace ergonomic techniques. Expenditure on employee training and learnerships is significant, indicating management's commitment to grow and develop the labour force.

Bidfood Poland has established a labour social fund for the direct benefit of employees.

Social and relationship capital

Guzmán Gastronomia in Spain, is known for its community spirit. Despite an operationally challenging year, the business committed staff, time and resources to engage with the local community. Projects included the collection of toys, food and clothes for local charities over the Christmas period and blood donation drives. Fresh produce suitable for consumption but not for selling is donated to Banc de aliments, a Barcelonan programme to assist the homeless.

Netherlands continues to support an annual "Ouderendag" (Day of the Elderly) in which staff volunteer their time and engage with local old age homes in company-sponsored outings.

In Belgium, staff participated in the annual 20km Brussels run to raise funds for worthy causes. The Belgium management team have begun to incentivise staff to participate in environmental and social projects through an allowance scheme.

In addition, 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.

Bidfood Czech Republic and Slovakia commits to community assistance in various areas of need. Czech Republic has adopted the national Lunches4Kids project, ensuring children from low-income homes receive filling, nutritional meals in their school canteens. Local charities, schools, nursery schools and sports clubs also receive assistance; sometimes financial, sometimes in the form of food donations.

Cultural support is also an area of focus, and the business is a proud long-time partner of Prague's National Theatre. The Slovakian business not only contributes annually to the National Civic Associations, it is also a key sponsor of the Citifest music festival in Piestany and the Krištálové Krídlo Foundation.

Human capital

Female employees
2 227
2017: 1 805

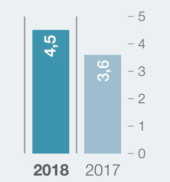
Male employees
5 615
2017: 4 425

7 842
Total employees
2017: 6 230

Employees training spend
2017 **R17,2m**
2018 **R17,1m**

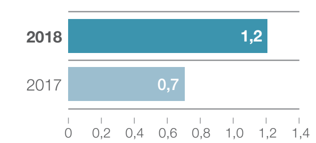
Fatalities
Zero
fatalities for the past three years

Payroll spend *(Rbn)*



Social and relationship capital

CSI Spend (Rm)



Europe continued

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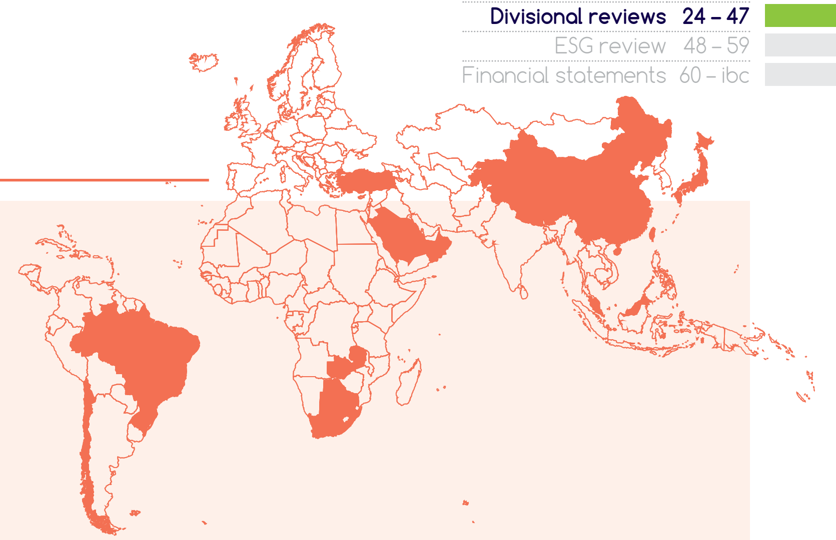
1. Bidfood Farutex truck, Poland
2. Bidfood Netherlands fleet
3. Guzman product display, Spain
4. Bidfood Baltics van, Lithuania
5. Chefs in Bidfood Czech Republic
6. DAC delivery truck, Italy

Bidfood

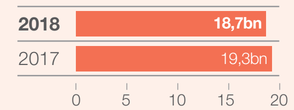
Emerging Markets

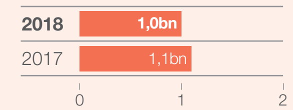


Financial capital

Revenue ▼3,1%

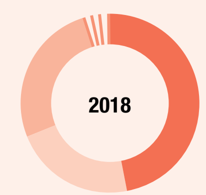
Trading profit ▼6,7%





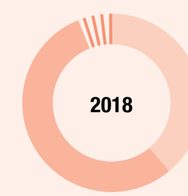
Manufactured capital

Product segmentation (%)



	2018	2017
Frozen	47	39
Chilled	22	25
Ambient	26	32
Non-food	5	4

Market segmentation (%)



	2018	2017
Logistics	0	0
Chain	39	28
Independent	55	59
Retail	6	13

Own brand 15%
of 2018 divisional revenue

Pictured: "Cooking With" a popular Bidfood SA own brand example

Chief executives

Klaas Havenga Bidcorp Food Africa	Brent Varcoe Bidfood SA	Nedim Makzume Aktaes Turkey
Johnny Kang Angliss Asia	John Morris Crown Food SA	Gabriel Abramovicz Bidfood Chile
Hisham al Jamil Middle East	Nigel Phillips Chipkins Puratos SA	Antonio Celso Dias Avelino Irmãos Avelino Brazil

Emerging Markets delivered a mixed bag of results. The "melange" was influenced by sometimes uncertain economic environments and on a like-for-like basis (50% of South Africa's bakery business was sold in April 2017) these businesses continue to deliver commendable results. Revenue dropped 3,1% to R18,7 billion (2017: R19,3 billion); and trading profit fell 6,7% to R1,0 billion (2017: R1,1 billion).

Bidcorp Food Africa (BFA) delivered good results in tough economic conditions. Margin and expense management was excellent, with overall expenses growth well below inflation. Trading profit rose despite deflation in Bidfood (BF) and some parts of Chipkins Puratos (CP).

South Africa's listeriosis crisis had material effects on Crown Food Group (CFG). BF was impacted to a lesser extent.

The commitment to relationship capital was showcased by the Chipkins Puratos JV and the launch of a further joint venture with Griffiths Foods to pursue opportunities in the QSR segment. Further development of relationship capital is in prospect as cooperation is being stepped up with international brand principals who are planning to expand their involvement in African markets.

Intellectual capital is constantly reinforced, as evidenced by the launch of ecommerce initiatives at CFG and the continued success of BF's online ordering system.

Ongoing attention is given to manufactured capital and the review period witnessed investment in a new wet plant, replacement of delivery vehicles and further spending at the new KwaZulu-Natal distribution facility.

Note: Financial and Manufactured Capital 2018 information presented above does not include Chipkins Puratos due to it being equity accounted from April 1 2017.

Emerging Markets continued

BF delivered excellent results. First contribution of newly acquired fruit and veg distributor, Famous Fresh, was recorded from February. Sales into the independent channel continued to grow. National Accounts business declined marginally while business with industrial caterers ticked higher. Online orders via the "myBidfood" platform account for more than 60% of revenue.

CFG's results were impacted by the listeria outbreak, with ingredients for processed meat products hard hit. The lost sales impact was material while stock on hand rose, impacting working capital. CFG entered the wholesale channel to support its brands and own manufactured products. The "Crown 247" ecommerce platform was implemented.

CP made excellent progress. Introductions of its unique brands began in January. Changes to manufacturing processes are underway. Upskilling continues (indicating potential for synergies in human capital support and relationship capital development) while the Puratos influence is starting to manifest itself in terms of quality and innovation.

Angliss Asia saw profits dip, impacted by a tough second half. Sales were up on prior year, but lagged expectations.

Hong Kong failed to meet budget, hit by a slowdown in the foodservice market and the global dairy crisis. Fierce competition at the upper end of the market created added pressure.

Him Kee dry goods did relatively well. A good performance at Miumi, the Japanese foods specialist, was underpinned by increasing sales of frozen fish products.

Our new seafood business, Linson Global Seafood Trading, did well. Macau was impacted by price cutting by market entrants. Hong Kong plans a series of new brand introductions in the new period. The attention paid to relationship capital is showcased by these ongoing efforts to refresh and renew the product mix in line with changing market dynamics and shifts in consumer tastes.

Mainland **China** recorded a fall in sales and experienced strong margin pressure. Competition in the dairy category was intense. Work continued on the development of the product mix and brand portfolio. To reduce dependence on dairy, major subsidiaries in Beijing, Shanghai and Guangzhou redoubled efforts to build sales across a broader product range.

Renewed growth will be sought through strong focus on hotels and restaurants, meat imports and the provision of chilled and processed meats to the foodservice channel. A strong sales push is planned in second tier cities such as Shandong, Qingdao, Nanjing, Yunnan, Xiamen, Nanning and Jilin.

Singapore secured continued improvements in revenue and trading profit as economic growth moderated, but remained generally robust. Foodservice again grew sales and margins were well managed. Sales at the Miumi division grew strongly. The marine, international trading and consumer operations were under pressure, though a consumer turnaround was evident following new brand introductions. Gourmet Partner sales rose and Food Pride surpassed expectations.

Bidfood Malaysia (formerly Aeroshield) performed in line with budget in an economy that continues to achieve significant growth.

Brazil secured revenue growth on the prior year, but volumes fell short of plan. Margins were under pressure in challenging socio-political conditions. However, profits were maintained. Fourth quarter results were impacted by the Soccer World Cup (which kept patrons out of restaurants) and a nationwide truck strike.

Work has begun to standardise systems used by the core Irmãos Avelino business and Mariusso, the distribution business acquired in the previous period.

Relationship capital is a key area in a challenging economy and the annual sales promotion has become an important tool for growing the number and quality of our suppliers. Human capital is another growth area as we continue to grow sales jobs while reinforcing our geographic reach.

Chile performed strongly in an economy that is only in the first stages of recovery. Revenue growth was highly satisfactory. Launch of the Viña del Mar branch boosted volumes.

The processed meat and particularly the seafood category showed good growth, though at lower margins. Internal controls and debtor collections improved.

Late in the year, the "myBidfood" ecommerce platform was launched. Further sales growth is projected on the back of continued deployment of intellectual capital.

Middle East achieved second half gains following the implementation of a recovery plan, with sales approaching the levels of the prior year. Margin improved and steps to contain expenses proved successful. Horeca UAE faced sales challenges as several poor performing brands were discontinued.

The business put renewed focus on social and relationship capital by stepping up corporate social responsibility efforts and forming a relationship with the Manzil Centre of Special Needs in Sharjah. In addition, Horeca's Iftar meal collaboration initiative creates an ongoing partnership with Taste Studios and the Red Crescent.

Relationship capital often goes to work in the marketing field as the business increasingly helps major customers widen their regional footprint. Al Diyafa in Saudi Arabia, delivered good revenue and trading profit growth. Intellectual capital innovations included work to strengthen Al Diyafa's digital presence through constant website updates while exploring social media's potential for lead generation.

Horeca Oman, recorded consistent growth and Bahrain's results were outstanding. Early progress by Horeca Jordan was encouraging.

Aktaes Turkey registered further sales gains and the level of loss was contained. Distribution costs rose on the back of the weak Turkish lira. The purchase of the Efe distribution firm in Izmir and its nine-month contribution helped Aktaes maintain momentum. Despite economic and political uncertainty, management remains optimistic about local market prospects.

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 opportunities.

Natural capital

Due to volatile 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 distribution efficiency.

Reported fuel consumption in this division decreased by 14% year-on-year, mostly attributable to the exclusion of CP following the Puratos JV restructure and being equity accounted from April 1 2017.

Natural capital

Scope 1 emissions (tCO_2e) (excl refrigerants and aircon gases)	**Scope 1+ emissions** (tCO_2e) (only refrigerants and aircon gases)
21 756	**36 743**
2017: 25 261	2017: NR

Scope 2 emissions (tCO_2e)	**Scope 3*** (tonnes)
47 012	Food waste 318 Waste recycled 399 Waste to landfill 1 316
2017: 43 256	2017: NR

	2018	% Change	2017
Diesel *(kilolitres)*	6 391	(17)	7 728
Petrol *(kilolitres)*	1 714	(2)	1 751
LPG *(tonnes)*	72	25	58
LNG *(tonnes)*	151	3	147
Aircon gas *(tonnes)*	13	–	NR
Electricity *(non-renewable) (kWh)*	61 895 273	12	55 183 915
Electricity *(renewable) (kWh)*	–	–	–
Municipal water *(kilolitres)*	329	4	318
Depot *(m^2)*	237 426	(3)	243 841
Vehicles	674	11	606

NR = not reported
** Emissions not calculated.*

Note: Natural Capital 2018 information presented above does not include Chipkins Puratos due to it being equity accounted from April 1 2017.

Driver-training programmes continue to monitor and improve driving behaviour, thereby reducing fuel consumption. Ongoing efforts in route optimisation also ensure fuel consumption is kept to a minimum.

South African operations adopted energy-efficient electric trucks fitted with on-board computers and monitoring systems. This enables the tracking and management of efficient driving.

Outsourced third-party logistics (3PL) services have also contributed to reduced reported fuel consumption in South America and our Middle East region. Measures implemented in the Middle East follow significant fuel cost increases and new local taxes. Turkey's EFE acquisition contributed to higher fuel consumption and distances travelled.

Chinese fuel levies and government-imposed restrictions on the number of vehicles permitted in certain areas have helped reduce consumption. These initiatives are designed to curb air pollution.

In our Asian operations, consumption of liquid petroleum gas (LPG), used mainly in forklifts, has increased following investment in new forklifts and additional warehouse space. Middle East have also reported increased LPG consumption by forklifts.

Energy, and particularly electricity, is closely managed. However, scope 2 emissions rose by 9%.

Management continue to drive efficiency gains despite the challenges posed in these countries by the environment, climate and the limited availability of alternative energy sources. Energy efficiency initiatives include the use of thermostats in our Brazilian freezers and the installation of LED lighting, sensor control and timers on electrical appliances.

Ongoing retrofitting of energy-saving LED lighting continues. CFG building facilities are undergoing a full review, with the focus on energy-saving design improvements. Plans are underway to implement boiler heat recovery processes and reduce paraffin usage. Initiatives such as these in tandem with solar panel investment will improve our carbon footprint.

Increased electricity and water usage in the Asian businesses is largely attributable to the new cold storage warehouse in Hong Kong. Increased consumption on the back of our Malaysian acquisition is also noted. However, efficiencies have been gained.

BFA launched a national water-wise campaign. Where possible, borehole water was used to ease the strain on municipal water supplies. However, the quality of borehole water was not high enough to permit use in CFG water purification filtration systems. This limitation is being addressed by plans for new water purification and filtration investment.

The BFA borehole water is not suitable for consumption but is used for vehicle wash bays and grey-water ablutions. The ammonia cooling towers can operate on a mix of municipal and borehole water. In the year ahead, installation of in-line meters will facilitate the measurement and tracking of borehole and rain water usage.

Emerging Markets continued

Water consumption in South America has increased as a result of expansion into larger premises and increased production. Rainwater is harvested and used in Brazil for ablutions and in vehicle wash bays. High-pressure steam is used to clean equipment.

Turkish warehouse cleaning initiatives have also contributed to lower water consumption.

BF has invested in ammonia-run cooling plants, a more environmentally friendly refrigerant. Where possible, cooling systems in all businesses are moving to liquid ammonia.

Refrigerant efficiencies have been achieved by equipping the Turkish trucks with electrically charged cooling panels for temperature control during the day, reducing the use of high-emission refrigerant gases.

Many regions are focusing on waste management and recycling. Turkey reports on all potential waste that may be generated and works with the ÇEVKO Foundation to ensure packing waste is recycled.

Human capital

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. These efforts include both current and potential employees.

A number of training and development initiatives have been launched in our Middle East operations to embrace new opportunities provided by regime reform.

South African operations continue to drive in-house development programmes while selected high-potential employees also benefit from management development programmes. Additional training, mentoring and coaching programmes are designed to fast-track black staff into management and senior management roles.

Monitoring and ongoing efforts to prevent workplace injuries are key management functions in all operations. Occupational injuries reported during the year relate broadly to slips and falls and injury to limbs. No disabling injuries were reported during this period. Corrective action plans are designed to prevent similar injuries in future.

It is with deepest sympathy that we report a fatality in South Africa in December 2017.

Social and relationship capital

The sustainable sourcing of product is a top priority. BF upholds a sustainable food policy that ensures all food products are properly labelled, with all required information presented on the label.

Following the listeria crisis in South Africa, our businesses proactively implemented quarterly environmental testing of all chiller units, testing specifically for listeria monocytogenes. To date, no contamination has been found. These tests extend to water sources. Random product testing is also conducted. Random tests are also carried out along the supply chain.

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

Brazilian operations continue their support for charities, schools and old age homes. UAE operations are increasing their social investment in line with government directives.

They assist foodbanks, reading projects and those with autism. During the month of Ramadan 2018, our UAE operations volunteered to provide dinner at the time of breaking the fast (iftar) to the staff and local communities.

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. A black female-owned farming and food processing business, Urban Grown, continues to supply products. BF has supported this operation's growth into a larger scale commercial farming supplier to the broader fresh food market.

In Asia, our businesses have a longstanding reputation for community support, leveraging enduring partnerships to help those in need. Angliss continues its long-term support of SAHK, an association that assists 15 000 families with physically and mentally challenged family members.

Human capital

Female employees
2 221
2017: 2 110

Male employees
3 793
2017: 3 936

6 014
Total employees
2017: 6 046

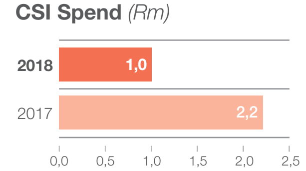
Employees training spend
2017 R14,0m
2018 R11,8m

Fatalities
1
fatality in the past three years

Payroll spend *(Rbn)*

Social and relationship capital

CSI Spend *(Rm)*



Note: Human and Social and Relationship Capital 2018 information presented above does not include Chipkins Puratos due to it being equity accounted from April 1 2017.

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6.

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1. Bidfood SA "myBidfood" online team
2. Angliss Asia van and depot, Singapore
3. Crown Production site, Cape Town
4. Horeca Middle East team and trucks
5. Aktaes truck and depot, Turkey
6. Warehouse employee, Angliss Beijing
7. Bidfood Chile, Viña del Mar branch

Bidcorp

Corporate

Human capital

Female employees
10
2017: 10

Male employees
14
2017: 16

Note: BidOne staff complement of 26, based in New Zealand, was moved into Corporate Division from July 1 2018, increasing Corporate headcount to 50.

24
Total employees
2017: 26

Social and relationship capital

CSI Spend *(Rm)*

	CSI Spend (Rm)
2018	5,0
2017	6,0

Chief executives

Bernard Berson
Chief executive

Nigel Boswell
Chief development officer

David Cleasby
Chief financial officer

Overview

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

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

Corporate office oversees the activities of several entities that deliver strategic services to the group.

BidOne the New Zealand-based ecommerce development unit drove continued enhancement and deployment of the bespoke online platform across a growing number of group operations.

Focus areas in 2018 included further efforts to step up the personalisation of the business sites to reflect the unique identity of each operation and offering. The emphasis given to local content management enables timely communication of local promotions, local market information and local product details.

In areas where ecommerce has become a well-established tool, an estimated 30% of ecommerce orders are now actioned by mobile devices. The level is expected to reach 50% in coming months.

Good progress was made with the Bdirect Cloud Project, rehosting the current platforms in the cloud. The team expects to roll out the pilot stage early in the new period.

Bidfood Procurement Community gained further momentum and its range widened. Group procurement levels increased across all categories. Seafood volumes rose significantly. Utilisation of the Facebook Workplace collaboration tool continues to grow. The growth of BPC volumes is a group priority, indicating further gains in the coming year.

Social investment by the South African corporate office continues to complement the CSI work of local and national teams. The focus falls on education and Aids (South Africa contends with the world's largest HIV pandemic, with HIV prevalence reportedly at 18,9% of the general population).

The longstanding partnership with **ORT South Africa (Educating for Life)** continued successfully in 2018.

The Bidcorp ORT mathematics programme in Ivory Park (a disadvantaged community) made strong progress. Average marks and pass rates are expected to increase at the end of the academic year. The programme supports 17 grade 9 mathematics teachers and 180 learners through an extra tuition programme, the Learning Enhancement Programme.

A teacher development component improves mathematics outcomes in project schools by improving curriculum delivery. Teachers attend preparatory workshop sessions. They are then visited in the classroom for coaching and mentoring by ORT's mathematics experts.

www.ortsa.org.za

Bidcorp remains committed to its support for **Nkosi's Haven**. This is an initiative totally dependent on voluntary contributions from individuals and corporate, providing support to HIV positive mothers, their children and Aids orphans. Funding helps meet the expenses of Nkosi's Haven Village (a cottage complex south of Johannesburg) and Nkosi's 4Life Farm (a project near Vereeniging that grows fresh produce for haven residents and for sale while providing jobs for otherwise destitute township residents and those living with Aids).

Nkosi's Haven provides accommodation, ARVs, nutritional foods and other assistance for those living with Aids, including support for Aids orphans during their school years and on to university.

During the year, the haven ensured continued sustainability by working in partnership with a growing number of local and international bodies dedicated to the assistance of Aids sufferers.

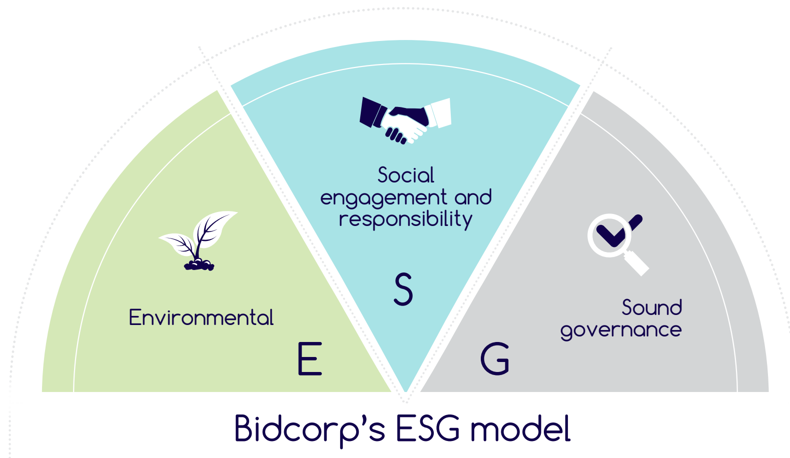
www.nkosihaven.org

Bidcorp Corporate Services also assisted a Johannesburg care facility for the elderly, as well as a mentorship programme that helps pupils from disadvantaged homes to manage the transition to tertiary education.

ESG review

Inspired by service

How we "ESG" our business



Ashley Biggs
Group company secretary

Our 2018 story was dominated by the hard work of highly motivated Bidcorp people, but 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.

Bidcorp, operating as Bidfood in most geographies, has 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 own their local brand and their own "look and feel". The cultural differences are important to differentiate the regional locations. Customers should see each business as an autonomous, small, local business and be confident in Bidfood's ability to deliver quality and value at unsurpassed service levels. Our staff are passionate about the products they sell and the customers they service.

Bidcorp embraces rigorous corporate governance as a way of life rather than a process of putting compliance "ticks in the 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 is the Bidcorp divisional structure, supported by a South Africa-based corporate office.

Each of Bidcorp's businesses are grouped into a geographically defined division. Each division is quarterly convened, under the lens of the independently chaired divisional audit and risk committee. These quarterly committees conduct a robust, in-depth financial review of business-by-business results, mapped against budget and prior year. In addition, governance updates, combined assurance reports and a risk review makes up the agenda. Each management team, CE and FD, sign a quarterly management representation letter, providing an additional layer of assurance and comfort that policies are in place, well understood and implemented by all members of the group.

Bidcorp has a proven way of doing business. 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-motivated people.

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.

How we integrate

Bidcorp recognises the value of an integrated governance approach incorporating risk management, assurance and compliance functions.

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

Our autonomous teams embrace the opportunity to share best practice. This is not mandated but rather a function of robust communication, embracing social media tools to bring our geographically separated teams closer to learn and grow, navigating success through 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 the sphere of good governance and ultimately in business success.

For further information refer to the review on Governance pages 56 to 59.

Environment

Bidcorp commitment to our environment

Sustainability is key to our business strategy and central to everything we do. Our philosophy and culture, and focus on operational efficiency help ensure we deliver our services in a socially responsible manner. We seek sustainable growth. We want our customers to grow as well. But we also want growth that is characterised by minimal environmental impact.

At Bidcorp, sustainability cannot be achieved by applying a single template. Operationally, Bidcorp confronts a complex mix of environmental and socio-economic realities. Flexible responses are required, as determined by the demands of unique markets across five continents.

Individual companies therefore set their own sustainability priorities, in accordance with local legislation, resource availability, employee skill sets and social conditions.

We are proud of our 2018 growth. Revenue is up 8%; headcount is up 10%, taking our total staff complement to 26 448 at June 30 2018. Sustained infrastructure investment has increased depot size by 11% while our vehicle fleet is 12% larger.

The 2018 Bidcorp growth story, reported below, outlines recent achievements across our four divisions. Growth means more jobs and new opportunities. It also results in greater activity levels, with inevitable emission increases. As a result, our carbon footprint has grown.

The challenge came into sharp focus in 2018 – growth while maintaining optimum efficiency in pursuit of environmental as well as market gains. We will continue to grow and invest in the future, but our vision of growth will be underpinned by renewed and redoubled efforts to contain our carbon footprint and reduce environmental impacts.

Bidcorp's 2018 growth story

Australasia | United Kingdom | Europe | Emerging Markets

Revenue *(ZAR billion)*

	Australasia	United Kingdom	Europe	Emerging Markets	Bidcorp
2018	30	31	39	19	119
2017	29	30	32	19	110
	2%	6%	22%	(3%)	8%

People *(total headcount)*

	Australasia	United Kingdom	Europe	Emerging Markets		Bidcorp
2018	4 638	7 930	7 842	6 014	24	26 448
2017	4 383	7 458	6 230	6 046	26	24 143
	6%	6%	26%	(1%)		10%

Depot *('000m²)*

	Australasia	United Kingdom	Europe	Emerging Markets	Bidcorp
2018	470	290	442	238	1 440
2017	446	242	361	244	1 293
	5%	5%	22%	(3%)	11%

Vehicles *(#)*

	Australasia	United Kingdom	Europe	Emerging Markets	Bidcorp
2018	1 135	2 587	2 449	674	6 845
2017	1 171	2 464	1 881	606	6 122
	(3%)	5%	30%	11%	12%

Bidcorp's 2018 global impact

	Group	Australasia	UK	Europe	Emerging Markets
		Percentage change on prior year FY2017			
Water in kilolitres	1 080 424	29%	(0,2%)	26%	4%
Fuels in kilolitres	73 990	5%	5%	14%	(14%)
Gas in tonnes	3 552	10%	6%	14%	9%
Scope 1 in tCO_2	**207 358**	**6%**	**6%**	**14%**	**(14%)**
Electricity in kWh	332 626 120	9%	8%	23%	12%
Scope 2 in tCO_2	**174 823**	**10%**	**8%**	**42%**	**9%**
Renewable electricity in kWh	7 142 074	11%	(6%)	>100%	0%
Refrigerant gas reported in tonnes	29	3	4	9	13
Scope 1+ in tCO_2	**89 153**	**11 372**	**9 606**	**31 432**	**36 743**
Scope 3* – Waste reported in tonnes					
Food waste	1 219	47	318	536	318
Waste recycled	11 486	320	8 813	1 953	399
Waste to landfill	9 899	1 213	6 472	898	1 316

* Emissions not calculated.

Group water
13%↑
on prior year

Group scope 1
5%↑
on prior year

Group scope 2
15%↑
on prior year

Group scope 1+
19%
of total emissions

Group total emissions (S1 + S2 + S1+)
471 334
tCo_2 in 2018

Comments

Netherlands had to empty, repair and refill two significant water tanks on their site; contributing to the increased consumption reported.

Australia's increased water usage relates to the full year effect of 2017 acquisitions.

5% increase in scope 1 emissions is due to 12% increase in vehicle numbers, however efficiencies are noted.

Increased emissions in line with growth reported in Europe; impacted further by long cold winter which used more gas to heat work environments.

Increased group scope 2 emissions is in line with reported increase in depot size, through acquisition and ongoing investment.

Solar panels installed in Australia and Belgium have had the biggest contribution to the increased renewable electricity reported in 2018. Investment in this process continues and improved results are expected for 2019.

Refrigerant and aircon gases were not reported in 2017, therefore it is separately disclosed in 2018. Those businesses able to gather this information reported it for the scope 1+ emissions calculation. Gas usage reported was gathered from all larger operations in the group; smaller businesses will gather and report this in the coming year.

Emissions from indirect activities are not fully recorded at this stage. Operations have identified waste management as an opportunity to responsibly ensure this is actively managed and impact minimised. Reporting of this information has begun; and scope 3 emissions will be accounted for in future.

Sustainability governance

The board's social and ethics committee meets quarterly to review the results of the monthly 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 wellbeing, and our responsibility as a corporate entity to support social investment programmes.

Bidcorp, while embracing the decentralised structure, guides best practice standards and zero-tolerance standards through group-wide policies on bribery, corruption, fair labour practices, environmental management and critical sustainability metrics that businesses are required to report on.

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.

Management's commitment to this key driver is evident in the expanded environmental measurement reporting structures implemented across our group. Monthly reporting of a growing base of metrics is providing greater insight and information to our team, enabling us to embrace the efficiencies and opportunities identified through this much-improved process. Improved information provides not only insights but highlights previous errors and omissions. These have been restated where necessary. Our ability to present a more complete picture of our global carbon footprint and wider environmental impact is improving.

In this report we have included emissions from air-conditioning and refrigerant equipment, acknowledging the material scope 1 emissions from this vital element in our business. Embracing new technologies and cooling systems such as the ammonia cooling plants has started to deliver significant reduction in these air-conditioning and refrigerant gas emissions. These upgrading projects continue as maintenance requirements as investment resources come available.

Bidcorp is committed to reporting relevant contributors to scope 3 emissions such as waste management.

Waste is an important and relevant issue to Bidfood. Most of our waste is associated with packaging materials and food waste. While substantial environmental impacts from food occur in the production phase (agriculture, food processing), households influence these impacts through their dietary choices and habits. 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, as well as using our stakeholder communication channels to support and advise on healthy food choices and eating habits.

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.

See: *Carbon Footprint report 2018*

Bidcorp's response to 2018 Western Cape water crisis

The 2018 Western Cape drought saw the imminent approach of "Day-Zero" water shortage for the region. Businesses were faced with the challenge of operating without access to water. Initiatives to identify alternate water sources were somewhat successful including rainwater tanks, recycling water where functionally possible and the installation of borehole water facilities to ease the load on municipal water supplies.

Cleaning processes embraced the use of chemical and steam technologies to reduce dependency on water resources. Research into filtration systems to purify recycled and borehole water for the ammonia plant cooling towers was investigated.

Behavioural changes were implemented through the "water-wise" campaign, limiting ablution flushing, using waterless hand sanitisers and limiting travel in efforts to reduce water consumption. Water was trucked into the Western Cape branches from neighbouring areas during the height of the crisis.

"Day-Zero" was averted this time, however management continue to drive the behaviours and projects implemented over this time. Responsible consumption and committed water reduction is a vital key in ensuring the sustainability of our business and planet.

Social

Bidcorp strives to be a good corporate citizen. We are a decentralised business operating in numerous jurisdictions. Local requirements, norms and laws differ.

Bidcorp's social and ethics committee monitors performance in good corporate citizenship, social and economic development, matters relating to health, safety and the environment, consumer relations, anti-corruption efforts and employment practice.

Enabling protocols

A key enabling protocol is Bidcorp's management representation letter (MRL), which is signed off quarterly by every business, confirming that each company meets Bidcorp standards.

This process recommits each operation to compliance with **Bidcorp's code of ethics** while reaffirming that the business does not engage in price-fixing and corruption. It also confirms that the business honours all relevant statutes.

The MRL also reaffirmed Bidcorp's zero tolerance of any form of child labour as the group fully endorses the principles of the UN Global Compact and supports all efforts to combat modern slavery. Group companies not only ban child labour practices in their own operations, but take steps to ensure suppliers do so as well.

Another protocol for building group momentum is the group-wide risk surveys.

In the review period, two were conducted, one into fire safety, the other into food safety.

The fire safety study gathered information on fire risk identification and mitigation, fire detection and fire-fighting equipment, evacuation procedures and each business's state of readiness.

Food safety research considered food safety policy, systems for monitoring changing regulations, food safety management systems, the regularity of in-house safety audits, supplier relationships and risk mitigation.

These give operational companies a framework for future reference while drawing attention to areas requiring renewed focus.

See: www.bidcorpgroup.com/code-of-ethics.php

Gender diversity

Workplace discrimination of any kind impacts productivity and disengages staff. Bidcorp is committed to creating a workplace environment that is equitable to all, offering equal opportunity to all. Female representation in senior staff grades can vary significantly across the group and development of women into senior positions remains a priority. In 2018, businesses in the UK and Australia conducted internal surveys to establish a baseline as a first step in achieving consistent improvement.

One point of focus was pay disparity. Encouragingly, the UK study showed that in several categories women received higher pay and bonuses than men while at some companies more women qualified for bonuses than men.

A top-down approach was adopted through the approval of the Bidcorp diversity policy, and is a standard we expect all in our group to embrace.

Community engagement

Bidcorp businesses are rooted in the communities they serve. The bond is fostered by continual engagement and support for worthy causes. Each business decides its social investment priorities, though support for education is a recurring theme.

Substantial social contributions are made at all group businesses, some sourced from each company's social investment budget while other contributions come from Bidcorp people themselves.

See: www.bidcorpgroup.com/community-projects.php

Deepest sympathies

Regretfully a fatality was reported in the current period. This incident serves as a reminder that even when rigorous health and safety measures are in place, it is imperative to ensure all guidelines are strictly observed.

We extend our deepest sympathies to the family.

Listeriosis outbreak

South Africa experienced the world's worst ever listeriosis outbreak, reporting 183 deaths and more than a thousand confirmed infections.

Bidcorp responded immediately with a national recall of all potentially implicated products, in conjunction with the affected local suppliers. Utilising existing food safety management system procedures to effectively manage this crisis.

The team set-up a website communication portal and emailed customers updates to inform and educate them regarding the implications of the crisis. Through collaboration with industry specialists, academics and food safety service providers Bidfood SA facilitated "Food Safety and Listeriosis Update" seminars nationally in eight different locations.

These seminars were provided at no cost with the primary focus of educating the foodservice industry stakeholders on the correct information pertaining to this crisis. An understanding of the role players in the supply chain, critical in preventing the perpetration of food safety hazards in the kitchen environment was shared.

We remain vigilant in our efforts to ensure the highest standards of food safety are maintained, both in our own environments and those of our suppliers, customers and wider community.

Transformation

Bidcorp, as a JSE listed company, is committed to transformation and the building of a sustainable South African economy.

Though the board holds ultimate transformation responsibility, the social and ethics committee drives legislative compliance, implemented independently through each business in South Africa.

B-BBEE criteria are periodically adjusted, these revised codes make it imperative that work is stepped-up to achieve. The legislation aims to encourage economic transformation, the development of black-owned businesses, the employment of black people and the nurturing of a new wave of senior black executives.

In 2018, the board sent an unmistakable signal that diversity is a strategic imperative through the roll out of a board policy on the promotion of gender and race diversity. Within it, the policy states "preferred consideration" shall be given to black and/or female directors when places on the board are filled, giving due regard to skills and experience.

Revised codes give strong weighting to black supplier development through preferential procurement. People development is supported by substantial training investment and in 2018 a growing number of black employee candidates were prepared for higher responsibility. These initiatives have significantly contributed to our succession planning efforts and material improvements in the workforce diversity.

Socio-economic development remain an area that the businesses score maximum points, with their efforts in these areas far exceeding the expectations of the B-BBEE scorecard.

In 2018, our sustained transformational efforts have been recognised in the material improvements of the revised ratings.

BF has maintained a level 4 rating, through continued succession planning efforts, coupled with extensive skills development activities. The preferential procurement score remains the biggest challenge. Great gains were recorded in the B-BBEE levels of some key suppliers, largely eroded however by negative movement on other supplier scorecards.

CFG is pleased with the improved level 6 rating, reflective of the exceptional efforts invested. CFG has more than doubled its score on management and control, as well as achieving in the skills development rating. CFG's ESD score has markedly improved, resulting in the much-improved overall rating.

Following the Puratos JV, CP has moved to a December financial year-end, realigning the rating period accordingly. The 2018 rating will follow post year-end.

Bidcorp group has achieved an improved level 4 rating. This is largely due to CFG's material score improvements, drawing the consolidated rating up.

Bidcorp's goal remains the implementation of long-term programmes and commercially impactful solutions beneficial to our stakeholders, and well-positioned for continued business growth.

Planet Mark™ Award

The Planet Mark organisation, established five years ago, is committed to accelerating the progress of sustainability efforts through empowering individuals within organisations to do their bit for climate change. The 5th annual awards noted a remarkable number of entries from across many industries. Thirty-eight shortlisted finalists were whittled down by the judges to 12, awarded across four categories – Engage, Measure, Communicate and Overall.

Bidfood UK proudly took two of the top awards – a tribute to the outstanding efforts of this team.

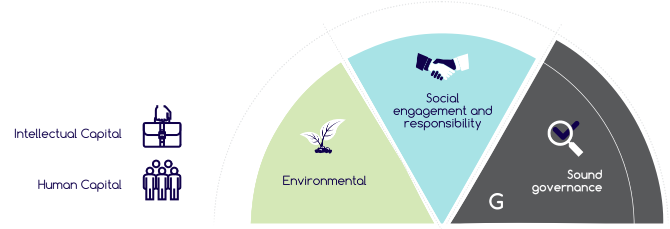
The first award was the "Sustainability Report Award". Judges were looking for an engaging, in-depth report addressing the outcomes of stakeholder engagement. This award recognises the world-class sustainability report published by Bidfood UK, showcasing some fantastic outcomes achieved by the business, reported against the United Nations Sustainable Development Goals (UN SDGs).

Bidfood UK's second award is in recognition for the significant impact made by the team in giving back to their communities, the "Community Engagement Award".

Crucial in achieving this award is employee engagement and the business' reputation as a great local employer. The Bidfood entry featured the work achieved by their 90 sustainability coordinators across the UK, employees who voluntary take on this role, on top of their day-to-day responsibilities. Together they were responsible for a number of community initiatives from "Pollination Awareness" to "Plastic Free" campaigns, donations of freezer suits to the homeless and meals to "Fareshare" and "Holiday Hunger", as well as launching the "National Volunteers' Week". The business contributed over 6 000 hours to supporting its local communities and raised more than £0,2 million.

Congratulations to our Bidfood UK team! Bidcorp applauds you!

See: www.bidfood.co.uk/sustainability/



Governance

1. Governance

Bidcorp commits fully to the four values that underpin good governance: responsibility, accountability, fairness and transparency. Our board charter, compliant with legislative, regulatory and governance guidelines, expresses the board's promise to fulfil its responsibilities and make itself accountable for all activities. In specific areas, the board delegates responsibility to standing committees 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 Bidfood management under group guidance through the divisional audit and risk committees' approval of relevant charters, codes, policies and frameworks. In line with Bidcorp's decentralised structure, operational management develops business specific 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.

There were no resignations or appointments to the Bidcorp board during the period under review. During the year Mr B Joffe retired from the Bidcorp chairmanship on March 31 2018, in line with the announced transition arrangement. The board was pleased to announce Mr S Koseff, an independent non-executive director, accepted the invitation to assume the role of chairman. Mr B Joffe will continue as a non-executive member of the board. The board believes its current mix of knowledge, skill and experience meets the requirement for effective leadership.

The board comprises of an independent non-executive chairman, lead independent non-executive director and a further four independent non-executive directors, one non-executive director and two executive directors.

Under the company's MoI, the directors scheduled to retire by rotation at the next annual general meeting are Mr DDB Band, Mr BL Berson and Mr NG Payne.

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

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. 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 key risks assurance coverage.

An annually prepared internal audit plan embracing the principles of combined assurance is presented to the audit and risk committee for consideration and approval.

Bidcorp's internal audit structure provides an independent and proactive service that objectively evaluates business processes and internal controls. It supports management efforts to foster a strong control environment focused on operational excellence. In light of growing reliance on information technology (IT), our internal audit team have embraced new artificial intelligence technologies, and even robotics, to provide assurance in this environment.

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. Internal audit functions 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. The internal audit function has unrestricted access to members of the audit and risk committee and executives of the organisation. Regular meetings take place between the 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. As the impacts differ in the various jurisdictions, each entity is required to identify the requirements which 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 the JSE Listings Requirements and places strong emphasis on the highest standards of financial management, accounting and reporting. On economic, environmental and social issues, the company follows Global Reporting Initiatives sustainability reporting guidelines. The board has a social and ethics committee and ensure quarterly compliance reporting with social and ethics standards – group-wide, industry-wide and across our geographics – 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

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.

The board reviews the code of ethics 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 and proactive engagement on environmental, social and sustainability matters.

In support of this code and Bidcorp's values, the board supports the confidential reporting of fraud, theft, corruption, breach of ethics and improper behaviour. This outsourced and independent "whistleblowing" system enables stakeholders to anonymously 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 whistleblowers ensures transparency and promotes ethical conduct.

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.

Risk identification and risk processes focus management on critical issues at a business and industry level. These issues are reported to the 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. Risks and opportunities are identified, evaluated and managed at the appropriate level in each business. Consolidating the individual business risks to consider the joint impact on the group is reviewed against the group-wide defined risk appetite and tolerance.

Governance

King IV and governance compliance summary

Bidcorp has applied its collective mind to the principles of King IV and has detailed the journey to date in the online King IV report. The table below summarises the key principles of King IV and includes the relevant JSE Listings Requirements disclosures as related to the governance processes in place. The table below is not an exhaustive list of the processes in place, but rather highlights those specific disclosures required.

1. Leadership, ethics and corporate citizenship

The Bidcorp 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.

✓ Appointment, induction and ongoing training of directors	There were no new appointments to the board during the year under review. The board has a rigorous and transparent procedure for considering new director appointments when necessary, to ensure that the board composition is aligned with the diversity policy and 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.
✓ Conflicts 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 declare their interests at each board 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 determined by the board. Dealings in the company's securities by directors and officers are listed and circulated at every board meeting for noting. Directors or officers of the company's major subsidiaries, and the company secretary are also included in the list of directors.

2. Performance and reporting

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.

✓ Annual integrated report	It is the board's responsibility to ensure the integrity of the AIR. The audit and risk committee and social and ethics committee perform a key oversight role in the drafting of the AIR. The board is ultimately responsible for the sign-off and publication of the AIR, ensuring all material issues have been appropriately addressed and that the AIR overall fairly presents the integrated performance of the organisation and its social and environmental impacts.
✓ Materiality	The board has considered the legitimate interests of all our key stakeholders in determining reporting materiality. The material issues are monitored by management on an ongoing basis and are reported to the board on a quarterly basis, or as required. Materiality has been communicated through the delegation of authority policy at group level, and rolled down into each business.
✓ 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. Following the appointment of the new chairman, it was decided that the formal board performance appraisal will be completed in the coming financial year. The board and board committees are functioning effectively and efficiently.

ISS QualityScore for
Bid Corporation Limited

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.

GOVERNANCE QualityScore
1

As at June 30 2018

ENVIRONMENT QualityScore	SOCIAL QualityScore
5	3

As at May 17 2018

3. Governing structures and delegation

The board serves as the focal point and custodian of governance. Its role and responsibilities are set out in the board charter compliant with the requirements of King IV, JSE Listings Requirements and Companies Act. 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 standing committees and divisional committees.

✓ Independence of 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 S Koseff is the board's independent chairman and Mr BL Berson, an executive director, is chief executive. The roles are separate and clearly defined.
✓ 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 MoI provides otherwise. The directors' general powers are set out in the company's MoI.
✓ Company secretary	Ms AK 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.

4. Governance functional areas

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.

✓ Remuneration reporting	The remuneration committee presents the remuneration report for the year ended June 30 2018. No material changes were made to the policy or its implementation. Likewise no material future changes are envisaged. The remuneration committee considered the King IV recommendations on remuneration which has further enhanced disclosure.
✓ Risk & IT governance	An IT governance framework has been approved by the board, intended to serve as a group-wide baseline for the establishment of minimum standards across the group. Through quarterly reporting the performance and outcomes of business efforts to ensure a robust and sound IT environment is confirmed to the board. Similarly risk management process is driven at the local level, reported to group and assessed against group materiality on an ongoing basis.
✓ Internal audit & combined assurance	Annual review and approval of internal audit, evaluating the independence, effectiveness and performance of the internal audit function provides the board assurance regarding the group's systems of internal control. Embracing the wider spectrum of skills offered in the adoption of a combined assurance model, informs the board to be able to conclude that material breakdowns in control and associated risks are being addressed.

5. Stakeholder relationships

Bidcorp's strategy and implementation thereof through our business model is derived from ongoing engagement with its stakeholder community. Bidcorp sets and achieves its strategic initiatives with reference to its risks and opportunities. Ongoing engagement, communication and pre-emptive market knowledge, informed by our stakeholder engagement, guides the performance success. The board assesses the strategy adequacy and positive outcomes from its business model continuously, adapting as required.

✓ Shareholder engagement	In addition to the AGM which is an important part of the governance and investor engagement process, the board uses a range of formal and informal communication channels to understand shareholders' views. This ensures the board represents shareholders in governing Bidcorp. We regularly engage with institutional shareholders and investor representative organisations across the globe.
✓ Stakeholder engagement	Bidcorp's board has embraced a stakeholder-inclusive approach, across the decentralised structure. Ongoing, proactive engagement with all stakeholders identified is vital to ensure the sustainability of the group. Stakeholder relationships are owned at the local level, where the relationships are grown interpersonally and reported up to the group level for board review.

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

See: www.bidcorpgroup.com/charters.php
See: Remuneration report 2018

Financial statements

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 Listings Requirements (JSE), and in terms of the Companies Act No 71 of 2008, as amended, of South Africa (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 independent 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 for the year ended June 30 2018, were approved by the board of directors and are signed by:

Stephen Koseff
Authorised director
Non-executive chairman

Bernard Larry Berson
Authorised director
Chief executive

David Edward Cleasby
Authorised director
Chief financial officer

August 21 2018

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.

Ashley Kim Biggs
Company secretary

August 21 2018

Preparer of financial statements

The consolidated and separate financial statements have been prepared by Mr CAM Bishop CA(SA) (group financial manager) under the supervision of Mr DE Cleasby CA(SA) (chief financial officer) and audited 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 2018.

Nature of business

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 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 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 2018 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 2018 the total issued ordinary no par value shares was 335 404 212.

Acquisitions and disposals

In July 2017, 70% of Pier 7 Foods, a Munich-based foodservice business was acquired. Pier 7 Foods operates from five German locations and one Austrian location. Frustock Foodservice, S.A., a niche Portuguese horeca business was acquired and integrated into Bidfood Iberia. Further bolt-on acquisitions were concluded during the year namely, Festival City Food & Wine (Australia), Goldline Distributors Pty Limited (Australia), Cárnicas Saenz, S.L. (Spain), Jilin Food Service Limited (mainland China), Linson Global Seafood Trading Limited (Hong Kong), D&D S.p.A. (Italy), Van de Mheen Foodservices B.V. (Netherlands), Prepared Produce (New Zealand), Aeroshield (Malaysia), Famous Fresh (Pty) Limited (South Africa) and Efe Dağıtım ve Pazarlama A.Ş. (Turkey).

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 marketplace.

There were no significant contingent liabilities identified in the businesses acquired.

There were no material disposals of businesses during the year.

Discontinued operation

In December 2017, management committed to a plan to discontinue the UK Contract Distribution (CD) business segment which operates in the United Kingdom. By year-end, we were close to finalising our proposed exit from this non-core segment. Costs associated with this anticipated exit were substantially provided for and any further costs are unlikely to be significant.

Post the year-end, the prospective purchaser of our CD business notified Bidcorp that for its own internal reasons, it has decided not to proceed with the transaction. The CD business remains a non-core activity in respect of Bidcorp's global foodservice operations. Accordingly, Bidcorp is currently considering alternative proposals which were suspended due to the advanced sale process.

Subsequent events

There have been are no material subsequent events from the reporting date.

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 280,0 cents (224,0 cents net of dividend withholding tax, where applicable) per ordinary share to those members registered on the record date, being Friday, March 23 2018. The dividend was declared from income reserves.

In line with the group dividend policy, the directors declared a final gross cash dividend of 280,0 cents (224,0 cents net of dividend withholding tax, where applicable) per ordinary share for the year ended June 30 2018 to those members registered on the record date, being Friday, September 21 2018.

Declaration date	Wednesday, August 22 2018
Last day to trade cum dividend	Tuesday, September 18 2018
First day to trade ex dividend	Wednesday, September 19 2018
Record date	Friday, September 21 2018
Payment date	Tuesday, September 25 2018

Share certificates may not be dematerialised or rematerialised between Wednesday, September 19 2018 and Friday, September 21 2018, 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 9 2017	February 20 2018	June 4 2018	August 21 2018
Chairman – appointed March 31 2018					
S Koseff	August 16 2017	^	^	^	^
Non-executive director					
B Joffe*	August 17 1995	^	^	^	^
Independent non-executive directors					
PC Baloyi	March 10 2016	^	^	^	^
DDB Band	March 10 2016	^	^	^	^
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.
** B Joffe resigned as non-executive chairman on March 31 2018*

Directors' shareholdings

Beneficial

The individual beneficial interests declared by directors in the company's stated capital at June 30 2018 held directly or indirectly were:

Director	2018 Number of shares Direct	2018 Number of shares Indirect	2017 Number of shares Direct	2017 Number of shares Indirect
BL Berson	**8**	**224 211**	8	224 211
DE Cleasby	**144 564**	**–**	133 814	–
B Joffe	**21 544**	**20 060**	21 544	20 060
S Koseff	**1 061**	**–**	*	*
Total	**167 177**	**244 271**	155 366	244 271

** Not applicable – appointed as a director on August 16 2017.*

Non-beneficial

In addition to the aforementioned holdings:
- B Joffe is a trustee and potential beneficiary of a discretionary trust holding 525 107 (2017: 700 107) shares.
- DE Cleasby is a potential beneficiary of a family trust holding 1 050 (2017: 750) shares.
- DE Cleasby is a trustee of The Bidvest Group Limited retirement fund which holds 750 553 (2017: 679 092) shares.

There has been no change in the directors' interests between June 30 and the issue date of the annual financial statements.

Directors' remuneration

The remuneration paid to executive directors during the year ended June 30 2018 can be analysed as follows:

Director	Basic remuneration R'000	Other benefits and costs R'000	Retirement/ medical benefits R'000	Cash incentives R'000	Total emoluments R'000
BL Berson	**14 847**	**253**	**249**	**16 240**	**31 589**
DE Cleasby	**5 457**	**193**	**441**	**6 642**	**12 733**
Total	**20 304**	**446**	**690**	**22 882**	**44 322**

B Joffe relinquished his role as an executive director of Bidcorp on June 30 2017. His non-executive director and other related fees for the year ended June 30 2018 have been disclosed under non-executive director fees and other services.

For comparative purposes the remuneration paid to the executive directors during the year ended June 30 2017 can be analysed as follows:

Director	Basic remuneration R'000	Other benefits and costs R'000	Retirement/ medical benefits R'000	Cash incentives R'000	Total emoluments 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

The remuneration paid to non-executive directors during the year ended June 30 2018 is analysed as follows:

Non-executive director	2018 Director fees R'000	2018 Other services R'000	2018 Total R'000	2017 R'000
PC Baloyi	**564**	**–**	**564**	572
DDB Band	**705**	**–**	**705**	634
B Joffe*	**2 288**	**4 000**	**6 288**	–
S Koseff (appointed August 16 2017)	**924**	**–**	**924**	–
DD Mokgatle (appointed October 4 2016)	**445**	**–**	**445**	226
NG Payne	**800**	**–**	**800**	771
CWL Phalatse (resigned November 11 2016)	**–**	**–**	**–**	141
H Wiseman **	**1 136**	**489**	**1 625**	1 625
Total	**6 862**	**4 489**	**11 351**	3 969

** B Joffe provided advisory consulting services for the year ended June 30 2018.*
*** H Wiseman provided services by chairing the quarterly Bidcorp divisional audit and risk committee meetings.*

Directors' report

Prescribed officers

Due to the nature and structure of the group the directors have concluded that there are no prescribed officers of the company.

Share-based payment expense per director

Director	2018 R'000	2017 R'000
BL Berson	12 831	7 050
DE Cleasby	4 865	2 637
B Joffe	10 149	8 486
Total	27 845	18 173

For the year ended June 30 2018 no cash benefits arose from the CSP awards (2017: nil).

Details of directors' outstanding conditional share plan (CSP)

The executive directors were awarded conditional share awards in terms of the 2016 Bidcorp CSP. 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.

No CSPs vested or were forfeited in 2018.

CSP awards (including CSP replacement awards)

Director	Balance at July 1 2017	CSP awarded	Forfeited	Exercised	Closing balance June 30 2018
BL Berson	135 000	90 000	–	–	225 000
DE Cleasby	50 500	35 000	–	–	85 500
B Joffe	162 500	–	–	–	162 500
	348 000	125 000	–	–	473 000

Directors' service contracts

BL Berson and DE Cleasby

Employment contracts have been concluded with Mr BL Berson and Mr DE Cleasby. Under the terms of the employment agreements, 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 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 Ms 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 to 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

Mr S Koseff, an independent non-executive director, assumed the role of chairman of the board on March 31 2018. Mr B Joffe remains on the board as a non-executive director.

The board expresses its sincere appreciation to Mr Joffe for his services as chairman, particularly in leading the formation of Bidcorp, as well as its JSE listing on May 30 2016, which were critical development phases for the group.

The board welcomes Mr Koseff to the role of chairman and looks forward to the benefits of his extensive business experience and acknowledged leadership record.

Audit and risk committee report

This is the report of the audit and risk committee (committee) of Bidcorp appointed for the year ended June 30 2018 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.

Under the single chairmanship of Ms H Wiseman for group and divisional audit and risk committees, the board is satisfied that this committee makes a strong contribution to the group.

Membership

The committee members for the year ended June 30 2018 have been appointed by shareholders' resolution passed at the annual general meeting held on November 9 2017; and is made up of a minimum of three independent non-executive directors, and chaired by an independent non-executive. The committee members comprise Ms 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 2019 financial year at the annual general meeting scheduled for Tuesday, November 27 2018.

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 sufficiently 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 eight occasions during the period under review and 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 18 2017	September 19 2017*	September 26 2017*	November 7 2017	February 16 2018	April 24 2018*	May 11 2018	August 17 2018
H Wiseman (Chairman)	^	^	^	^	^	^	^	^
PC Baloyi	A	^	^	^	^	^	^	^
NG Payne	^	^	^	^	^	A	^	^

^ Attended in person, by video-conference or tele-conference.
A Apologies
** Special audit and risk committee meetings were called; inviting all board members to attend; in order to discuss matters relating to the external auditors, KPMG Inc.*

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.

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, valuation of inventory, customer discounts and supplier rebates, carrying value of goodwill, intangibles and investments, assets held for sale and discontinued operations, as well as other matters requiring significant judgement.

The committee assessed risks associated with management override of controls, the ability of the group to continue as a going concern, review of related-party transactions, the overall presentation of the financial information to shareholders and review of the annual integrated report.

The committee reviewed the material risks which could materially impact the ability of the group to deliver against its objectives and the related mitigation plans and considered these appropriate.

Audit and risk committee 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 and accredited auditor respectively to the shareholders for appointment for the financial year ended June 30 2018, of the group and company, and ensured that the appointments comply with legal and regulatory requirements for the appointment of an audit firm and 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. These processes are confirmed on an ongoing basis through the completion of the quarterly Bidcorp management representation letter signed and submitted to the 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, as well as 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 is appropriate;
- considered the expertise, resources and experience of the finance function and concluded that these are appropriate; and
- concluded that it is satisfied the appropriate reporting procedures are in place and operating effectively.

Consolidated and separate financial statements

The committee reviewed the consolidated and separate annual financial statements of Bidcorp for the year ended June 30 2018, 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 five divisional audit and risk committees (divisional committees) which provide oversight of the five reporting segments being the UK, Europe, Emerging Markets, Australasia and Corporate; and report the findings of these divisional committees to the group committee on a quarterly basis (bi-annually for Corporate). The divisional committees are chaired by Ms H Wiseman who also chairs the group committee. Each country in which Bidcorp operates present at the quarterly divisional audit committees, which are also attended by Corporate and internal audit representatives and the external auditors. All committee members are invited to attend the quarterly meetings.

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 how the major areas of audit committee focus which align with the key audit matters and audit focus areas identified by KPMG (eg revenue recognition, recoverability of trade receivables, valuation of inventory, customer discounts and supplier rebates).

The carrying value of goodwill, intangible assets and investments are assessed by the committee at a group level. The committee challenged the methodologies and assumptions used to calculate the goodwill, intangible asset and investment impairments made 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, PCL and Brazil. The committee was satisfied that the impairments are appropriate.

The committee also considered the treatment of UK Contract Distribution business as a discontinued operation against the criteria set out in IFRS 5 *Non-current assets Held for Sale and Discontinued Operations*. Having regard to the facts and circumstances surrounding the proposed sale of the business, the credible and realistic commercial offer being pursued, and the high probability that a sale will be completed within 12 months of classification, the committee was satisfied that the criteria had been met at the time of classification and continued to be met at June 30 2018.

The committee spent considerable time during the year reviewing its position in respect of the continuing retention of the services of KPMG Inc. as its external auditor, following the well-documented self-acknowledged failures of the firm, and related investigations and enquiries. The committee has been satisfied with the capability and performance of the specific KPMG Inc. audit team engaged on Bidcorp.

The committee:

- held separate audit committee meetings during the year to consider the group's approach to the events surrounding KPMG's handling of the SARS report, the Ntsebeza Inquiry, and KPMG's audit of VBS Mutual Bank;
- held meetings with the leadership of KPMG Inc. and KPMG International covering the firm's approach to client acceptance and continuance, risk management, talent retention and continuity, assurance of ability to deliver consistent audit quality to the Bidcorp Group;
- requested KPMG International oversight of the 2018 audit performed by KPMG Inc. as an additional precautionary measure;
- considered the critical importance to audit risk and quality of a globally coordinated approach to addressing key audit risks which are largely consistent across the Bidcorp international group. Operations in most jurisdictions (approximately 90% of Bidcorp's activities are outside of the borders of South Africa) are independently audited by KPMG International.

The committee was satisfied with the conduct, quality and independence of KPMG Inc. carrying out its external audit of the Bidcorp annual financial statements for the year ended June 30 2018.

Conclusion

Following the review by the risk committee for the year ended June 30 2018, 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 2018 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 year ended June 30 2018 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 independent non-executive directors, one of whom is the chairman. The Bidcorp members appointed by the board comprise 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 acquisitions in line with the group delegated levels of authority 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 twice during the year, as well as having numerous informal discussions to review and consider acquisition prospects as identified by management. In particular, but not limited to:

- a German-based foodservice business; and
- an update on the steps taken to deal with UK Contract Distribution (CD) business.

Although not considered by the acquisitions committee for approval, smaller bolt-on acquisitions were reported to the acquisitions committee for information. These included bolt-ons in Australia, New Zealand, Portugal, Spain, Netherlands, Italy, Mainland China, Hong Kong, Malaysia, South Africa and Turkey.

Total investment in acquisitions was R965,6 million.

Attendance

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

Director	October 2 2017	August 20 2018
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 a number of ad hoc discussions were held to address various acquisitions and disposals under consideration and recommendations made to the board for approval.

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 year ended June 30 2018 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. 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 members, the majority of whom are independent non-executive directors. This committee is chaired by the lead independent director. The Bidcorp committee members appointed by the board comprise Messrs DDB Band (chairman), B Joffe and Ms DD Mokgatle; thus meeting regulatory and charter requirements.

The board considers the membership of the committee adequate and the members are sufficiently 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;
- appointment of additional independent non-executive director in August 2017;
- review and approval of the appointment of chairman executed in March 2018;
- considering board composition in respect of potential additional board members in line with the board diversity policy;
- ensuring an induction process and ongoing training and development for all 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	June 4 2018
DDB Band (Chairman)	^
B Joffe	^
DD Mokgatle	^

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

Over the course of the year members of the committee have engaged in ad hoc discussions to address various issues, where decisions taken at these times are approved by round robin.

Conclusion

Following the review by the committee for the year ended June 30 2018, the committee is of the view that it has achieved its objectives for the financial year ended June 30 2018.

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 year ended June 30 2018 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 independent non-executive directors and is chaired by the lead independent non-executive director. The Bidcorp remuneration committee members comprise Messrs DDB Band (chairman), PC Baloyi and NG Payne in line with the charter requirements.

The chief executive officer 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 sufficiently 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 chief executive and chief financial officer 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 chief executive;
- 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 chief executive and chief financial officer 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.

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 2017	August 20 2018
DDB Band (Chairman)	^	^
PC Baloyi	Apologies	^
NG Payne	^	^

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

During the year, members of the committee have ad hoc discussions to address various matters which are approved, where required, by round robin.

Conclusion

Following the review by the committee for the year ended June 30 2018, 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 financial statements for the full details pertaining to executive and non-executive directors' compensation.

Signed on behalf of the remuneration committee by:

Doug Band
Chairman

Social and ethics committee report

This is the report of the social and ethics committee (committee) of Bidcorp appointed for the year ended June 30 2018 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 independent non-executive directors, one of whom is the chairman. The Bidcorp social and ethics committee members comprise Mr NG Payne (chairman), Ms DD Mokgatle and Ms H Wiseman, as well as chief executive Mr BL Berson, thus meeting charter requirements.

The board considers the membership of the committee adequate and the members are sufficiently 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 significant development in the year under review has been the implementation of a monthly detailed ESG reporting tool; providing comparable metrics across jurisdictionally diverse businesses to ensure responsible corporate participation is engaged by all group operations. Operations adopt individually determined targets for improved sustainability performance and in doing so meet group-wide objectives within its unique geographic requirements.

The committee monitors the group's initiatives to promote diversity and advance the objectives of non-discrimination. The Bidcorp Code of Ethics and the quarterly signed management representation letters submitted through the audit and risk committee was reviewed and updated for group-wide roll out.

Attention was given to the regrettable fatality reported in December 2017; where it was found that there was no sign of foul play or negligence on the part of the operations resulting in the unfortunate loss of a life.

Following the listeria incident in South Africa, a group-wide management self-assessment survey was conducted gathering information from all Bidcorp businesses assessing exposure to food safety risk, the applicable controls in place and the effectiveness of those controls in mitigating the food safety risk. Based on the findings of this management survey and supported by the findings from the independent third-party food safety audits completed throughout the year, the committee is satisfied to conclude that no significant exposures were identified during the year under review.

An additional area of focus was understanding the risk and mitigations in place with regards to the operational fire safety controls implemented. A survey to assess the prevention, detection and response to fire risks in Bidcorp operations was conducted; with no significant exposure to note.

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 2017	November 9 2017	February 20 2018	May 17 2018	August 21 2018
NG Payne (Chairman)	^	^	^	^	^
H Wiseman	^	^	^	^	^
DD Mokgatle	^	^	^	^	^
BL Berson	^	^	^	^	^

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

Conclusion

Following the review by the committee for the year ended June 30 2018, the committee is of the opinion that, in all material respects, it has achieved its objectives for the financial year ended June 30 2018. In addition, there were no items identified by management nor reported directly to the members of the social and ethics committee by third parties, that would indicate any reportable non-compliances, in terms of the Companies Act requirements, by the social and ethics committee.

Signed on behalf of the social and ethics committee by:

Nigel Payne
Chairman

Directors' curricula vitae

Stephen Koseff

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

Age: 67

CHAIRMAN

Appointed: August 16 2017

Experience and expertise: Stephen is chief executive officer of the 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 has announced his intention to step down from this role in October 2018. In 2017, Stephen was awarded an Honorary Doctor of Commerce Degree by the University of the Witwatersrand. In addition to his directorships of Investec, Investec plc and various other Investec subsidiaries, he is a non-executive director 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.

Douglas Band

Qualifications: BCom (Wits), CA(SA)

Age: 74

LEAD INDEPENDENT
NON-EXECUTIVE DIRECTOR

Appointed: March 10 2016

Committee membership:

Experience and expertise: Doug has extensive experience in both commerce and industry having previously served as CEO of CNA Gallo Limited. The Argus Group Limited and as executive chairman of The Premier Group Limited. In his board career he has also served in the capacity of an independent director of listed companies including The Standard Bank Group, MTN Group and Tiger Brands.

Paul Baloyi

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

Age: 62

INDEPENDENT
NON-EXECUTIVE DIRECTOR

Appointed: March 10 2016

Committee membership:

Experience and expertise: Paul is the managing director of CAP Leverage Proprietary Limited. From June 11 2006 until April 2012, he was the 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. Prior to this, Paul had 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.

Bernard Berson

Qualifications: CA(Australia)

Age: 53

CHIEF EXECUTIVE

Appointed: March 10 2016

Committee membership:

Experience and expertise: Since 1996, Bernard has been involved in all aspects of the development of Bidcorp's foodservice business in Australia, New Zealand and Asia. In 2010 assumed responsibility for Bidcorp's global foodservice businesses, including operations in the UK, Europe and Emerging Markets. Over the past 20 years, Bernard has been involved in all material acquisitions and directing the strategic focus of the businesses.

Bernard currently serves as chief executive of Bidcorp since April 14 2016.

David Cleasby

Qualifications: CA(SA)

Age: 56

CHIEF FINANCIAL OFFICER

Appointed: September 12 2007

Committee membership:

Experience and expertise: David was financial director of Rennies Terminals when Bidvest acquired Rennies 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's financial director on July 9 2007 and resigned on May 23 2016. David also 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.

Brian Joffe

Qualifications: CA(SA)

Age: 71

NON-EXECUTIVE DIRECTOR

Appointed: August 17 1995

Committee membership:

Experience and expertise: 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, he 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. From 1988 to 2004, Brian served as executive chairman of The Bidvest Group Limited until his appointment as chief executive officer in 2004 to 2016.

Brian was appointed to the Bidcorp board on August 17 1995, assuming the executive chairman role on listing in 2016 until March 31 2018. Brian is currently a non-executive director of Bidcorp.

Dolly Mokgatle

Qualifications: BProc (University of the North) LLB (Law) (Wits)

Age: 62

INDEPENDENT
NON-EXECUTIVE DIRECTOR

Appointed: October 4 2016

Committee membership:

Experience and expertise: Dolly, is a qualified attorney with a BProc (University of Limpopo), LLB (Wits) and a 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, chairperson of Junior Achievement South Africa, member of Unisa Council, and trustee of Pearson Marang Education Trust. Dolly was a member of the Deputy President's Advisory Panel on Eskom in 2015.

Nigel Payne

Qualifications: BCom (Hons), CA(SA), MBL

Age: 58

INDEPENDENT
NON-EXECUTIVE DIRECTOR

Appointed: March 10 2016

Committee membership:

Experience and expertise: Nigel is a professional non-executive director, with significant listed company experience, including being the chairman of the Mr Price Group Limited and Vukile Property Fund Limited. He is a director and chairman of the audit and risk committees of the Bidvest Group Limited and of Alexander Forbes Group Holdings Limited.

Nigel is a former director of the JSE Limited, where he chaired the audit committee and the risk committee at various times. He is a former member of the king committee on corporate governance and a former member of the international governing body of the Institute of Internal Auditors.

Nigel has no executive responsibilities.

Helen Wiseman

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

Age: 52

INDEPENDENT
NON-EXECUTIVE DIRECTOR

Appointed: March 10 2016

Committee membership:

Experience and expertise: A non-executive director, Helen has extensive international business experience across a range of sectors including manufacturing, distribution, mining, energy and financial services.

Helen chaired Bidvest's international foodservice business' divisional audit committees from 2011 to 2016.

Helen has held various board and audit committee roles, including her current Bidcorp non-executive director role and audit and risk committee chairman for Bidcorp.

Board committees

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

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 80 to 149, which comprise the consolidated and separate statements of financial position at June 30 2018, 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.

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 2018, 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 (ISAs). Our responsibilities under those standards are further described in the *auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report. We 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 4.1 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 *Revenue*). Controls testing over the point of transfer of risks and rewards was supported by substantive audit procedures included: • Agreed a sample of sales invoices to cash receipts from customers and/or proof of delivery documents to ensure that revenue is only recognised when risks and rewards have been transferred; • Tested a sample of sales transactions around year-end to ensure inclusion in the correct period; and • Tested 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 to ensure that revenue is recognised or reversed in the correct period. *Findings* 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 notes 3 and 7.4 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 judgement 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: • Agreed a sample of outstanding sales invoices at year-end to subsequent cash receipts from customers and/or obtaining confirmations of selected balances; • Reperformed the ageing of the trade receivables to verify the accuracy of the age analyses; • Evaluated 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 compared 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. • Evaluated the adequacy and appropriateness of the disclosures in the consolidated financial statements. *Findings* We found the judgements 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 notes 3 and 8.3 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 judgement in relation to the assumptions used in the group's goodwill impairment models. As indicated in note 8.3, goodwill was subject to an annual impairment test using the higher of the fair value less costs to sell method and the discounted cash flow 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 (PE 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 PCL24/7 Limited (PCL) 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 the following: • Obtained the impairment assessments prepared by management and gained an understanding of the methodology applied to determine the recoverable amounts in respect of goodwill; • Challenged the group's impairment models by performing sensitivity analyses; • Challenged the group's allocation of assets to CGUs based on the geographies of the businesses; • Evaluated the consistency and appropriateness of assumptions used by the group. In particular, we considered the assumptions 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 and by benchmarking discount rates with similar companies in same geographies; • In certain cases, used our valuation specialist to assist us in evaluating the assumptions and methodologies used by the group; and • For the PCL 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. *Findings* 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.

Refer to notes 2 and 5 of the separate financial statements.

The key audit matter	How the matter was addressed in our audit
The company's most significant assets are its investments in subsidiaries. The company reflects its investments in subsidiaries at cost less accumulated impairment losses. At year-end, management performed an impairment assessment and impaired the company's investment in BTW Investments Proprietary Limited (BTW) by R542 million. Management concluded that no further 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 the following: • Obtained the impairment assessment prepared by management and gained an understanding of the methodology applied to determine the recoverable amount in respect of the investments; • Compared the value of the investment in subsidiaries to the net asset value (NAV) of the investees; • Evaluated management's impairment assessment of the company's investment in BTW, which included the comparison the company's investment in BTW to the NAV at year-end; and • Considered 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. *Findings* We found that management's assessment that no further 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 committees 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's 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and 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 three years.

KPMG Inc.
Per **Mohammed Hassan**
Chartered Accountant (SA)
Registered Auditor
Director

August 21 2018

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	2018 R'000	2017 R'000
CONTINUING OPERATIONS			
Revenue	4.1	**119 359 635**	110 468 151
Cost of revenue		**(90 749 470)**	(83 945 122)
Gross profit		**28 610 165**	26 523 029
Operating expenses		**(22 650 290)**	(21 038 100)
Sales and distribution costs		**(18 559 286)**	(17 232 570)
Administration costs		**(3 903 888)**	(3 414 113)
Other costs		**(187 116)**	(391 417)
Trading profit		**5 959 875**	5 484 929
Share-based payment expense	11.1	**(99 236)**	(94 113)
Acquisition costs	8.1	**(35 541)**	(46 084)
Net capital items	4.2	**(203 143)**	135 697
Operating profit	4.2	**5 621 955**	5 480 429
Net finance costs	10.2	**(231 145)**	(215 723)
Finance income		**84 542**	96 752
Finance charges		**(315 687)**	(312 475)
Share of profit of associates and jointly controlled entity		**52 378**	25 055
Profit before taxation		**5 443 188**	5 289 761
Taxation	5.1	**(1 348 749)**	(1 246 641)
Profit for the year from continuing operations		**4 094 439**	4 043 120
DISCONTINUED OPERATION			
Loss after taxation from discontinued operation	13	**(529 329)**	(11 239)
Profit for the year		**3 565 110**	4 031 881
Attributable to			
Shareholders of the company		**3 542 923**	4 008 287
From continuing operations		**4 072 252**	4 019 526
From discontinued operation		**(529 329)**	(11 239)
Non-controlling interests from continuing operations		**22 187**	23 594
		3 565 110	4 031 881
Continuing operations (cents)			
Basic earnings per share	6.1	**1 223,9**	1 210,5
Headline earnings per share	6.3	**1 286,3**	1 179,2
Discontinued operation (cents)			
Basic loss per share	13	**(159,1)**	(3,4)
Headline (loss) earnings per share	13	**(158,9)**	1,8
Total operations (cents)			
Basic earnings per share		**1 064,8**	1 207,1
Headline earnings per share		**1 127,4**	1 181,0
Dividends per share (cents)		**560,0**	500,0

Consolidated statement of other comprehensive income

for the year ended June 30	2018 R'000	2017 R'000
Profit for the year	**3 565 110**	4 031 881
Other comprehensive income net of taxation	**1 179 542**	(2 786 306)
Items that may be classified subsequently to profit or loss	**1 177 096**	(2 792 316)
Increase (decrease) in foreign currency translation reserve	**1 178 884**	(2 793 654)
(Decrease) increase in fair value of cash flow hedges	**(1 788)**	1 338
Fair value (loss) gain arising during the year	**(2 208)**	1 652
Taxation relief (charge) for the year	**420**	(314)
Financial assets held at fair value through other comprehensive income	**–**	–
Fair value loss arising during the year	**(1 329)**	(43 379)
Reclassified to profit or loss	**1 329**	43 379
Items that will not be reclassified subsequently to profit or loss		
Defined benefit obligations	**2 446**	6 010
Remeasurement of defined benefit obligations during the year	**2 657**	6 393
Deferred taxation charge	**(211)**	(383)
Total comprehensive income for the year	**4 744 652**	1 245 575
Attributable to		
Shareholders of the company	**4 698 321**	1 230 657
Non-controlling interest	**46 331**	14 918
	4 744 652	1 245 575

Consolidated statement of cash flows

for the year ended June 30	Note	2018 R'000	2017 R'000
Cash flows from operating activities		**2 427 578**	2 254 867
Cash generated by continuing operations	4.4	**5 780 241**	5 698 847
Finance income received	10.2	**80 785**	96 752
Finance charges paid	10.2	**(296 437)**	(294 364)
Taxation paid	5.3	**(1 395 595)**	(1 341 242)
Dividends paid	12.2	**(1 777 643)**	(1 646 835)
Net operating cash flows from discontinued operation	13	**36 227**	(258 291)
Cash effects of investment activities		**(3 136 908)**	(2 230 046)
Advances to associates and increases in shareholding of associates		**(11 643)**	(80 575)
Proceeds on disposal of investments		**26 902**	680 235
Investments acquired		**(45 575)**	(9 858)
Additions to property, plant and equipment		**(2 319 586)**	(2 140 958)
Additions to intangible assets		**(123 917)**	(113 046)
Proceeds on disposal of property, plant and equipment		**292 292**	323 042
Proceeds on disposal of intangible assets		**5 775**	11 848
Acquisition of businesses and subsidiaries	8.1	**(965 611)**	(1 315 161)
Proceeds on disposal of interests in subsidiaries and associate	8.2	**16 946**	429 811
Net investing activities from discontinued operation	13	**(12 491)**	(15 384)
Cash effects of financing activities		**708 841**	1 471 746
Proceeds on disposal of treasury shares		**193 279**	154 544
Borrowings raised	10.3	**5 381 256**	5 499 736
Borrowings repaid	10.3	**(4 711 152)**	(4 086 098)
Payments to puttable non-controlling interests and vendors for acquisition		**(160 037)**	(39 927)
Receipts from (payments to) non-controlling interests		**5 495**	(56 509)
Net (decrease) increase in cash and cash equivalents		**(489)**	1 496 567
Cash and cash equivalents at beginning of year		**6 348 049**	5 505 509
Effects of exchange rate fluctuations on cash and cash equivalents		**295 589**	(654 027)
Cash and cash equivalents at end of year		**6 643 149**	6 348 049
Cash and cash equivalents comprise			
Cash and cash equivalents for continuing operations		**5 964 802**	6 497 938
Cash and cash equivalents for discontinued operation		**678 347**	(149 889)
		6 643 149	6 348 049

Consolidated statement of financial position

at June 30	Note	2018 R'000	2017 R'000
ASSETS			
Non-current assets		**29 711 793**	26 023 534
Property, plant and equipment	7.1	**12 497 123**	10 705 190
Intangible assets	7.2	**949 252**	907 151
Goodwill	8.3	**14 539 284**	12 791 153
Deferred taxation assets	5.2	**941 851**	922 847
Interest in associates	9.1	**215 045**	172 206
Investments and loans	9.2	**148 745**	113 814
Investment in jointly controlled entity	9.3	**401 113**	394 039
Defined benefit pension assets	11.3	**19 380**	17 134
Current assets		**32 219 601**	28 422 407
Inventories	7.3	**9 081 056**	8 261 665
Trade and other receivables	7.4	**14 583 086**	13 812 693
Assets classified as held-for-sale	13	**2 590 657**	–
Cash and cash equivalents		**5 964 802**	6 348 049
Total assets		**61 931 394**	54 445 941
EQUITY AND LIABILITIES			
Capital and reserves		**26 788 904**	23 671 520
Capital and reserves attributable to shareholders of the company	12.1	**26 544 452**	23 548 214
Non-controlling interests		**244 452**	123 306
Non-current liabilities		**8 203 640**	6 751 961
Deferred taxation liabilities	5.2	**776 085**	743 471
Long-term portion of borrowings	10.3	**6 070 473**	5 247 641
Long-term portion of puttable non-controlling interest liabilities	10.4	**356 522**	118 028
Long-term portion of vendors for acquisition		**300 315**	82 377
Post-retirement obligations	11.3	**48 489**	41 657
Long-term portion of provisions	7.7	**534 655**	513 792
Long-term portion of operating lease liabilities	7.5	**117 101**	4 995
Current liabilities		**26 938 850**	24 022 460
Trade and other payables	7.6	**18 868 611**	19 127 763
Short-term portion of provisions	7.7	**243 397**	223 945
Short-term portion of puttable non-controlling interest liabilities	10.4	**1 122 068**	1 077 168
Short-term portion of vendors for acquisition		**234 709**	379 474
Taxation		**367 846**	404 288
Liabilities classified as held-for-sale	13	**2 613 207**	–
Short-term portion of borrowings	10.3	**3 489 012**	2 809 822
Total equity and liabilities		**61 931 394**	54 445 941
Net asset value per share (cents)		**7 914**	7 021
Net tangible asset value per share (cents)		**3 296**	2 937

Consolidated statement of changes in equity

for the year ended June 30	2018 R'000	2017 R'000
Equity attributable to shareholders of the company	**26 544 452**	23 548 214
Stated capital	**5 428 016**	5 428 016
Treasury shares	**(601 908)**	(795 187)
Balance at beginning of the year	**(795 187)**	(949 731)
Shares disposed in terms of share option scheme	**193 279**	154 544
Foreign currency translation reserve	**5 497 156**	4 318 272
Balance at beginning of the year	**4 318 272**	7 111 926
Increase (decrease) in foreign currency translation reserve	**1 178 884**	(2 793 654)
Hedging reserve	**(450)**	1 338
Balance at beginning of the year	**1 338**	–
Fair value (loss) gain incurred during the year	**(2 208)**	1 652
Deferred taxation recognised directly in reserve	**420**	(314)
Equity-settled share-based payment reserve	**325 383**	20 914
Balance at beginning of year	**20 914**	(2 025)
Arising during current year	**102 346**	97 569
Deferred taxation recognised directly in reserve	**145**	22 824
Utilisation during the year	**(193 279)**	(154 544)
Transfer to retained earnings	**395 257**	57 090
Retained earnings	**15 896 255**	14 574 861
Balance at beginning of the year	**14 574 861**	12 492 438
Attributable profit	**3 542 923**	4 008 287
Dividends paid	**(1 777 643)**	(1 646 835)
Remeasurement of defined benefit obligations during the year	**2 446**	6 010
Remeasurement of puttable option during the year	**2 801**	(48 076)
Changes in shareholding of subsidiaries	**(53 876)**	(121 790)
Transfer from equity-settled share-based payment reserve	**(395 257)**	(57 090)
Transfer of subsidiaries under common control	**–**	(29 924)
Transfer of reserves from non-controlling interests of the company	**–**	(28 159)
Equity attributable to non-controlling interests of the company	**244 452**	123 306
Balance at beginning of the year	**123 306**	136 950
Total comprehensive income	**46 331**	14 918
Attributable profit	**22 187**	23 594
Movement in foreign currency translation reserve	**24 144**	(8 676)
Dividends paid	**(24 357)**	(15 758)
Share of movement on other reserves	**3 022**	(1 424)
Changes in shareholding	**342 342**	80 293
Transfer to puttable non-controlling interest liability (refer note 10.4)	**(246 192)**	(119 832)
Transfer to retained earnings	**–**	28 159
Total equity	**26 788 904**	23 671 520

Notes to the consolidated financial statements

for the year ended June 30

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Notes to the consolidated financial statements

for the year ended June 30

1. BASIS OF PREPARATION

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), in compliance with the JSE Listings Requirements, the interpretations adopted by the International Accounting Standards Board (IASB), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and the requirements of the Companies Act of South Africa 2008.

The preparation of the consolidated and separate financial statements 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 set out in note 3.

The consolidated financial statements as at and for the year ended June 30 2018 comprise the company, its subsidiaries and equity accounted investees (together referred to as the "group" or "consolidated" and separately "separate" or "company").

The accounting policies have been applied consistently to all years presented in the consolidated and separate financial statements. The accounting policies are the same for the consolidated and separate financial statements, unless specifically stated otherwise. The financial statements are presented in South African rand, which is the group's presentation currency. All financial information has been rounded to the nearest thousand unless stated otherwise.

The group adopted the amendments to IAS 7 *Statements of Cash Flows* and IAS 12 *Income Taxes* during the year. The adoption of these amendments did not result in any changes in the company's accounting policies and had no effect on the results of the group. The adoption of the amendments to IAS 7 requires additional disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. This includes providing a reconciliation between the opening and closing balances for liabilities arising from borrowings. The group has included the additional disclosure resulting from adoption of this amendment in note 10.3.

The consolidated and separate financial statements were approved by the board of directors on August 21 2018.

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 to 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.

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.

2.1 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 accounted for in profit or loss.

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.

2.2 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.

Acquisitions and disposals of foreign operations are accounted for at the exchange rate ruling on the date of the transaction.

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.

3. ACCOUNTING ESTIMATES, JUDGEMENTS AND FAIR VALUES

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. 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 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.

Accounting judgements and determination of fair values 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 set out below:

Property, plant and equipment

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 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 accumulated depreciation. Market indicators reflect that these properties could realise more than their carrying values if disposed of.

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.

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 discounted cash flow or price earnings methods and the actual results and forecasts for future years.

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.

Notes to the consolidated financial statements

for the year ended June 30

3. ACCOUNTING ESTIMATES, JUDGEMENTS AND FAIR VALUES *(continued)*

Accounting judgements and determination of fair values in applying the group's accounting policies *(continued)*

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 as well as expiry dates.

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.

Trade 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 collectability is considered to be doubtful. Management believe 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.

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. The main assumptions used in the calculation of the liability is 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.

Forward exchange contracts

The fair value of forward exchange contracts are 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

Share appreciation right

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).

Conditional share plan

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's 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.

4. OPERATING PERFORMANCE

	2018 R'000	2017 R'000
4.1 Revenue		
Sale of goods – frozen	**41 081 919**	37 231 839
Sale of goods – chilled	**34 733 397**	31 265 253
Sale of goods – ambient	**36 197 874**	35 111 400
Sale of goods – non-food	**6 061 992**	5 484 707
Rendering of services	**1 095 870**	1 170 426
Commissions and fees earned	**188 583**	204 526
	119 359 635	110 468 151
Revenue percentage by market segmentation		
Independent	**52%**	52%
Chain	**34%**	32%
Logistics	**6%**	7%
Retail and other	**8%**	9%
	100%	100%
Analysis of revenue per country by percentage		
United Kingdom	**26%**	27%
Australia	**16%**	17%
The Netherlands	**12%**	12%
New Zealand	**8%**	8%
Belgium	**6%**	6%
People's Republic of China and Hong Kong	**6%**	6%
Czech Republic	**5%**	5%
Italy	**5%**	4%
South Africa	**5%**	6%
Other	**11%**	9%
	100%	100%

Composition of revenue

Revenue comprises amounts earned from customers from the sale of frozen, chilled, ambient and non-food products (goods) and services.
Revenue is disclosed net of value added taxation.
Revenue is disclosed net of returns and allowances, trade discounts and volume rebates.

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 services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at reporting date. The stage of completion is time based and dependent on the terms of the contract.

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.

As at July 1 2018 there was no significant impact from the adoption of IFRS 15 *Revenue from Contracts from Customers* due to the group not being involved in material multiple-element arrangements with customers. Therefore, no transition adjustments have been processed to retained earnings. 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.

Notes to the consolidated financial statements

for the year ended June 30

	2018 R'000	2017 R'000
4. OPERATING PERFORMANCE *(continued)*		
4.2 Operating profit		
Determined after charging (crediting)		
Auditors' remuneration	**46 057**	45 860
KPMG audit fees and related expenses	**37 310**	36 821
KPMG-related taxation, consulting, other related expenses	**4 183**	5 112
Other audit firm fees and related expenses	**4 564**	3 927
Depreciation of property, plant and equipment disclosed as continuing operations	**1 043 339**	990 084
Leasehold premises	**81 692**	81 553
Plant and equipment	**341 539**	345 247
Office equipment, furniture and fittings	**141 144**	127 596
Vehicles	**478 964**	435 688
Depreciation of property, plant and equipment disclosed as discontinued operation	**19 356**	19 468
Amortisation of intangible assets disclosed as continuing operations	**149 624**	176 803
Patents, trademarks, tradenames and other intangibles	**58 101**	53 516
Computer software	**91 523**	123 287
Amortisation of intangible assets disclosed as discontinued operation	**3 076**	4 780
Directors' emoluments *(full details of executive and non-executive remuneration are included in note 11.2)*		
Executive directors	**44 322**	75 022
Basic remuneration	**20 304**	32 247
Retirement and medical benefits	**690**	1 198
Other benefits and costs	**446**	1 177
Cash incentives	**22 882**	40 400
Non-executive director emoluments	**11 351**	3 969
Employer contributions to	**757 136**	632 771
Defined contribution pension funds	**265 012**	245 775
Provident funds	**20 996**	22 374
Retirement funds	**25 275**	23 311
Social securities	**391 083**	293 831
Medical aids	**54 770**	47 480
Defined benefit pension plans-related expenses	**17 103**	16 102
Share-based payment expense disclosed as continuing operations	**99 236**	94 113
Bidvest Incentive Scheme (BIS)	**23 001**	48 812
Bid Corporation Limited Share Appreciation Rights Plan (SARs)	**45 212**	27 127
Bidcorp Conditional Share Plan (CSP)	**31 023**	18 174

	2018 R'000	2017 R'000
4. OPERATING PERFORMANCE *(continued)*		
4.2 Operating profit *(continued)*		
Staff costs excluding directors' emoluments and employer contributions	**13 308 356**	12 260 415
Foreign exchange (gains) losses on hedging activities	**(25 379)**	1 678
Forward exchange contracts	**(25 276)**	1 618
Foreign bank accounts	**(103)**	60
Other foreign exchange losses (gains)	**4 678**	(12 204)
Realised	**(1 971)**	(6 520)
Unrealised	**6 649**	(5 684)
Impairment of assets relating to continuing operations#	**235 607**	407 664
Property, plant and equipment	**28 448**	93 727
Goodwill	**200 216**	176 174
Investment held at fair value through other comprehensive income	**1 329**	43 379
Intangible assets	**5 347**	94 384
Associates	**267**	–
Net capital profit#	**(32 464)**	(543 361)
Net profit on disposal of property, plant and equipment	**(15 318)**	(7 122)
Net profit on disposal of intangible assets	**–**	(14 203)
Net loss (profit) on disposal of interests in subsidiaries and associate	**9 050**	(522 036)
Gain from bargain purchase	**(4 222)**	–
Insurance proceeds received in relation to the impairment of property, plant and equipment	**(21 974)**	–
Operating lease charges	**1 177 009**	1 090 285
Land and buildings	**770 162**	682 916
Equipment and vehicles	**406 847**	407 369
# Items above included as capital items on consolidated statement of profit or loss	**203 143**	(135 697)

4.3 Segmental operational performance

The group has the following strategic segments: Australasia, United Kingdom, Europe, 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.

"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.

There is no individual customer who contributes more than 10% to the group's total revenue.

Notes to the consolidated financial statements

for the year ended June 30

	2018 R'000	2017 R'000
4. OPERATING PERFORMANCE *(continued)*		
4.3 Segmental operational performance *(continued)*		
Segmental revenue		
Australasia	**30 030 647**	29 440 177
United Kingdom	**31 419 114**	29 529 666
Europe	**39 234 279**	32 217 257
Emerging Markets	**18 675 595**	19 281 051
	119 359 635	110 468 151
Segmental trading profit		
Trading divisions	**6 037 779**	5 540 029
Australasia	**1 967 280**	1 951 691
United Kingdom	**1 424 557**	1 311 428
Europe	**1 618 219**	1 175 195
Emerging Markets	**1 027 723**	1 101 715
Corporate	**(77 904)**	(55 100)
	5 959 875	5 484 929
Segmental trading EBITDA		
Trading divisions	**7 227 081**	6 703 654
Australasia	**2 206 278**	2 175 558
United Kingdom	**1 779 480**	1 713 455
Europe	**2 043 268**	1 546 463
Emerging Markets	**1 198 055**	1 268 178
Corporate	**(74 243)**	(51 838)
	7 152 838	6 651 816
Segmental employee benefits and remuneration		
Trading divisions	**14 051 117**	12 886 740
Australasia	**3 348 804**	3 232 681
United Kingdom	**4 471 449**	4 328 677
Europe	**4 506 255**	3 591 346
Emerging Markets	**1 724 609**	1 734 036
Corporate	**70 048**	85 437
	14 121 165	12 972 177
Share-based payment expense	**99 236**	94 113
	14 220 401	13 066 290

	Number of employees 2018	Number of employees 2017
4. OPERATING PERFORMANCE *(continued)*		
4.3 Segmental operational performance *(continued)*		
Segmental number of employees		
Trading divisions	**26 424**	24 117
Australasia	**4 638**	4 383
United Kingdom	**7 930**	7 458
Europe	**7 842**	6 230
Emerging Markets	**6 014**	6 046
Corporate	**24**	26
	26 448	24 143

	2018 R'000	2017 R'000
4.4 Cash generated by continuing operations		
Reconciliation of operating profit to cash generated from continuing operations		
Operating profit	**5 621 955**	5 480 429
Adjustments for:		
Costs incurred in respect of acquisitions	**35 541**	46 084
Dividends received from jointly controlled entity and associates	**25 000**	14 854
Adjustment for depreciation and amortisation	**1 192 963**	1 166 887
Adjustment for non-cash items	**(21 069)**	(512 172)
Impairment of goodwill	**200 216**	176 174
Share-based payment settlement	**(193 279)**	(154 544)
Charge to profit or loss for share-based payments	**99 236**	94 113
Profit on disposal of plant, property and equipment	**(151 829)**	(35 003)
Fair value gain on initial recognition of investment in jointly controlled entity	**–**	(250 687)
Profit on sale of investments	**–**	(105 370)
Other non-cash items	**24 587**	(236 855)
Working capital changes	**(1 074 149)**	(497 235)
Increase in inventories	**(467 246)**	(559 411)
Increase in trade and other receivables	**(1 281 290)**	(242 998)
Increase in trade and other payables and provisions	**674 387**	305 174
Cash generated by continuing operations	**5 780 241**	5 698 847

Notes to the consolidated financial statements

for the year ended June 30

	2018 R'000	2017 R'000
5. TAXATION		
5.1 Income taxation		
Current taxation	**1 328 726**	1 422 952
Current year	**1 348 299**	1 408 203
Prior years' (over) under provision	**(19 573)**	14 749
Deferred taxation	**15 919**	(181 773)
Current year	**7 906**	(166 019)
Prior years' under (over) provision	**8 956**	(10 161)
Change in rate of taxation	**(943)**	(5 593)
Foreign withholding taxation	**4 104**	5 462
Total taxation per consolidated statement of profit or loss	**1 348 749**	1 246 641
Comprising		
South African taxation	**170 338**	265 384
Foreign taxation	**1 178 411**	981 257
	1 348 749	1 246 641

Income taxation comprises current and deferred taxation. Income taxation expense is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity.

Current taxation comprises taxation payable calculated on the basis of the expected taxable income for the year, using the taxation rates enacted or substantively enacted at the reporting date, and any adjustment of taxation payable for previous years.

	2018 %	2017 %
The reconciliation of the effective taxation rate with the South African company taxation rate is:		
Taxation for the year as a percentage of profit before taxation	**24,8**	23,6
Associates	**0,2**	0,1
Effective rate excluding associate income	**25,0**	23,7
Dividend and exempt income	**1,1**	1,1
Foreign taxation rate differential	**2,5**	3,1
Non-deductible expenses	**(2,5)**	(2,7)
Deferred taxation assets not previously raised	**1,6**	1,9
Exempt portion of capital gains	**0,1**	0,7
Changes in prior years' estimation	**0,2**	0,1
Change in rate of taxation	**–**	0,1
Rate of South African company taxation (%)	**28,0**	28,0

Non-deductible expenses comprise impairments relating to goodwill (refer note 8.3), property, plant and equipment (refer note 7.1) and other non-deductible expenses individually insignificant across the group.

	2018 R'000	2017 R'000
5. TAXATION *(continued)*		
5.2 Deferred taxation		
Deferred taxation assets	**941 851**	922 847
Deferred taxation liabilities	**(776 085)**	(743 471)
Net deferred taxation asset	**165 766**	179 376
Movement in net deferred taxation assets and liabilities		
Balance at beginning of year	**179 376**	(32 477)
Current deferred taxation charge	**(16 955)**	157 328
Items recognised directly in equity and other comprehensive income	**354**	(5 871)
On acquisition of businesses	**(3 914)**	56 666
On disposal of businesses	**–**	69
Transfer to discontinued operations	**5 138**	–
Exchange rate adjustments	**1 767**	3 661
Balance at end of year	**165 766**	179 376

Temporary differences	Assets R'000	Liabilities R'000	Net R'000
2018			
Differential between carrying values and tax values of property, plant and equipment	**(16 575)**	**(319 915)**	**(336 490)**
Differential between carrying values and tax values of intangible assets	**34 983**	**(68 342)**	**(33 359)**
Estimated taxation losses	**78 998**	**(2 730)**	**76 268**
Staff-related allowances and liabilities	**231 786**	**24 119**	**255 905**
Operating lease liabilities	**31 211**	**(602)**	**30 609**
Inventories	**14 756**	**597**	**15 353**
Investments	**–**	**(149 779)**	**(149 779)**
Trade and other receivables	**78 288**	**5 607**	**83 895**
Trade, other payables and provisions	**488 404**	**(265 040)**	**223 364**
	941 851	**(776 085)**	**165 766**
2017			
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

Deferred taxation has been provided at rates ranging between 15% and 35% (2017: 12% and 34%). 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.

Notes to the consolidated financial statements

for the year ended June 30

	2018 R'000	2017 R'000
5. TAXATION *(continued)*		
5.2 Deferred taxation *(continued)*		
Estimated tax losses available for offset against future taxable income	**151 072**	431 854
Utilised in the computation of deferred taxation	**(71 643)**	(290 954)
Not accounted for in deferred taxation	**79 429**	140 900

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.

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 reporting 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 other comprehensive income or 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 other comprehensive income or 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.

	2018 R'000	2017 R'000
5.3 Taxation paid		
Amounts payable at beginning of year	**(413 079)**	(394 640)
Current taxation charge	**(1 332 830)**	(1 428 414)
Businesses acquired	**1 263**	(11 509)
Businesses disposed of	**–**	2 554
Exchange rate adjustments	**(18 795)**	77 688
Amounts payable at end of year	**367 846**	413 079
Amounts paid	**(1 395 595)**	(1 341 242)

6. BASIC, DILUTED AND HEADLINE EARNINGS PER SHARE FOR CONTINUING OPERATIONS

6.1 Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of Bidcorp by the weighted average number of ordinary shares in issue during the year, excluding those ordinary shares held as treasury shares.

Weighted average number of shares in issue is calculated as the number of shares in issue at the beginning of the year, increased/decreased by shares issued/treasury shares sold during the year, weighted on a time basis for the year during which they have participated in the profit of Bidcorp.

	2018	2017
6. BASIC, DILUTED AND HEADLINE EARNINGS PER SHARE FOR CONTINUING OPERATIONS *(continued)*		
6.1 Basic earnings per share *(continued)*		
Profit attributable to shareholders of the company (R'000)	**4 072 252**	4 019 526
Weighted average number of shares in issue ('000)	**332 725**	332 065
Basic earnings per share (cents)	**1 223,9**	1 210,5
6.2 Diluted basic earnings per share		
The diluted basic earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential ordinary shares.		
Dilutive earnings* (R'000)	**4 072 252**	4 019 526
Weighted average number of shares in issue ('000)	**332 725**	332 065
Potential dilutive impact of outstanding share options and conditional awards ('000)	**926**	730
Number of outstanding staff share options	**4 293**	4 228
Number of share options deemed to be issued at fair value	**(3 465)**	(3 554)
Contingent issuable shares in terms of conditional share plan to be issued not at fair value	**98**	56
Dilutive weighted average number of shares ('000)	**333 651**	332 795
Diluted basic earnings per share (cents)	**1 220,5**	1 207,8
Dilution (%)	**0,3%**	0,2%

* *There were no reconciling items for the diluted earnings.*

	R'000	R'000
6.3 Headline earnings per share		
Profit attributable to shareholders of the company	**4 072 252**	4 019 526
Net impairments	**235 073**	383 228
Goodwill	**200 216**	176 174
Property, plant and equipment	**28 448**	93 727
Intangible assets	**5 347**	94 384
Investment at fair value through OCI	**1 329**	43 379
Associate	**267**	–
Taxation relief	**(534)**	(24 436)
Net loss (profit) on disposal of interests in subsidiaries and interest in associates	**9 050**	(465 882)
Disposal of subsidiaries	**9 050**	(510 232)
Disposal of interest in associates	**–**	(11 804)
Tax charge	**–**	56 154
Net profit on disposal of property, plant and equipment and intangible assets	**(10 389)**	(21 175)
Property, plant and equipment	**(15 318)**	(7 122)
Intangible assets	**–**	(14 203)
Taxation charge	**4 929**	150
Gain from bargain purchase	**(4 222)**	–
Insurance proceeds received in relation to the impairment of property, plant and equipment	**(21 974)**	–
Headline earnings	**4 279 790**	3 915 697
Headline earnings per share (cents)	**1 286,3**	1 179,2
Diluted headline earnings per share (cents)	**1 282,7**	1 176,6
Dilution (%)	**0,3%**	0,2%

Notes to the consolidated financial statements

for the year ended June 30

	2018 R'000	2017 R'000
7. NET OPERATING ASSETS		
7.1 Property, plant and equipment		
Freehold land and buildings	**6 357 333**	5 687 104
Cost	**7 709 526**	7 015 124
Accumulated depreciation and impairments	**(1 352 193)**	(1 328 020)
Leasehold premises	**857 023**	770 481
Cost	**1 691 970**	1 477 927
Accumulated depreciation and impairments	**(834 947)**	(707 446)
Plant and equipment	**1 815 142**	1 599 043
Cost	**5 668 530**	5 277 625
Accumulated depreciation and impairments	**(3 853 388)**	(3 678 582)
Office equipment, furniture and fittings	**659 585**	609 749
Cost	**2 191 130**	1 928 944
Accumulated depreciation and impairments	**(1 531 545)**	(1 319 195)
Vehicles	**2 026 120**	1 665 306
Cost	**4 592 306**	3 939 684
Accumulated depreciation and impairments	**(2 566 186)**	(2 274 378)
Capital work-in-progress	**781 920**	373 507
	12 497 123	10 705 190

Property, plant and equipment with an estimated carrying value of R1 158 million (2017: R836 million) were pledged as security for borrowings of R833 million (2017: R496 million) (refer note 10.3).

A register of land and buildings is available for inspection by shareholders at the registered office of the company.

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.

Capital work in progress includes the cost of materials and direct labour, any other costs directly attributable to bringing the item of property, plant and equipment to a working condition for its intended use. Land and assets under construction are not depreciated.

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.

	2018 R'000	2017 R'000
7. NET OPERATING ASSETS *(continued)*		
7.1 Property, plant and equipment *(continued)*		
Movement in property, plant and equipment		
Carrying value at beginning of year	**10 705 190**	11 016 705
Capital expenditure	**2 328 190**	2 158 660
Freehold land and buildings	**283 844**	400 636
Leasehold premises	**102 103**	195 669
Plant and equipment	**287 764**	481 827
Office equipment, furniture and fittings	**125 113**	331 916
Vehicles	**491 762**	464 692
Capital work in progress	**1 037 604**	283 920
Acquisition of businesses	**301 443**	264 945
Freehold land and buildings	**48 163**	121 105
Leasehold premises	**22 033**	43 424
Plant and equipment	**49 509**	63 312
Office equipment, furniture and fittings	**35 742**	16 986
Vehicles	**69 930**	20 118
Capital work in progress	**76 066**	–
Disposals	**(140 463)**	(288 108)
Freehold land and buildings	**(108 000)**	(195 348)
Leasehold premises	**(722)**	(1 882)
Plant and equipment	**(12 141)**	(19 850)
Office equipment, furniture and fittings	**(2 662)**	(4 944)
Vehicles	**(16 651)**	(59 215)
Capital work in progress	**(287)**	(6 869)
Disposal of businesses	**–**	(78 879)
Plant and equipment	**–**	(44 885)
Office equipment, furniture and fittings	**–**	(7 210)
Vehicles	**–**	(25 470)
Capital work in progress	**–**	(1 314)
Net transfers	**–**	–
Freehold land and buildings	**314 600**	84 986
Leasehold premises	**28 555**	11 930
Plant and equipment	**171 263**	26 945
Office equipment, furniture and fittings	**28 180**	22 103
Vehicles	**194 690**	160 040
Capital work in progress	**(737 288)**	(306 004)

Notes to the consolidated financial statements

for the year ended June 30

	2018 R'000	2017 R'000
7. NET OPERATING ASSETS *(continued)*		
7.1 Property, plant and equipment *(continued)*		
Movement in property, plant and equipment *(continued)*		
Transfer to assets classified as held-for-sale	**(212 090)**	–
Freehold land and buildings	**(148 480)**	–
Leasehold premises	**(11 194)**	–
Plant and equipment	**(31 663)**	–
Office equipment, furniture and fittings	**(20 208)**	–
Vehicles	**(130)**	–
Capital work in progress	**(415)**	
Exchange rate adjustments	**606 789**	(1 243 488)
Freehold land and buildings	**297 946**	(642 166)
Leasehold premises	**56 278**	(107 984)
Plant and equipment	**82 918**	(170 949)
Office equipment, furniture and fittings	**35 030**	(64 657)
Vehicles	**100 249**	(199 381)
Capital work in progress	**34 368**	(58 351)
Depreciation (refer note 4.2)	**(1 062 695)**	(1 009 552)
Impairment losses	**(29 241)**	(115 093)
Carrying value at end of year	**12 497 123**	10 705 190
Segmental capital expenditure		
Trading divisions	**2 318 772**	2 137 895
Australasia	**618 117**	715 687
United Kingdom	**687 008**	435 761
Europe	**776 796**	583 431
Emerging Markets	**236 851**	403 016
Corporate	**814**	3 063
Discontinued operation	**8 604**	17 702
	2 328 190	2 158 660
Segmental depreciation		
Trading divisions	**1 040 046**	986 923
Australasia	**224 506**	213 473
United Kingdom	**302 976**	325 668
Europe	**345 522**	283 852
Emerging Markets	**167 042**	163 930
Corporate	**3 293**	3 161
Discontinued operation	**19 356**	19 468
	1 062 695	1 009 552

	2018 R'000	2017 R'000
7. NET OPERATING ASSETS *(continued)*		
7.2 Intangible assets		
Patents, trademarks, tradenames and other intangibles	**562 019**	563 230
Cost	**1 106 568**	1 021 219
Accumulated amortisation and impairments	**(544 549)**	(457 989)
Computer software	**361 585**	331 554
Cost	**1 769 779**	1 646 651
Accumulated amortisation and impairments	**(1 408 194)**	(1 315 097)
Capital work-in-progress	**25 648**	12 367
	949 252	907 151
Movement in intangible assets		
Carrying value at beginning of year	**907 151**	1 212 758
Additions	**127 383**	117 679
Patents, trademarks, tradenames and other intangibles	**3 765**	5 009
Computer software	**115 018**	132 618
Capital work-in-progress	**8 600**	(19 948)
Expenditure	**35 787**	12 790
Transfers to other categories	**(27 187)**	(32 738)
Acquisition of businesses	**26 283**	16 924
Patents, trademarks, tradenames and other intangibles	**22 329**	8 209
Computer software	**644**	8 715
Capital work in progress	**3 310**	–
Disposals	**(5 820)**	(4 539)
Patents, trademarks, tradenames and other intangibles	**(5 648)**	(4 527)
Computer software	**(172)**	(12)
Transfer to assets classified as held-for-sale		
Computer software	**(7 437)**	–
Exchange rate adjustments	**59 739**	(159 704)
Patents, trademarks, tradenames and other intangibles	**41 599**	(100 463)
Computer software	**16 771**	(54 455)
Capital work-in-progress	**1 369**	(4 786)
Amortisation (refer note 4.2)	**(152 700)**	(181 583)
Impairment computer software	**(5 347)**	(94 384)
Carrying value at end of year	**949 252**	907 151
Segmental amortisation		
Trading divisions	**149 256**	176 702
Australasia	**14 492**	10 394
United Kingdom	**51 947**	76 359
Europe	**79 527**	87 416
Emerging Markets	**3 290**	2 533
Corporate	**368**	101
Discontinued operation	**3 076**	4 780
	152 700	181 583

Notes to the consolidated financial statements

for the year ended June 30

7. NET OPERATING ASSETS *(continued)*

7.2 Intangible assets *(continued)*

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 the reporting date. Other intangible assets are amortised from the date they are available for use.

The estimated useful lives are:

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.

	2018 R'000	2017 R'000
7.3 Inventories		
Raw materials	**487 258**	418 009
Work-in-progress	**10 882**	8 853
Finished goods	**8 491 142**	7 797 489
Roll cages	**91 774**	37 314
	9 081 056	8 261 665
Provision for stock obsolescence included in the inventories balance	**168 008**	196 761

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.

	2018 R'000	2017 R'000
7.4 Trade and other receivables		
Trade receivables	**13 966 819**	13 161 625
Impairment allowances	**(576 073)**	(531 077)
Net trade receivables	**13 390 746**	12 630 548
Forward exchange contracts asset	**5 890**	1 878
Prepayments	**619 389**	709 978
Deposits	**153 016**	144 957
Value added taxation receivable	**141 833**	147 690
Other receivables	**272 212**	177 642
	14 583 086	13 812 693

7. NET OPERATING ASSETS *(continued)*

7.4 Trade and other receivables *(continued)*

Trade receivables are measured initially at fair value, and are subsequently measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Trade receivables consist of a large number of customers spread across diverse markets and geographical areas. Ongoing credit evaluation is performed by the operational management on the financial condition of the operation's customers.

The group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. It was noted that the group's largest exposure to a single customer group, across multiple geographies is R523 million (2017: R595 million). Management, in the various geographies, have assessed the recoverability of these amounts due in their geographies, and believe that the amounts due and not impaired are recoverable in full.

The total number of debtors per reporting division was obtained and the average turnover per trade debtor was calculated for each reporting division. Based on the average turnover per trade debtor in comparison to the group's total turnover for the year, there was no significant concentration of credit risk to any single trade debtor. The concentration of credit risk is therefore limited due to the customer base being large and independent.

As a 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 credit worthiness of their customers. The majority of the customers are given credit terms ranging from cash on delivery to 60 days from statement. The largest 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% (2017: 2,0%) of the total allowance raised at year-end.

Forward exchange contracts (FEC) are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates. The resulting gain or loss is recognised in profit or loss as it arises, unless the FEC is designated and effective as a hedging instrument.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised in other comprehensive income. The ineffective portion is recognised immediately in profit or loss.

The majority of trade and other receivables are fixed in the subsidiaries' local currency. As trade and other receivables have limited exposure to exchange rate fluctuations, a currency analysis has not been included.

Refer to note 10.1 for further disclosure on trade receivables and forward exchange contracts.

Notes to the consolidated financial statements

for the year ended June 30

7. NET OPERATING ASSETS *(continued)*

7.4 Trade and other receivables *(continued)*

Movement in impairment allowance in respect of trade receivables

	2018 R'000	2017 R'000
Balance at July 1	**531 077**	548 531
Allowances raised during the year	**188 074**	169 453
Australasia	**30 431**	8 715
United Kingdom	**28 772**	31 930
Europe	**89 028**	72 361
Emerging Markets	**39 843**	56 447
Bad debts written off during the year	**(169 778)**	(133 858)
Australasia	**(20 896)**	(21 677)
United Kingdom	**(28 136)**	(28 000)
Europe	**(109 196)**	(72 162)
Emerging Markets	**(11 550)**	(12 019)
Acquisition of businesses	**46 277**	48 988
Australasia	**541**	390
United Kingdom	**–**	2 516
Europe	**45 348**	46 082
Emerging Markets	**388**	–
On disposal of business		
Emerging Markets	**–**	(7 173)
Allowances reversed during the year	**(51 711)**	(41 662)
United Kingdom	**(705)**	(853)
Europe	**(21 409)**	(8 961)
Emerging Markets	**(29 597)**	(31 848)
Exchange rate adjustments	**32 134**	(53 202)
Balance at June 30	**576 073**	531 077

7. NET OPERATING ASSETS *(continued)*

7.4 Trade and other receivables *(continued)*

Ageing of trade receivables at June 30

	2018			2017		
	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	**11 233 937**	**(30 104)**	**11 203 833**	11 031 756	(31 144)	11 000 612
Australasia	**2 069 160**	**(13 025)**	**2 056 135**	1 944 550	(8 999)	1 935 551
United Kingdom	**3 119 592**	**(1 853)**	**3 117 739**	3 696 187	–	3 696 187
Europe	**4 102 311**	**(15 222)**	**4 087 089**	3 459 790	(14 597)	3 445 193
Emerging Markets	**1 942 874**	**(4)**	**1 942 870**	1 931 229	(7 548)	1 923 681
Past due 0 – 30 days	**1 448 983**	**(12 276)**	**1 436 707**	1 152 741	(23 366)	1 129 375
Australasia	**205 311**	**(7 630)**	**197 681**	185 550	(10 857)	174 693
United Kingdom	**86 828**	**–**	**86 828**	232 413	–	232 413
Europe	**675 365**	**(3 812)**	**671 553**	446 406	(10 791)	435 615
Emerging Markets	**481 479**	**(834)**	**480 645**	288 372	(1 718)	286 654
31 – 180 days	**837 153**	**(151 363)**	**685 790**	720 911	(269 023)	451 888
Australasia	**58 176**	**(27 053)**	**31 123**	50 341	(22 782)	27 559
United Kingdom	**71 189**	**(31 263)**	**39 926**	99 028	(16 712)	82 316
Europe	**383 908**	**(49 844)**	**334 064**	328 210	(168 997)	159 213
Emerging Markets	**323 880**	**(43 203)**	**280 677**	243 332	(60 532)	182 800
181 + days	**446 746**	**(382 330)**	**64 416**	256 217	(207 544)	48 673
Australasia	**36 509**	**(30 464)**	**6 045**	29 356	(24 901)	4 455
United Kingdom	**30 489**	**(15 763)**	**14 726**	51 918	(23 085)	28 833
Europe	**326 488**	**(289 901)**	**36 587**	139 048	(139 048)	–
Emerging Markets	**53 260**	**(46 202)**	**7 058**	35 895	(20 510)	15 385
Total	**13 966 819**	**(576 073)**	**13 390 746**	13 161 625	(531 077)	12 630 548

Notes to the consolidated financial statements

for the year ended June 30

	2018		2017	
	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
7. NET OPERATING ASSETS *(continued)*				
7.4 Trade and other receivables *(continued)*				
Collateral held on past due amounts				
Cover by credit insurance				
Australasia	**104 836**	**104 836**	79 773	79 773
United Kingdom	**49 638**	**49 638**	49 054	49 054
Europe	**257 476**	**257 476**	146 268	146 268
Emerging Markets	**128 842**	**128 842**	104 812	76 863
Total	**540 792**	**540 792**	379 907	351 958

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.

7.5 Operating leases

	2018 R'000	2017 R'000
Operating lease liabilities	**145 082**	21 757
Less short-term portion included in trade and other payables	**(27 981)**	(16 762)
Long-term portion	**117 101**	4 995
Operating lease commitments		
Land and buildings	**5 842 637**	4 981 830
Due in one year	**825 190**	723 533
Due after one year but within five years	**2 653 023**	2 314 085
Due after five years	**2 364 424**	1 944 212
Equipment and vehicles	**1 087 001**	1 521 026
Due in one year	**347 505**	406 486
Due after one year but within five years	**668 228**	893 909
Due after five years	**71 268**	220 631
	6 929 638	6 502 856
Less amounts raised in trade and other payables	**(145 082)**	(21 757)
	6 784 556	6 481 099

Leases which have fixed determinable escalations are charged to the statement of profit or loss 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.

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.

	2018 R'000	2017 R'000
7. NET OPERATING ASSETS *(continued)*		
7.6 Trade and other payables		
Trade payables	**15 573 094**	15 878 468
Forward exchange contracts liability	**10**	6 882
Salary and wage-related creditors	**1 996 534**	1 803 497
Value added taxation liability	**194 731**	215 683
Other payables and accrued expenses	**1 104 242**	1 223 233
	18 868 611	19 127 763
Trade payables by segment		
Trading divisions	**15 559 355**	15 859 056
Australasia	**3 099 086**	2 987 687
United Kingdom	**4 672 818**	6 202 117
Europe	**6 021 602**	5 039 258
Emerging Markets	**1 765 849**	1 629 994
Corporate	**13 739**	19 412
	15 573 094	15 878 468

Trade payables and accruals mainly consist of amounts outstanding for trade purchases and ongoing costs.

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

The directors consider that the carrying amounts of trade payables and other current liabilities approximates their fair values.

	2018 R'000	2017 R'000
7.7 Provisions		
Long-term portion	**534 655**	513 792
Short-term portion	**243 397**	223 945
	778 052	737 737

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7. NET OPERATING ASSETS *(continued)*

7.7 Provisions *(continued)*

	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 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
Created	**443**	**67 746**	**33 262**	**69 731**	**171 182**
Utilised	**(1 872)**	**(62 950)**	**(27 453)**	**(90 890)**	**(183 165)**
Net acquisition of businesses	**502**	**6 462**	**–**	**29 311**	**36 275**
Exchange rate adjustments	**2 930**	**21 175**	**2 769**	**10 795**	**37 669**
Transfer to liabilities classified as held-for-sale	**–**	**(30 013)**	**–**	**–**	**(30 013)**
Effect of discounting	**1 098**	**7 269**	**–**	**–**	**8 367**
Balance at June 30 2018	**40 561**	**446 825**	**130 671**	**159 995**	**778 052**

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.

Onerous contracts

Onerous contracts are identified through regular reviews of the terms and conditions of contracts as well as on the acquisition of businesses. A provision for onerous contracts is calculated as the present value of the portion which management deem to be onerous in light of the current market conditions, discounted using market-related rates. An annual expense is recognised over the life of the contracts. 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.

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 statement of profit or loss 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

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. Customer loyalty programmes have been 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. 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.

7. NET OPERATING ASSETS *(continued)*

7.8 Continuing segmental assets and liabilities

Segment operating assets and liabilities include property, plant and equipment, intangible assets, investments and loans, 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.

	2018 R'000	2017 R'000
Continuing segmental operating assets		
Trading divisions	**36 999 017**	31 212 833
Australasia	**7 834 734**	7 152 869
United Kingdom	**9 310 496**	7 269 449
Europe	**12 782 632**	10 096 693
Emerging Markets	**7 071 155**	6 693 822
Corporate	**260 245**	171 093
	37 259 262	31 383 926
Continuing segmental operating liabilities		
Trading divisions	**19 676 590**	17 593 827
Australasia	**4 365 046**	4 136 876
United Kingdom	**5 600 002**	4 832 497
Europe	**7 291 209**	6 199 114
Emerging Markets	**2 420 333**	2 425 340
Corporate	**87 174**	95 976
	19 763 764	17 689 803

8. ACQUISITIONS, DISPOSALS AND GOODWILL

8.1 Acquisitions

	2018 R'000	2017 R'000
Property, plant and equipment	**(301 443)**	(264 945)
Intangible assets	**(26 283)**	(16 924)
Deferred taxation	**3 914**	(56 666)
Interest in associates	**(7 302)**	(89)
Investments and advances	**(4 548)**	(6 920)
Inventories	**(328 740)**	(126 784)
Trade and other receivables	**(317 441)**	(353 649)
Cash and cash equivalents	**25 071**	26 353
Borrowings	**271 219**	505 495
Trade and other payables and provisions	**383 102**	611 517
Taxation	**(1 263)**	11 509
Net tangible fair value of (assets) liabilities	**(303 714)**	328 897
Goodwill	**(1 142 558)**	(1 417 544)
Gain from bargain purchase	**4 222**	–
Non-controlling interest	**12 283**	(53 626)
Total value of acquisitions	**(1 429 767)**	(1 142 273)
Less cash and cash equivalents assumed	**(25 071)**	(26 353)
Net movements in vendors for acquisition and puttable non-controlling interest liabilities	**524 768**	(100 451)
Costs incurred in respect of acquisitions	**(35 541)**	(46 084)
Net amounts paid	**(965 611)**	(1 315 161)

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8. ACQUISITIONS, DISPOSALS AND GOODWILL *(continued)*

8.1 Acquisitions *(continued)*

The group made a number of small acquisitions during the year namely, Festival City Food & Wine (Australia), Goldline Distributors Pty Limited (Australia), Pier 7 Holding GmbH (Germany), Frustock Foodservice, S.A. (Portugal), Cárnicas Saenz, S.L. (Spain), Jilin Food Service Limited (Mainland China), Linson Global Seafood Trading Limited (Hong Kong), D&D S.p.A. (Italy), Van de Mheen Foodservices B.V. (Netherlands), Prepared Produce (New Zealand), Aeroshield (Malaysia), Famous Fresh (Pty) Limited (South Africa) and Efe Dağıtım ve Pazarlama A.Ş. (Turkey).

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 marketplace.

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:

	D&D R'000	Pier7 R'000	Other smaller acquisitions R'000	Total R'000
Property, plant equipment	15 713	160 836	124 894	301 443
Intangible assets	–	2 975	23 308	26 283
Deferred taxation	–	5 878	(9 792)	(3 914)
Interest in associates	–	–	7 302	7 302
Investments and loans	–	–	4 548	4 548
Inventories	83 657	57 632	187 451	328 740
Trade and other receivables	31 031	98 975	187 435	317 441
Cash and cash equivalents	851	(31 912)	5 990	(25 071)
Borrowings	–	(153 605)	(117 614)	(271 219)
Trade and other payables	–	(130 199)	(252 903)	(383 102)
Taxation	–	4 291	(3 028)	1 263
Total net identifiable assets	131 252	14 871	157 591	303 714
Date acquired	December 4 2017	July 3 2017	various	
Contribution to results for the year				
Revenue	670 542	954 762	1 698 240	3 323 544
Trading profit (loss)	10 599	(21 644)	33 561	22 516
Contributions to results for the year if the acquisitions had been effective on July 1 2017				
Revenue	1 071 016	954 762	2 527 923	4 553 701
Trading profit (loss)	15 300	(21 644)	63 282	56 938

8. ACQUISITIONS, DISPOSALS AND GOODWILL *(continued)*

8.2 Disposals of subsidiaries and associates

	2018 R'000	2017 R'000
Proceeds on disposal of interest in subsidiaries and associates:		
Property, plant and equipment	–	78 879
Goodwill	–	23 184
Deferred taxation	–	(69)
Investments and advances	16 946	21 692
Inventories	–	103 925
Trade and other receivables	9 050	129 468
Cash and cash equivalents	–	112 504
Trade and other payables and provisions	–	(164 205)
Taxation	–	(2 554)
Fair value of net assets	25 996	302 824
(Loss) profit on disposal of interest in subsidiaries	(9 050)	375 790
Cash and cash equivalents disposed of	–	(112 504)
Less: 50% of Chipkins Puratos sold	–	(136 299)
Net proceeds	16 946	429 811

8.3 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 operating segment level.

	2018 R'000	2017 R'000
Carrying value at beginning of year	12 791 153	13 184 782
Acquisition of businesses	1 142 558	1 417 544
Disposal of businesses	–	(23 184)
Impairment of goodwill	(200 216)	(176 174)
Exchange rate adjustments	805 789	(1 611 815)
Carrying value at end of year	14 539 284	12 791 153
The carrying value of goodwill was allocated to cash-generating units as follows:		
Australasia	2 900 850	2 588 508
United Kingdom	2 681 221	2 655 455
Europe	7 694 720	6 318 324
Emerging Markets	1 262 493	1 228 866
	14 539 284	12 791 153

Goodwill acquired through business combinations, is allocated for impairment testing purposes to cash-generating units (CGU) which reflect how it is monitored for internal management purposes, namely the various segments of the group. The carrying amount of goodwill was subject to an annual impairment test using either the fair value less costs to sell method or 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 goodwill impairments were recorded during the year:

– £8,2 million (R142,1 million) was recorded against goodwill relating to PCL Transport 24/7 Limited (2017: £9 million (R155,1 million); and
– BRL15 million (R58,1 million) was recorded against goodwill relating to Distribuidora E Importadora Irmaos Avelino Ltda (2017: nil).

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8. ACQUISITIONS, DISPOSALS AND GOODWILL *(continued)*

8.3 Goodwill *(continued)*

Fair value less costs to sell method

The calculations used projected annualised earnings based on actual trading 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 12,1 (2017: 11,4) was used in the valuation of Europe, 11,5 (2017: 11,5) for United Kingdom, 13,0 (2017: 13,0) for Australasia, and 11,3 (2017: 11,7) for 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.

	Pre-tax WACC rates		Cash flow growth rate		Terminal growth rate	
	2018	2017	**2018**	2017	**2018**	2017
Australasia	**6,2 – 7,0%**	5,5 – 7,0%	**3,0 – 7,0%**	3,0 – 5,0%	**1,5%**	1,5%
United Kingdom	**6,0 – 12,0%**	5,5 – 14,1%	**3,0 – 5,0%**	2,0 – 5,0%	**1,0 – 1,5%**	1,0 – 2,5%
Europe	**5,0 – 9,0%**	5,2 – 10,5%	**2,0 – 12,0%**	3,0 – 12,0%	**1,0 – 2,0%**	1,0 – 2,0%
Emerging Markets	**7,5 – 19,9%**	8,0 – 17,5%	**2,0 – 15,0%**	8,0 – 12,0%	**2,0 – 2,5%**	2,0%

The discounted cash flow valuations were calculated using a period of five years (2017: five years).

With exception of the impairments noted for PCL Transport 24/7 Limited and Distribuidora E Importadora Irmaos Avelino Ltda, the other CGU valuations resulted in significant surpluses over carrying values of the CGUs and thus the directors believe that a 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*.

	2018 R'000	2017 R'000
9. INVESTMENTS		
9.1 Interest in associates		
Investments in unlisted associates at cost less impairments	**97 362**	81 702
Investment at beginning of year	**81 702**	85 521
Additions to unlisted associate investments	**2 963**	10 483
Impairment of associate	**(267)**	(6 308)
On acquisition of business	**7 302**	89
Exchange difference	**5 662**	(8 083)
Attributable share of post-acquisition losses of associates	**16 925**	(10 594)
At beginning of year	**(10 594)**	(4 509)
Share of current year earnings net of dividends	**20 304**	3 685
Share of movement in other reserves	**386**	221
Transfer out of post-acquisition reserves to cost	**–**	(9 991)
Movement in reserves on change in shareholding	**6 829**	–
Advances to associates	**100 758**	101 098
	215 045	172 206

9. INVESTMENTS *(continued)*

9.1 Interest in associates *(continued)*

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.

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.

Unsecured advances to associates bear interest at a rate of 1,7% to 5,0% (2017: 2,0% and 5,0%) and have no fixed terms of repayment.

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 note 12.3.

No individual associate is considered to be material, thus no summarised financial information is supplied in these financial statements.

	2018 R'000	2017 R'000
9.2 Investments and loans		
Unlisted investments held at fair value through other comprehensive income	**49 568**	47 962
Unlisted loans held at fair value through other comprehensive income	**6 720**	6 542
Unlisted investments held at amortised cost	**27 626**	20 996
Unlisted loans held at amortised cost	**64 831**	38 314
	148 745	113 814
Fair value hierarchy of investments		
Investments and loans held at cost or amortised cost	**92 457**	59 310
Investments held at fair value as determined on inputs based on:	**56 288**	54 504
Factors that are observable for the asset either as prices or derived from prices	**–**	1 848
Factors that are not based on observable market data	**56 288**	52 656
	148 745	113 814

The group manages its credit risk for investments by investing in reputable instruments.

An impairment loss of R1,3 million was recognised on the RoundMenu Limited investment held by our Middle East operations (2017: R41,8 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.

	2018 R'000	2017 R'000
9.3 Investment in jointly controlled entity		
Balance at beginning of year	**394 039**	–
Recognition of CP jointly controlled entity at fair value	**–**	387 523
Share of net profit from jointly controlled entity	**32 074**	6 516
Dividends received from jointly controlled entity	**(25 000)**	–
Balance at end of year	**401 113**	394 039

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9. INVESTMENTS *(continued)*

9.3 Investment in jointly controlled entity *(continued)*

Effective April 1 2017, Bidcorp Food Africa Pty Limited, a subsidiary of Bid Corporation Limited, signed agreements with Puratos Group NV (Puratos) whereby Puratos became an equal shareholder in Bidcorp 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 joint 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. Goodwill relating to the jointly controlled entity is included in the initial carrying amount of the investment. There were no impairments recognised for the investment in CP (2017: nil).

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 consolidated profit or loss.

The CP jointly controlled entity net revenue represents 1,0% (2017: 0,9%), trading profit 1,4% (2017: 1,3%) and total assets 0,9% (2017: 0,5%) of the continuing operations for the Bidcorp Group. Thus, no summarised financial information has been supplied in these financial statements for CP.

10. FINANCIAL RISK MANAGEMENT AND NET DEBT

10.1 Financial risk management

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 as its segments.

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. 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 CEO 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.

10. FINANCIAL RISK MANAGEMENT AND NET DEBT *(continued)*

10.1 Financial risk management *(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 five divisional audit and risk committees (DARC), which subscribe 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 reported quarterly to the respective DARC and consolidated for quarterly reporting to the Bidcorp GARC.

(a) 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, guarantees and cash and cash equivalents.

Bidcorp 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 R13 391 million (2017: R12 631 million) for trade receivables (refer note 7.4 for credit risk disclosure), R149 million (2017: R114 million) for investments (refer note 9.2) and cash and cash equivalents of R5 965 million (2017: R6 348 million).

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 fair value through other comprehensive income or fair value through profit and loss are written off against the investment directly and an impairment allowance account is not utilised.

The group has a general credit policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. In accordance with the decentralised structure, the operational management are 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 are also held responsible for monitoring the operations' credit exposure. For cash and cash equivalents reputable financial institutions are utilised for investment and cash management services.

(b) 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 segment. The divisions within each segment are therefore not responsible for the management of liquidity risk but rather senior management for each of these segments are responsible for implementing procedures to manage the regional liquidity risk.

Notes to the consolidated financial statements

for the year ended June 30

10. FINANCIAL RISK MANAGEMENT AND NET DEBT *(continued)*

10.1 Financial risk management *(continued)*

(b) *Liquidity risk (continued)*

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
2018							
Vendors for acquisition	**535 024**	**535 024**	**160 747**	**73 962**	**256 337**	**43 978**	**–**
Puttable non-controlling liabilities (refer note 10.4)	**1 478 590**	**1 491 881**	**1 088 519**	**34 219**	**143 692**	**225 451**	**–**
Borrowings (refer note 10.3)							
Loans secured by mortgage bonds over fixed property	**218 139**	**237 349**	**8 907**	**8 885**	**17 760**	**30 637**	**171 160**
Loans secured by lien over certain property, plant and equipment in terms of financial leases and suspensive sale agreements	**615 019**	**647 973**	**153 502**	**79 619**	**158 744**	**242 516**	**13 592**
Unsecured loans	**8 726 327**	**8 984 613**	**2 159 852**	**1 273 922**	**3 456 016**	**2 041 214**	**53 609**
	9 559 485	**9 869 935**	**2 322 261**	**1 362 426**	**3 632 520**	**2 314 367**	**238 361**
Trade and other payables (refer note 7.6) excluding forward exchange contracts and value added taxation liability	**18 673 870**	**18 673 870**	**18 673 870**	**–**	**–**	**–**	**–**
2017							
Vendors for acquisition	461 851	461 851	–	379 474	82 377	–	–
Puttable non-controlling liabilities (refer note 10.4)	1 195 196	1 198 212	1 077 168	–	–	121 044	–
Borrowings (refer note 10.3)							
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 note 7.6) excluding forward exchange contracts and value added taxation liability	18 905 198	18 905 198	18 905 198	–	–	–	–

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.

10. FINANCIAL RISK MANAGEMENT AND NET DEBT *(continued)*

10.1 Financial risk management *(continued)*

(b) *Liquidity risk (continued)*

Undrawn facilities

	2018 R'000	2017 R'000
The group has the following undrawn facilities at its disposal to further reduce liquidity risk:		
Unsecured bank overdraft facility, reviewed annually and payable on 360 days' notice	**1 542 493**	1 136 613
Utilised	**7 852**	562
Unutilised	**1 534 641**	1 136 051
Unsecured loan facility with various maturity dates through to 2025 and which may be extended by mutual agreement	**10 942 582**	9 444 210
Utilised	**8 535 073**	7 425 044
Unutilised	**2 407 509**	2 019 166
Secured loan facilities with various maturity dates through to 2036 and which may be extended by mutual agreement	**703 327**	403 527
Utilised	**431 490**	243 033
Unutilised	**271 837**	160 494
Other banking facilities	**615 259**	607 789
Utilised	**200 272**	229 226
Unutilised	**414 987**	378 563
Total utilised facilities	**9 174 687**	7 897 865
Total unutilised facilities	**4 628 974**	3 694 274
Total facilities	**13 803 661**	11 592 139

(c) *Market risk*

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Foreign currency risk

Currency risk is the possibility that the group may suffer financial loss as a consequence of the depreciation in the measurement currency relative to the foreign currency prior to payment of a commitment in that foreign currency or the measurement currency strengthening prior to receiving payment in that foreign currency. The group also has translation risk arising from the consolidation of foreign operations into South African rand.

Notes to the consolidated financial statements

for the year ended June 30

10. FINANCIAL RISK MANAGEMENT AND NET DEBT *(continued)*

10.1 Financial risk management *(continued)*

(c) ***Market risk*** *(continued)*

Foreign currency risk *(continued)*

Currency conversion guide at June 30

	Statement of comprehensive income (average) 2018	Statement of comprehensive income (average) 2017	Statement of financial position (spot) 2018	Statement of financial position (spot) 2017
Rand/sterling	**17,27**	17,29	**18,06**	16,80
Rand/euro	**15,30**	14,85	**16,00**	14,78
Rand/Australian dollar	**9,94**	10,27	**10,15**	9,93
Rand/New Zealand dollar	**9,17**	9,70	**9,30**	9,46
Rand/Hong Kong dollar	**1,64**	1,76	**1,75**	1,66
Rand/Singapore dollar	**9,56**	9,79	**10,07**	9,39
Rand/Czech koruna	**0,60**	0,55	**0,62**	0,56
Rand/Polish zloty	**3,67**	3,44	**3,62**	3,49
Rand/Brazilian real	**3,87**	4,22	**3,56**	3,94
Rand/US dollar	**12,81**	13,63	**13,73**	12,96

Borrowings are matched to the same foreign currency as the division raising the loan thereby limiting the division's exposure to changes in a foreign currency which differs to its functional currency. Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying operations 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 that entity's 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 4.2).

The periods in which the cash flows associated with the forward exchange contracts are expected to occur are detailed below under the heading "Settlement". The periods in which the cash flows are expected to impact profit or loss are believed to be in the same timeframe as when the actual cash flows occur.

10. FINANCIAL RISK MANAGEMENT AND NET DEBT *(continued)*

10.1 Financial risk management *(continued)*

(c) ***Market risk*** *(continued)*

Foreign currency risk *(continued)*

	Settlement	Contract value: Foreign amount 000's	Contract value: Rand amount 000's
In respect of forward exchange contracts relating to foreign liabilities as at June 30 2018			
Euro	July to September 2018	(2 886)	**(45 114)**
US dollar	July to August 2018	(2 788)	**(35 955)**
Canadian dollar	July to August 2018	(20)	**(202)**
Australian dollar	July to August 2018	(21)	**(216)**
			(81 487)
In respect of forward exchange contracts relating to foreign assets as at June 30 2018			
US dollar	July to September 2018	3 749	**35 704**
Australian dollar	July to August 2018	980	**9 873**
Canadian dollar	July 2018	200	**2 069**
			47 646
In respect of forward exchange contracts relating to goods and services ordered not accounted for as at June 30 2018			
US dollar	July to October 2018	(3 007)	**(39 830)**
Euro	July to October 2018	(1 759)	**(27 657)**
Norwegian krone	July 2018	(1 013)	**(1 654)**
Australian dollar	July to August 2018	(46)	**(467)**
			(69 608)
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
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)
			(214 433)

Notes to the consolidated financial statements

for the year ended June 30

10. FINANCIAL RISK MANAGEMENT AND NET DEBT *(continued)*

10.1 Financial risk management *(continued)*

(c) *Market risk (continued)*

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.

	2018 R'000	2017 R'000
At the reporting date the interest rate profile of the group's interest-bearing financial instruments was:		
Fixed rate instruments		
Financial liabilities		
Borrowings	**(4 833 980)**	(4 024 490)
Puttable non-controlling interest liabilities	**(1 478 590)**	(1 195 196)
Financial assets		
Derivative instruments in designated hedge accounting relationships	**5 890**	1 878
Variable rate instruments		
Financial assets		
Cash and cash equivalents	**5 964 802**	6 348 049
Financial liabilities		
Borrowings	**(4 725 505)**	(4 032 973)

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. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analyses are performed on the same basis as 2017. A decrease in interest rates would have an equal and opposite effect on profit after taxation as detailed below.

	2018		2017	
	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**	**8 361**	0,50	11 537
United Kingdom and Europe	**0,25**	**2 347**	0,25	3 400
Australasia	**0,25**	**1 646**	0,25	8 809
		12 354		23 746

Equity price risk

Equity price risk arises from investments classified at fair value through profit or loss or investments classified at fair value through other comprehensive income (refer note 9.2). Unlisted investments comprise unlisted shares and loans are valued at fair value using a price earnings (PE) model. A sensitivity analysis for investments at fair value was not performed as the fair value balance is insignificant.

10. FINANCIAL RISK MANAGEMENT AND NET DEBT *(continued)*

10.1 Financial risk management *(continued)*

(d) *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:

	2018		2017	
	Carrying amount R'000	Fair value R'000	Carrying amount R'000	Fair value R'000
Borrowings (refer note 10.3)				
Southern Africa and other Emerging Markets	**2 749 411**	**2 745 051**	2 325 575	2 325 575
Loans secured by lien over certain property, plant and equipment in terms of financial leases and suspensive sale agreements	**4 990**	**4 990**	6 679	6 679
Unsecured loans	**2 744 421**	**2 740 061**	2 318 896	2 318 896
United Kingdom and Europe	**5 879 875**	**5 878 662**	4 812 145	4 763 022
Loans secured by mortgage bonds over fixed property	**218 139**	**218 139**	54 651	54 651
Loans secured by lien over certain property, plant and equipment in terms of financial leases and suspensive sale agreements	**610 029**	**610 029**	435 000	435 000
Unsecured loans	**5 051 707**	**5 050 494**	4 322 494	4 273 371
Australasia				
Unsecured loans	**930 199**	**930 199**	919 743	919 743
	9 559 485	**9 553 912**	8 057 463	8 008 340
Unrecognised gain	**5 573**		49 123	

The methods used to estimate the fair values of financial instruments are discussed in note 3. The interest rates used to discount cash flows, in order to determine fair values, are based on market-related rates at June 30 2018 plus an adequate credit spread, and range from 0,0% to 24,8% (2017: 0,0% to 19,8%)

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).

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.

Notes to the consolidated financial statements

for the year ended June 30

10. FINANCIAL RISK MANAGEMENT AND NET DEBT *(continued)*

10.1 Financial risk management *(continued)*

(d) Fair values (continued)

Fair value hierarchy (continued)

	Non-current assets (liabilities)			Current assets (liabilities)		
	Puttable non-controlling interests R'000	Investments R'000	Vendors for acquisition R'000	Puttable non-controlling interests R'000	Vendors for acquisition R'000	Total R'000
June 30 2018						
Financial assets measured at fair value	**–**	**56 288**	**–**	**–**	**–**	**56 288**
Financial liabilities measured at fair value	**(356 522)**	**–**	**(300 315)**	**(1 122 068)**	**(234 709)**	**(2 013 614)**
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)

	Total	Level 1	Level 2	Level 3
June 30 2018				
Financial assets measured at fair value	**56 288**	**–**	**–**	**56 288**
Financial liabilities measured at fair value	**(2 013 614)**	**–**	**–**	**(2 013 614)**
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)

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 EBITDAs, 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: 5,0% – 15,0% (2017: 10,0% – 23,0%) – EBITDA multiples : 5,5x – 8,5x (2017: 4,8x – 7x) – Risk-adjusted discount rate : 0,5% – 9,0% (2017: 1,99% – 5,0%)	The estimated fair value would increase (decrease) if: – the EBITDA were higher (lower); or – the risk-adjusted discount rate were lower (higher).

10. FINANCIAL RISK MANAGEMENT AND NET DEBT *(continued)*

10.2 Net finance costs

	2018 R'000	2017 R'000
Finance income	84 542	96 752
Interest income on bank balances	72 926	84 154
Interest income on advances	7 859	9 511
Interest imputed on post-retirement assets	3 757	3 087
Finance charges	(315 687)	(312 475)
Interest expense on bank borrowings	(251 150)	(236 076)
Interest expense on bank overdrafts	(16 349)	(17 973)
Interest expense on financed assets	(5 207)	(4 886)
Interest expense on provisions and tax liabilities	(30 085)	(30 416)
Interest imputed on post-retirement obligations	(2 679)	(1 957)
Unwinding of discount on puttable non-controlling interest liabilities	(10 217)	(21 167)
	(231 145)	(215 723)

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.

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.

	2018 R'000	2017 R'000
Finance income received per the consolidated statement of cash flows		
Income per the statement of profit or loss	84 542	96 752
Interest imputed on post-retirement obligations	(3 757)	–
Amounts received	80 785	96 752
Finance charges paid per the consolidated statement of cash flows		
Charge per the statement of profit or loss	(315 687)	(312 475)
Unwinding of discount on puttable non-controlling interest liabilities	10 217	21 167
Interest imputed on post-retirement obligations and provisions	9 510	–
Amounts capitalised to borrowings	(477)	(3 056)
Amounts paid	(296 437)	(294 364)

Notes to the consolidated financial statements

for the year ended June 30

	2018 R'000	2017 R'000
10. FINANCIAL RISK MANAGEMENT AND NET DEBT *(continued)*		
10.3 Borrowings		
Loans secured by mortgage bonds over fixed property (refer note 7.1)	**218 139**	54 651
Loans secured by lien over certain property, plant and equipment in terms of financial leases and suspensive sale agreements (refer note 7.1)	**615 019**	441 679
Unsecured borrowings	**8 726 327**	7 561 133
Borrowings	**9 559 485**	8 057 463
Less short-term portion of borrowings	**(3 489 012)**	(2 809 822)
Long-term portion of borrowings	**6 070 473**	5 247 641
Schedule of repayment of borrowings		
Year to June 2018	**–**	2 809 822
Year to June 2019	**3 489 012**	4 015 364
Year to June 2020	**4 061 934**	719 285
Year to June 2021	**885 849**	131 475
Year to June 2022	**283 569**	300 261
Year to June 2023	**491 357**	28 432
Thereafter	**347 764**	52 824
	9 559 485	8 057 463
Total borrowings comprise		
Foreign subsidiaries borrowings	**8 633 572**	7 422 844
South African subsidiary borrowings	**925 913**	634 619
	9 559 485	8 057 463
	%	%
Effective weighted average rate of interest on		
South African borrowings excluding overdrafts	**8,0**	8,5
Foreign borrowings excluding overdrafts	**2,4**	2,2
	R'000	R'000
Movement in borrowings		
Carrying value at beginning of year	**8 057 464**	7 188 154
Borrowings raised during the year	**5 381 256**	5 499 736
Borrowings repaid during the year	**(4 711 152)**	(4 086 098)
On acquisition of business	**271 219**	505 495
Currency adjustment	**560 698**	(1 049 824)
	9 559 485	8 057 463

	Currency	Nominal interest rate %	Financial year of maturity	2018 R'000	2017 R'000
10. FINANCIAL RISK MANAGEMENT AND NET DEBT *(continued)*					
10.3 Borrowings *(continued)*					
Terms and debt repayment schedule					
Terms and conditions of outstanding loans were:					
Borrowings of South African subsidiaries					
Unsecured loans	ZAR	8,0	2019	**925 913**	634 619
Borrowings of foreign subsidiaries				**8 633 572**	7 422 844
Loans secured by mortgage bonds over fixed property	GBP	2,2 – 2,7	2020 – 2035	**28 188**	28 726
	EUR	1,5 – 2,8	2021 – 2036	**184 894**	17 803
	CZK	1,9	2020	**5 057**	8 122
Loans secured by lien over certain property, plant and equipment in terms of financial leases and suspensive sale agreements	GBP	2,6 – 9,6	2019 – 2023	**11 153**	2 492
	PLN	2,7	2023	**110 186**	67 306
	EUR	0 – 8,0	2019 – 2031	**488 522**	365 202
	BRL	3,5 – 19,8	2019 – 2020	**5 158**	6 679
Unsecured loans	GBP	1,5 – 7,9	2019 – 2022	**995 384**	1 015 358
	EUR	0,3 – 3,1	2019 – 2025	**3 858 183**	3 117 127
	HKD	2,7 – 4,9	2019 – 2020	**1 836 908**	1 673 253
	SGD	2,1 – 2,7	2019 – 2020	**561 757**	638 123
	CZK	4,2 – 5,0	2019	**102 747**	238 228
	PLN	2,5	2024	**61 656**	35 405
	CLP	4,1 – 4,8	2019	**68 282**	66 813
	AED	5,0	2019	**47 345**	46 733
	TRY	12,0 – 24,8	2019 – 2024	**57 215**	55 679
	USD	3,6	2019	**80 320**	27 619
	Other	2,9 – 6,0	2019 – 2021	**130 617**	12 176
Total interest-bearing borrowings				**9 559 485**	8 057 463

The expected maturity dates are not expected to differ from the contractual maturity dates.

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for the year ended June 30

10. FINANCIAL RISK MANAGEMENT AND NET DEBT *(continued)*

10.4 Puttable non-controlling interest liabilities

The put options entitle the non-controlling shareholders to sell their holdings in the subsidiaries to the group at contracted dates and amounts. The effect of granting these put options on the group's results can be summarised as follows:

	2018 R'000	2017 R'000
Balance at beginning of the year	**1 195 196**	1 168 921
Arising on the granting of put options to non-controlling interests during the year	**246 192**	119 832
Payments made to non-controlling interest during the year	**(74 782)**	(39 927)
Remeasurement of put options during the year	**(2 801)**	48 076
Unwinding of present value discount recognised to the statement of profit or loss	**10 217**	21 167
Exchange rate adjustments	**104 568**	(122 873)
	1 478 590	1 195 196
Long-term portion	**356 522**	118 028
Short-term portion	**1 122 068**	1 077 168

The group had the following put options with non-controlling shareholders:

Distrubuzione Alimentari Convivenze SPA (DAC)

The non-controlling shareholders have the option to put their 40% interest in DAC to the group, using a market valuation formula on or about December 31 2018. The discount rate used for the DAC put option was 1,99% (2017: 1,99%).

Quartiglia Food Service S.p.A. (Quartiglia)

The non-controlling shareholders have the option to put their 40% interest in Quartiglia to the group, using a market valuation formula on or about July 1 2020.

Guzmán Gastronomía and Cuttings (Guzman)

The non-controlling shareholders have the option to put their 10% interest in Guzman to the group, using a market valuation formula on or about June 30 2021. The discount rate used for the Guzman put option was 2,0% (2017: 2,0%)

Acquisitions during the year resulted in the following put options being granted to the following non-controlling shareholders:

D&D S.p.A. (D&D)

The non-controlling shareholders have the option to put their 30% interest in D&D to the group, using a market valuation formula on or about July 1 2020. The discount rate used for the D&D put option was 0,5%.

Frustock Foodservice, S.A. (Frustock)

The non-controlling shareholders have the option to put their 20% interest in Frustock to the group, using a market valuation formula on or about June 30 2020. The discount rate used for the Frustock put option was 1,65%.

Cárnicas Sáenz, S.L. (Saenz)

The non-controlling shareholders have the option to put their 25% interest in Saenz to the group, using a market valuation formula on or about June 30 2022. The discount rate used for the Saenz put option was 1,65%.

Pier 7 Holding GMBH (Pier7)

The non-controlling shareholders have the option to put their 30% interest in Pier7 to the group, using a market valuation formula on or about June 30 2021. The discount rate used for the Pier7 put option was 2,0%.

Bidfood Malaysia Sdn. Bhd. (Aeroshield)

The non-controlling shareholders have the option to put their 15% interest in Aeroshield to the group, using a market valuation formula on or about June 30 2022. The discount rate used for the Aeroshield put option was 5,7%.

Famous Fresh (Pty) Limited (Bidfresh SA)

The non-controlling shareholders have the option to put their 30% interest in Bidfresh SA to the group, using a market valuation formula on or about June 30 2021. The discount rate used for the Bidfresh SA put option was 9,0%.

10. FINANCIAL RISK MANAGEMENT AND NET DEBT *(continued)*

10.4 Puttable non-controlling interest liabilities *(continued)*

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.

11. STAFF REMUNERATION

11.1 Share-based payments

The Bidvest Incentive Scheme (BIS), share appreciation rights (SARs) and conditional share plan (CSPs) grant awards (options) of 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.

	2018 R'000	2017 R'000
Share-based payment expenses recognised for continuing operations:		
Bidvest Incentive Scheme (BIS)	**23 001**	48 812
Bid Corporation Limited Share Appreciation Rights Plan (SARs)	**45 212**	27 127
Bidcorp Conditional Share Plan (CSP)	**31 023**	18 174
	99 236	94 113

Notes to the consolidated financial statements

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11. STAFF REMUNERATION *(continued)*

11.1 Share-based payments *(continued)*

The Bidvest Incentive Scheme (BIS)

BIS participants, on the unbundling of Bidcorp from The Bidvest Group Limited, who were granted options and had not exercised their options at the unbundling date, exchanged 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).

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 share and The Bidvest Group Limited share. The vesting date and lapse dates of the replacement rights are the same as that of the original options. Options vest in tranches after three years (50%), four years (25%) and five years (25%) respectively. Options 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.

Option holders are only entitled to exercise their options if they are in the employment of the Bidcorp Group in accordance with the BIS scheme rules, unless otherwise recommended by the remuneration committee.

The number and weighted average exercise prices of options granted to staff are:

	2018		2017	
	Number	Average price R	Number	Average price R
Beginning of the year	**2 423 936**	**246,01**	3 133 225	233,88
Lapsed	**(94 250)**	**242,52**	(53 289)	239,56
Exercised	**(719 205)**	**218,88**	(656 000)	187,92
End of the year	**1 610 481**	**258,88**	2 423 936	246,01
Share options outstanding at June 30 by year of grant are:				
2011	**27 800**	**135,00**	41 675	135,00
2012	**64 925**	**144,20**	167 625	134,56
2013	**128 750**	**208,91**	344 625	208,91
2014	**342 125**	**237,54**	556 750	237,54
2015	**396 881**	**251,07**	632 261	250,73
2016	**650 000**	**301,54**	681 000	301,54
	1 610 481	**258,88**	2 423 936	246,01

The options outstanding at June 30 2018 have an exercise price in the range of R135,00 to R301,54 (2017: R135,00 to R301,54) and a weighted average contractual life of 2,4 to 7,5 years (2017: 3,4 to 8,5 years). The fair value of services received in return for shares allotted is measured based on a binomial model. The contractual life of the option is used as an input into this model.

11. STAFF REMUNERATION *(continued)*

11.1 Share-based payments *(continued)*

Bid Corporation Limited Share Appreciation Rights Plan (SARs)

SARs participants were granted share awards that vest in tranches after three years (50%), four years (25%) and five years (25%) respectively. The exercise price for the SAR award, is determined using the closing price of the Bid Corporation Limited share on the Johannesburg Stock Exchange, for the business day immediately preceding the award date up to a maximum discount of 10%. 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 of the SAR plan rules, unless otherwise recommended by the remuneration committee.

The number and weighted average exercise prices of share awards granted to staff are:

	2018		2017	
	Number	Average price R	Number	Average price R
Beginning of the year	**1 804 500**	**250,07**	949 500	238,04
Granted	**920 500**	**242,17**	855 000	263,44
Lapsed	**(42 000)**	**243,58**	–	
End of the year	**2 683 000**	**247,46**	1 804 500	250,07
Share awards outstanding at June 30 by year of grant are:				
2016	**916 500**	**238,04**	949 500	238,04
2017	**846 000**	**263,43**	855 000	263,44
2018	**920 500**	**242,17**	–	
	2 683 000	**247,46**	1 804 500	238,04

The awards outstanding at June 30 2018 have an exercise price in the range of R238,04 to R286,72 (2017: R238,04 to R263,91) and a weighted average contractual life of 5,0 to 7,0 years (2017: 6,0 to 6,9 years). The fair value of services received in return for shares allotted is measured based on a binomial model.

The fair value of the SARs allotted on the below mentioned dates and the assumptions used are:

	May 22 2018	June 5 2017
Fair value at measurement date (Rand)	**79,32**	90,07
Exercise price (Rand)	**238,30**	263,91
Expected volatility (%)	**23,03**	22,59
Option life (years)	**3,5 – 5,5**	3,5 – 5,5
Distribution yield (%)	**2,36**	2,06
Risk-free interest rate (based on South African Government Bonds) (%)	**7,49**	7,18

The volatility is based on the recent historic volatility of Bid Corporation Limited and The Bidvest Group Limited shares.

Bidcorp Conditional Share Plan

The conditional share plan awards executives of Bidcorp a conditional right to receive shares in Bidcorp 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

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11. STAFF REMUNERATION *(continued)*

11.1 Share-based payments *(continued)*

***Bidcorp Conditional Share Plan** (continued)*

These CSP 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 discounted by anticipated future distribution flows.

A total number of 402 055 of the 538 000 CSP 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 award scheme are:

	Balance at July 1 2017	CSP replacement rights awarded	Forfeited	Closing balance June 30 2018
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

	Balance at July 1 2017	CSP awarded	Forfeited	Closing balance June 30 2018
CSP awards				
Director				
BL Berson	90 000	90 000	–	180 000
DE Cleasby	26 000	35 000	–	61 000
B Joffe	72 500	–	–	72 500
Senior management	–	65 000	–	65 000
	188 500	190 000	–	378 500

No conditional share awards or CSP replacement rights were forfeited (2017: nil) 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 R263,89 per share.

11.2 Remuneration of directors

The remuneration paid to executive directors during the year ended June 30 2018 can be analysed as follows:

	Basic remuneration R'000	Other benefits and costs R'000	Retirement/ medical benefits R'000	Cash incentives R'000	Total emoluments R'000
Director					
BL Berson	14 847	253	249	16 240	31 589
DE Cleasby	5 457	193	441	6 642	12 733
Total	20 304	446	690	22 882	44 322

B Joffe relinquished his role as an executive director of Bidcorp on June 30 2017. His non-executive director and other related fees for the year ended June 30 2018 have been disclosed under non-executive director fees and other services.

11. STAFF REMUNERATION *(continued)*

11.2 Remuneration of directors *(continued)*

For comparative purposes the remuneration paid to the executive directors during the year ended June 30 2017 can be analysed as follows:

	Basic remuneration R'000	Other benefits and costs R'000	Retirement/ medical benefits R'000	Cash incentives R'000	Total emoluments R'000
Director					
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

The remuneration paid to non-executive directors during the year ended June 30 2018 is analysed as follows:

	2018			
	Director fees R'000	Other services R'000	Total R'000	2017 R'000
Non-executive director				
PC Baloyi	564	–	564	572
DDB Band	705	–	705	634
B Joffe*	2 288	4 000	6 288	–
S Koseff (appointed August 16 2017)	924	–	924	–
DD Mokgatle (appointed October 4 2016)	445	–	445	226
NG Payne	800	–	800	771
CWL Phalatse (resigned November 11 2016)	–	–	–	141
H Wiseman**	1 136	489	1 625	1 625
Total	6 862	4 489	11 351	3 969

* *B Joffe provided advisory consulting services for the year ended June 30 2018.*
** *H Wiseman provided other services chairing the quarterly Bidcorp divisional audit and risk committee meetings.*

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.

	2018 R'000	2017 R'000
Share-based payment expense per director		
BL Berson	12 831	7 050
DE Cleasby	4 865	2 637
B Joffe	10 149	8 486
Total	27 845	18 173

For the year ended June 30 2018 no benefits arose from the CSP awards (F2017: nil).

Notes to the consolidated financial statements

for the year ended June 30

	2018 R'000	2017 R'000
11. STAFF REMUNERATION *(continued)*		
11.3 Post-retirement obligations		
Post-retirement assets		
Defined benefit pension assets	**(19 380)**	(17 134)
Post-retirement obligations	**48 489**	41 657
Defined benefit pension obligations	**34 754**	31 038
Unfunded defined benefit early retirement plan	**13 735**	10 619
	29 109	24 523

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 4.2

	2018 R'000	2017 R'000
Summarised details of the defined benefit pension funds		
Defined benefit pension (assets) obligations of the various funds		
The Bidvest South Africa Pension Fund in South Africa	**(19 380)**	(17 134)
Angliss Hong Kong Food Service Limited Retirement Benefit Plan	**34 754**	31 038
	15 374	13 904
Contributions to the funds		
Employer contributions	**11 120**	12 678
Employee contributions	**105**	98
Total pension fund asset (unfunded pension liability)		
Fair value of plan assets	**164 575**	141 421
Actuarial present value of defined benefit obligations	**(178 627)**	(153 086)
Net deficit in the plans	**(14 052)**	(11 665)
Amounts not recognised due to ceiling adjustments and other limitations	**(1 322)**	(2 239)
	(15 374)	(13 904)
Movement in the liability for defined benefit obligations		
Balance at beginning of year	**(153 086)**	(154 824)
Benefits	**6 740**	2 284
Risk premiums and expenses	**63**	60
Current service costs	**(14 534)**	(16 102)
Interest	**(2 392)**	(1 813)
Member contributions	**(105)**	(98)
Actuarial losses	**(6 339)**	(2 593)
Exchange rate adjustments on foreign plans	**(8 974)**	20 000
Balance at end of year	**(178 627)**	(153 086)

	2018 R'000	2017 R'000
11. STAFF REMUNERATION *(continued)*		
11.3 Post-retirement obligations *(continued)*		
Movement in the plans' assets		
Balance at beginning of year	**141 421**	133 768
Contributions paid into the plans	**11 225**	12 776
Benefits	**(6 740)**	(2 284)
Risk premiums and expenses	**(410)**	(528)
Interest income	**3 979**	3 087
Return on plan assets in excess of interest	**7 942**	9 889
Exchange rate adjustments on foreign plans	**7 158**	(15 287)
Balance at end of year	**164 575**	141 421
The plans' assets comprise		
Cash	**31 610**	27 011
Equity securities	**81 083**	73 976
Bills, bonds and securities	**50 486**	39 706
Other	**1 396**	728
	164 575	141 421
Amounts recognised in the statement of profit or loss		
Current service costs	**14 534**	16 102
Interest on obligations	**2 392**	1 813
Interest on assets	**(3 979)**	(3 087)
Interest on assets ceiling adjustments and other limitations	**222**	62
Risk premiums and expenses	**347**	82
Loss arising from settlements, plan amendments and curtailments	**–**	386
	13 516	15 358
Amounts recognised in other comprehensive income		
Return on plan assets in excess of interest income	**(7 942)**	(9 889)
Actuarial losses	**6 339**	2 593
Ceiling adjustments and other limitations	**(1 112)**	1 536
	(2 715)	(5 760)
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 (%)	**9,7**	9,9
Inflation rate (%)	**6,2**	6,8
Salary increase (%)	**7,2**	7,8
Pension increase allowance (%)	**4,3**	4,8
Angliss Hong Kong Food Service Limited Retirement Benefit Plan		
Number of in service members June 30	**230**	260
Discount rate (%)	**1,2**	1,2
Salary increase (%)	**5,0**	5,0
Date of valuation of all funds	**June 30 2018**	June 30 2017

Assumptions regarding future mortality are based on published statistics and mortality tables.

Notes to the consolidated financial statements

for the year ended June 30

11. STAFF REMUNERATION *(continued)*

11.3 Post-retirement obligations *(continued)*

Sensitivity analysis

The table below summarises the impact that a reasonably possible change in the respective assumption, occurring at the end of the year, would have, by increasing (decreasing) the net 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
2018		
The Bidvest South Africa Pension Fund in South Africa		
Discount rate – 1%	**790**	**(1 846)**
Salary increase – 1%	**(949)**	**103**
Angliss Hong Kong Food Service Limited Retirement Benefit Plan		
Discount rate – 0,25%	**2 767**	**(2 850)**
Salary increase – 0,25%	**(2 561)**	**2 501**
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

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

Distrubuzione Alimentari Convivenze SPA (Italian subsidiary) provides a retirement plan for its employees. The liability recognised is based on the actuarial valuation performed as at June 30.

	2018 Number	2017 Number
Number of members at June 30	**330**	314

	2018 R'000	2017 R'000
Movement in the liability for unfunded defined benefit early retirement plan		
Balance at beginning of year	**10 619**	13 884
Interest expense	**287**	144
Risk premiums and expenses	**2 222**	–
Actuarial adjustments recognised in other comprehensive income	**58**	(633)
Settlement	**(422)**	(1 395)
Exchange rate adjustments on foreign plans	**971**	(1 381)
Balance at end of year	**13 735**	10 619

	2018 R'000	2017 R'000
11. STAFF REMUNERATION *(continued)*		
11.3 Post-retirement obligations *(continued)*		
Sensitivity analysis *(continued)*		
Key actuarial assumptions		
Discount rate (%)	**1,5**	1,5
Inflation rate (%)	**1,5**	1,5
Salary increase rate (%)	**2,55**	2,55
Date of valuation	**June 30 2018**	June 30 2017
12. EQUITY, DISTRIBUTIONS AND GROUP INFORMATION		
12.1 Capital and reserves attributable to shareholders of the company		
Stated capital		
Issued stated capital	**5 428 016**	5 428 016
Treasury shares held by subsidiary	**(601 908)**	(795 187)
Balance at beginning of the year	**(795 187)**	(949 731)
Shares disposed of in terms of share incentive scheme	**193 279**	154 544
Reserves		
Foreign currency translation reserve	**5 497 156**	4 318 272
Hedging reserve	**(450)**	1 338
Equity-settled share-based payment reserve	**325 383**	20 914
Retained earnings	**15 896 255**	14 574 861
Total capital reserves comprise		
Amounts attributable to shareholders of the company	**26 544 452**	23 548 214
Amounts attributable to non-controlling interests	**244 452**	123 306
	26 788 904	23 671 520

Stated capital

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.

Treasury shares

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 fair value of the treasury shares is presented as a deduction from total equity.

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.

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	2018 Number of shares ('000)	2017 Number of shares ('000)
12. EQUITY, DISTRIBUTIONS AND GROUP INFORMATION *(continued)*		
12.1 Capital and reserves attributable to shareholders of the company *(continued)*		
Stated capital		
Authorised		
540 000 000 ordinary shares of no par value		
(2017: 540 000 000 ordinary shares of no par value)		
Issued		
335 404 212 ordinary shares of no par value		
(2017: 335 404 212 ordinary shares of no par value)	**335 404**	335 404
Less: Treasury shares held by subsidiary	**(2 291)**	(2 968)
Balance at beginning of the year	**(2 968)**	(3 566)
Shares disposed in terms of share incentive scheme	**677**	598
	333 113	332 436

16 750 000 unissued no par value ordinary shares are under the control of the directors until the next annual general meeting.

	2018 R'000	2017 R'000
12.2 Dividends paid		
2017 final dividend paid of 250,0 cents per share (2016 final dividend paid: – 241,0 cents per share)	**(838 511)**	(808 324)
2018 interim dividend paid of 280,0 cents per share (2017 interim dividend paid: – 250,0 cents per share)	**(939 132)**	(838 511)
Amounts paid per the consolidated statement of cash flows	**(1 777 643)**	(1 646 835)

12. EQUITY, DISTRIBUTIONS AND GROUP INFORMATION *(continued)*

12.3 Group composition

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 below:

	Principal place of business	Nature of business	Effective holdings % 2018	Effective holdings % 2017
Subsidiaries				
Aktaes Efe Dağıtım ve Pazarlama A.Ş.	Turkey	1	**55**	–
Aktaes Holdings AS	Turkey	1	**85**	51
Al Diyafa Company for Catering Services LLC	Saudi Arabia	1	**53**	49
Angliss Beijing Food Service Limited	China	1	**70**	70
Angliss Guangzhou Food Service Co Limited	China	1	**90**	90
Angliss Hong Kong Foodservice Limited	Hong Kong	1	**100**	100
Angliss International Investment Limited	Hong Kong	1	**100**	100
Angliss Macau Food Service Limited	Macau	1	**100**	100
Angliss Shanghai Food Service Limited	China	1	**97**	97
Angliss Shenzen Food Service Limited	China	1	**99**	99
Angliss Singapore Pte Limited	Singapore	1	**100**	100
Applied Logic Systems Limited	New Zealand	1	**100**	100
Bestfood N.V.	Belgium	1	**100**	100
BFS Botany Pty Limited	Australia	1	**100**	100
BFS Byron Bay Limited	Australia	1	**100**	100
BFS Group Limited (trading as 3663)	England	1	**100**	100
BFS Port Macquarie Pty Limited	Australia	1	**100**	100
Bidcorp (UK) Limited	England	1	**100**	100
Bidcorp Finance Limited	Isle of Man	1	**100**	100
Bidcorp Food Africa Pty Limited	South Africa	1	**100**	100
Bidcorp Food Property Pty Limited	South Africa	1	**100**	100
Bidcorp Foodservice International Limited	Isle of Man	2	**100**	100
Bidcorp Foodservice (Europe) Limited	England	1	**100**	100
Bidcorp International Limited	Isle of Man	2	**100**	100
Bidcorp Properties International Limited	Isle of Man	2	**100**	100
Bidfood (NSW) Pty Limited	Australia	1	**100**	100
Bidfood (Victoria) Pty Limited	Australia	1	**100**	100
Bidfood (WA) Pty Limited	Australia	1	**100**	100
Bidfood Australia Limited	Australia	1	**100**	100
Bidfood Belgium NV	Belgium	1	**100**	100
Bidfood Czech Republic s.r.o.	Czech Republic	1	**94**	94
Bidfood De Clerq NV	Belgium	1	**100**	100
Bidfood Horeca Langens NV	Belgium	1	**100**	100

Notes to the consolidated financial statements

for the year ended June 30

12. EQUITY, DISTRIBUTIONS AND GROUP INFORMATION *(continued)*

12.3 Group composition *(continued)*

	Principal place of business	Nature of business	Effective holdings % 2018	Effective holdings % 2017
Subsidiaries *(continued)*				
Bidfood Iberia S.L.	Spain	1	**90**	90
Bidfood Limited	Botswana	1	**100**	100
Bidfood Limited	New Zealand	1	**100**	100
Bidfood Pty Limited	South Africa	1	**100**	100
Bidfood SA	Belgium	1	**100**	100
Bidfresh Pty Limited	South Africa	1	**70**	–
Bidvest Chile S.A.	Chile	1	**90**	90
Bidvest China Limited	China	1	**100**	100
Bidfood Deli XL B.V.	Netherlands	1	**100**	100
Bidfood Farutex sp. z.o.o.	Poland	1	**91**	91
Bidfood Malaysia Sdn. Bhd.	Malaysia	1	**85**	–
Bidvest SA	Chile	1	**100**	100
BTW Investments Pty Limited	South Africa	2	**100**	100
Burleigh Marr Distributions Pty Limited	Australia	1	**100**	100
Campbell Brothers Limited	England	1	**100**	100
Cárnicas Saenz, S.L.	Spain	1	**68**	–
Cater Plus Pty Limited	Australia	1	**100**	100
Caterfood Holdings Limited	England	1	**100**	88
Cimandis Limited	Jersey	1	**100**	100
Clayton Cold Store Pty Limited	Australia	1	**100**	100
Cold Seas Pty Limited	Australia	1	**100**	100
Crown Food Group Pty Ltd	South Africa	1	**100**	100
D&D S.p.A.*	Italy	1	**42**	–
Distribuidora E Importadora Irmaos Avelino Ltda	Brazil	1	**60**	60
Distrubuzione Alimentari Convivenze S.p.A.	Italy	1	**60**	60
Food & Wine Sp.z o.o	Poland	1	**91**	91
Frustock Foodservice, S.A.	Portugal	1	**72**	–
Goldline Distributors Pty Limited	Australia	1	**100**	–
Guzmán Gastromania S.L.	Spain	1	**90**	90
Henson Foods Limited	England	1	**100**	100
Him Kee Food Distribution Co. Limited	Hong Kong	1	**100**	100
Horeca Trade LLC	United Arab Emirates	1	**100**	100
Jilin Bidcorp Food Service Limited	China	1	**60**	–
John Lewis Foodservice Pty Limited	Australia	1	**100**	100
Linson Global Seafood Trading Limited	Hong Kong	1	**70**	–

12. EQUITY, DISTRIBUTIONS AND GROUP INFORMATION *(continued)*

12.3 Group composition *(continued)*

	Principal place of business	Nature of business	Effective holdings % 2018	Effective holdings % 2017
Subsidiaries *(continued)*				
Mariusso Comércio De Alimentos E Representação Ltda*	Brazil	1	**48**	48
Oliver Kay Limited	England	1	**100**	100
Pastry Global Foodservice Limited	Hong Kong	1	**100**	100
PCL Transport 24/7 Limited	England	1	**100**	100
Pier 7 Holding GmbH	Germany	1	**70**	–
Quartiglia Food Service S.p.A.*	Italy	1	**36**	36
R Noone & Son Limited	England	1	**80**	80
Seafood Holdings Limited	England	1	**100**	100
South Lincs Food Service Limited	England	1	**100**	100
Tekoo SPOL SRO	Czech Republic	1	**100**	100
The London Fine Meat Company Limited	England	1	**100**	100
UAB Bidfood Lietuva	Lithuania	1	**100**	100
United Imports & Exports Co. Pty Limited	Australia	1	**100**	100
Van de Mheen Foodservices B.V.	Netherlands	1	**100**	–
Wyn Lee Holdings Limited	England	1	**100**	100
Wynne-Williams (Flint) Limited	England	1	**100**	100
** These subsidiaries are effectively more than 50% held by Bid Corporation Limited.*				
Associates				
ATL Seafood Holding BV	Netherlands	1	**50**	50
ATL Seafood Ijmuiden BV	Netherlands	1	**30**	30
COAR S.p.A.	Italy	1	**50**	50
Griffith Crown Foods Pty Limited	South Africa	1	**49**	–
Farm Fresh Holding BV	Netherlands	1	**20**	20
Maxxam BV	Netherlands	1	**17**	17
Maxxam CV	Netherlands	1	**17**	17
Van Gelder Ridderkerk BV	Netherlands	1	**20**	20
Jointly controlled entity				
Chipkins Puratos Pty Limited	South Africa	1	**50**	50

Nature of business
1. Catering supplies, food and allied products
2. Group services, investments and property holding

Notes to the consolidated financial statements

for the year ended June 30

12. EQUITY, DISTRIBUTIONS AND GROUP INFORMATION *(continued)*

12.4 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 exercise control. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with the group. They may include the individual's domestic partner and children, the children of the individual's domestic partner, and dependants of the individual or the individual's domestic partner.

Transactions with key management personnel

Directors' remuneration in total, paid by a subsidiary, is included in note 4.2. Details pertaining to executive and non-executive directors' compensation are set out in note 11.2.

The group encourages its employees to purchase food products from group companies. These transactions are generally conducted on terms similar to those 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.

	2018 R'000	2017 R'000
Transactions with related parties		
Outstanding advances due at year-end by associates (note 9.1)	**100 758**	101 098
Total value of revenue received from associates	**33 440**	11 462
Amounts due by associates included in trade receivables	**6 145**	804
Total value of inventory purchased from associates	**1 238 949**	911 657
Total value of services purchased from associates	**15 995**	661
Amounts due to associates included in trade payables	**108 975**	96 724
Total value of revenue received from jointly controlled entity	**20 831**	555
Property rental income from jointly controlled entity	**11 759**	2 526

Details of effective interest, investments and loans to associates are disclosed in note 9.1.

12.5 Commitments and 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 generate benefits to its shareholders.

	2018 R'000	2017 R'000
Capital expenditure approved:		
Contracted for	**831 471**	675 164
Not contracted for	**1 015 846**	873 494
	1 847 317	1 548 658
Capital expenditure split		
Property, plant and equipment	**1 794 724**	1 515 614
Computer software	**52 593**	33 044
	1 847 317	1 548 658

It is anticipated that capital expenditure will be financed out of existing cash resources.

12. EQUITY, DISTRIBUTIONS AND GROUP INFORMATION *(continued)*

12.6 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.

12.7 Subsequent events

There have been no material subsequent events from the reporting date.

12.8 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.

13. DISCONTINUED OPERATION

In December 2017, management committed to a plan to discontinue the UK Contract Distribution (CD) business segment which operates in the United Kingdom. By year-end, we were close to finalising our proposed exit from this non-core segment. Costs associated with this anticipated exit were substantially provided for and any further costs are unlikely to be significant. The CD business segment is a component of the group's business, the operations and cash flows of which can be clearly distinguished from the rest of the group. CD represents a separate major line of business or geographical area in the United Kingdom. The relevant requirements of IFRS 5 were met for this operation to be classified as a discontinued operation.

Post the year-end, the prospective purchaser of our CD business notified Bidcorp that for its own internal reasons, it has decided not to proceed with the transaction. The CD business remains a non-core activity in respect of Bidcorp's global foodservice operations. Accordingly, Bidcorp is currently considering alternative proposals which were suspended due to the advanced sale process.

The CD segment was not previously classified as held-for-sale or as a discontinued operation. The comparative consolidated statement of profit or loss was restated to show the discontinued operation separately from continuing operations.

The results of the discontinued operation included in the group's results for the year ended June 30 are detailed below:

	2018 R'000	2017 R'000
Revenue	**18 254 268**	20 458 449
Cost of revenue	**(16 686 301)**	(18 622 873)
Gross profit	**1 567 967**	1 835 576
Operating expenses	**(2 194 450)**	(1 814 230)
Trading (loss) profit	**(626 483)**	21 346
Share-based payment expense	**(3 110)**	(3 456)
Impairment of property, plant and equipment	**(793)**	(21 366)
Operating loss	**(630 386)**	(3 476)
Net finance charges	**(5 226)**	(3 446)
Finance income	**5**	11
Finance charges	**(5 231)**	(3 457)
Loss before taxation	**(635 612)**	(6 922)
Taxation	**106 283**	(4 317)
Loss for the year from discontinued operation	**(529 329)**	(11 239)

Notes to the consolidated financial statements

for the year ended June 30

13. DISCONTINUED OPERATION *(continued)*

The following adjustments to profit attributable to shareholders were taken into account in the calculation of headline (loss) earnings:

	2018 R'000	2017 R'000
Loss attributable to shareholders of the company from discontinuing operation	**(529 329)**	(11 239)
Impairment of property, plant and equipment	**793**	21 366
Taxation relief	**(151)**	(4 060)
Headline (loss) earnings from discontinuing operation	**(528 687)**	6 067
Basic loss per share (cents)	**(159,1)**	(3,4)
Diluted basic loss per share (cents)	**(158,6)**	(3,4)
Headline (loss) earnings per share (cents)	**(158,9)**	1,8
Diluted headline (loss) earnings per share (cents)	**(158,5)**	1,8
Effect of the discontinued operation on the statement of financial position of the group		
Assets classified as held-for-sale	**2 590 657**	
Property, plant and equipment	**212 090**	
Intangible assets	**7 437**	
Deferred tax asset	**1 338**	
Investments and loans	**440**	
Inventories	**428 733**	
Trade and other receivables	**1 161 229**	
Taxation	**101 043**	
Cash and cash equivalents	**678 347**	
Liabilities classified as held-for-sale	**2 613 207**	
Deferred tax liability	**6 476**	
Long-term portion of provisions	**30 013**	
Trade and other payables	**2 576 718**	
Cash flows from discontinued operation		
Net operating cash flows from discontinued operation	**36 227**	(258 291)
Net investing cash flows from discontinued operation	**(12 491)**	(15 384)
Net increase (decrease) in cash and cash equivalents	**23 736**	(273 675)

14. ACCOUNTING STANDARDS AND INTERPRETATIONS NOT EFFECTIVE AT JUNE 30 2018

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended June 30 2018. 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 *Financial Instruments*	The amendments affect the classification, measurement and derecognition of financial assets and financial liabilities. As at July 1 2018 there was no significant impact from the adoption of IFRS 9 *Financial Instruments*. Therefore, no transition adjustments have been processed to retained earnings.	January 1 2018
IFRS 15 *Revenue from Contracts from Customers*	This new standard 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. As at July 1 2018 there was no significant impact from the adoption of IFRS 15 *Revenue from contracts from customers* due to the group not being involved in material multiple-element arrangements with customers. Therefore, no transition adjustments have been processed to retained earnings. 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 *Leases*	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 *Leases*, and related interpretations. IFRS 16 has one model for lessees which will result in almost all leases being recorded on 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 areas (but not limited to): • an overall increase in the group's total assets, net debt and debt/equity ratio due to the inclusion of the lease right-of-use asset and lease liability on the statement of financial position. • higher trading profit due to an element of the operating lease charge being disclosed as a finance charge. • 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.

Separate statement of comprehensive income

for the year ended June 30	Note	2018 R'000	2017 R'000
Revenue	1	**1 825 363**	1 650 240
Guarantee fee income		**10 188**	–
Impairment of investments	2	**(544 640)**	–
Shareholder-related costs		**(24 212)**	(13 711)
Operating expenses		**(770)**	(63)
Other costs		**–**	(984)
Operating profit		**1 265 929**	1 635 482
Finance income	3	**4 375**	4 942
Profit before taxation		**1 270 304**	1 640 424
Taxation	4	**(4 178)**	(5 148)
Profit for the year attributable to shareholders		**1 266 126**	1 635 276
Other comprehensive income net of taxation		**–**	–
Total comprehensive income for the year		**1 266 126**	1 635 276

Separate statement of financial position

at June 30	Note	2018 R'000	2017 R'000
ASSETS			
Non-current assets		**7 589 625**	8 133 803
Investment in subsidiaries	5	**7 584 845**	8 129 485
Amounts owing by subsidiaries		**4 780**	4 318
Current assets		**31 350**	8 658
Taxation receivable		**1**	–
Cash and cash equivalents		**31 349**	8 658
Total assets		**7 620 975**	8 142 461
EQUITY AND LIABILITIES			
Capital and reserves			
Capital and reserves	6	**7 620 074**	8 131 591
Current liabilities		**901**	10 870
Taxation payable		**–**	4 715
Other payables		**901**	6 155
Total equity and liabilities		**7 620 975**	8 142 461

Separate statement of changes in equity

for the year ended June 30	2018 R'000	2017 R'000
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	**7 620 074**	8 131 591
Stated capital	**5 428 016**	5 428 016
Retained earnings	**2 192 058**	2 703 575
Balance at beginning of the year	**2 703 575**	2 715 134
Attributable profit	**1 266 126**	1 635 276
Dividends paid	**(1 777 643)**	(1 646 835)

Separate statement of cash flows

for the year ended June 30	Note	2018 R'000	2017 R'000
Cash flows from operating activities		**23 153**	7 474
Cash utilised by operations	7	**(20 048)**	(481)
Finance income		**4 375**	4 942
Taxation paid	8	**(8 894)**	(392)
Dividends received		**1 825 363**	1 650 240
Dividends paid		**(1 777 643)**	(1 646 835)
Cash effects of financing activities			
Increase in amounts owing by subsidiaries		**(462)**	(3 703)
Net increase in cash and cash equivalents		**22 691**	3 771
Cash and cash equivalents at beginning of year		**8 658**	4 887
Cash and cash equivalents at end of year		**31 349**	8 658

Notes to the separate financial statements

for the year ended June 30

		2018 R'000	2017 R'000
1.	**REVENUE**		
	Revenue includes dividends received from subsidiaries:		
	South African subsidiaries	**790 000**	748 364
	Foreign subsidiaries	**1 035 363**	901 876
		1 825 363	1 650 240
2.	**IMPAIRMENT OF INVESTMENTS**		
	Impairment of BTW Investments Proprietary Limited	**541 940**	–
	Impairment of Bidvest Food Malawi	**2 700**	–
		544 640	–
	The investment in BTW Investments was impaired to the net asset value of the company. BTW Investments is an investment company holding listed shares in Bid Corporation Limited.		
3.	**FINANCE INCOME**		
	Interest income on bank balances	**3 913**	4 455
	Interest income on subsidiary loans	**462**	487
		4 375	4 942
4.	**TAXATION**		
	Current taxation	**4 178**	5 148
	Current year	**4 178**	4 497
	Prior years' under provision	**–**	651
	Total taxation per separate statement of comprehensive income	**4 178**	5 148
	Comprising		
	South African taxation	**4 178**	5 148
	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**	0,3
	Dividend and exempt income	**40,2**	28,2
	Non-deductible expenses	**(12,5)**	(0,5)
	Rate of South African company taxation (%)	**28,0**	28,0

Notes to the separate financial statements

for the year ended June 30

	2018 %	2017 %	2018 R'000	2017 R'000
5. INVESTMENT IN SUBSIDIARIES				
Bidcorp Food Africa Proprietary Limited	**100**	100	**3 053 173**	3 053 173
Bidcorp Food Property Proprietary Limited	**100**	100	**851 028**	851 028
Bidcorp Foodservice International Limited[2]	**100**	100	**1 440 209**	1 440 209
Bidcorp International Limited[2]	**100**	100	**1 254 897**	1 254 897
Bidfood Limited[1]	**100**	100	**11**	11
Bidvest Food Malawi[5]	**60**	60	**–**	2 700
Bidvest Food Mauritius Limited[3]	**100**	100	**#**	#
BTW Investments Proprietary Limited	**100**	100	**981 875**	1 523 815
Crown Food Ingredients Zambia Limited[4]	**60**	60	**3 652**	3 652
			7 584 845	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. Refer to note 2 for the impairment losses that were recognised in the financial year.

A list of indirectly held subsidiaries is available for inspection at the registered office of the company.

	2018 R'000	2017 R'000
6. CAPITAL AND RESERVES		
Stated capital	**5 428 016**	5 428 016
Reserves		
Retained earnings	**2 192 058**	2 703 575
Total capital and reserves comprise	**7 620 074**	8 131 591

	Number '000	Number '000
Stated capital		
Authorised		
540 000 000 ordinary shares of no par value		
(2017: 540 000 000 ordinary shares of no par value)		
Issued		
335 404 212 ordinary shares of no par value		
(2017: 335 404 212 ordinary shares of no par value)	**335 404**	335 404

16 750 000 unissued no par value ordinary shares are under the control of the directors until the next annual general meeting.

	2018 R'000	2017 R'000
7. CASH UTILISED BY OPERATIONS		
Operating profit	**1 265 929**	1 635 482
Impairment of investments	**544 640**	–
Dividends received from subsidiaries	**(1 825 363)**	(1 650 240)
Working capital changes		
Decrease in trade and other receivables	**–**	8 122
(Decrease) increase in other payables	**(5 254)**	6 155
Cash utilised by operations	**(20 048)**	(481)
8. TAXATION PAID		
Balance (payable) receivable at beginning of year	**(4 715)**	41
Current taxation charge	**(4 178)**	(5 148)
Balance (receivable) payable at end of year	**(1)**	4 715
Amounts paid	**(8 894)**	(392)

9. SUBSEQUENT EVENTS

No material subsequent events have arisen since June 30 2018.

10. RELATED PARTIES

The subsidiaries and associates of the group are related parties of the company. The company has loaned an amount to Crown Food Ingredients Zambia Limited (Crown Zambia). Crown Zambia is charged interest at the South African prime lending rate.

All expenditure incurred by the company is borne by a subsidiary in lieu of administration fees and interest.

11. 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.

12. 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.

13. FINANCIAL INSTRUMENTS

The credit risk on cash and cash equivalents is addressed by utilising financial institutions of good standing for investment and cash management purposes.

14. DIRECTORS' EMOLUMENTS

Disclosure on directors' emoluments has been included in note 11.2 of the notes of the consolidated financial statements.

15. ACCOUNTING POLICIES

The accounting policies for the separate financial statements are the same as the consolidated financial statements, unless specifically stated otherwise.

Shareholders' information

	Total shareholding	%
BENEFICIAL SHAREHOLDINGS		
Major shareholders holding 3% or more of the shares in issue		
Government Employees Pension Fund (PIC)	52 165 908	15,6
GIC Asset Management Private Limited	11 231 193	3,4
	63 397 101	19,0
INVESTMENT MANAGEMENT SHAREHOLDINGS		
Fund managers holding 3% or more of the shares in issue		
Government Employees Pension Fund (PIC)	47 072 395	14,0
JP Morgan	29 279 154	8,7
BlackRock Inc	13 559 101	4,0
Genesis Investment Management	12 990 011	3,9
The Vanguard Group Inc	12 146 936	3,6
GIC Asset Management Pte Ltd	10 691 615	3,2
Sanlam Investment Management	10 566 905	3,2
	136 306 117	40,6
SHARES IN ISSUE		
Total number of shares in issue	335 404 212	
BTW Investments Proprietary Limited (treasury shares)	(2 291 239)	
	333 112 973	
BENEFICIAL SHAREHOLDER CATEGORIES		
Unit trust/mutual funds	111 979 870	33,4
Pension funds	94 538 269	28,2
Sovereign wealth	24 370 799	7,3
Other managed funds	35 671 997	10,6
Private investors	20 830 072	6,2
Insurance companies	11 324 910	3,4
Trading position	10 028 185	3,0
Exchange-traded fund	7 502 102	2,2
Custodians	5 558 587	1,7
Corporate holding	4 386 921	1,3
Investment trust	2 965 757	0,9
Black economic empowerment	1 785 827	0,5
Hedge fund	1 129 309	0,3
Charity	429 351	0,1
Medical aid scheme	41 679	0,1
University	386 984	0,1
Local authority	262 906	0,1
Remainder	2 210 687	0,6
	335 404 212	100,0

	Total shareholding	%
GEOGRAPHICAL SPLIT OF BENEFICIAL SHAREHOLDERS		
Region		
South Africa	162 332 856	48,4
United States of America and Canada	72 249 681	21,5
United Kingdom	47 953 510	14,3
Rest of Europe	13 788 746	4,1
Rest of World[1]	39 079 419	11,7
	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	39 562	83,6	10 645 095	3,2
1 001 – 10 000 shares	6 579	13,9	17 378 119	5,2
10 001 – 100 000 shares	924	2,0	27 769 320	8,3
100 001 – 1 000 000 shares	229	0,5	67 692 235	20,2
1 000 001 shares and above	51	0,1	211 919 443	63,2
Total	47 345	100	335 404 212	100,0
Shareholder type				
Non-public shareholders	13	0,03	3 979 397	1,2
Directors	4	0,01	937 605	0,3
Bidvest Pension/Retirements Funds	8	0,02	750 553	0,2
BTW Investments Proprietary Limited	1	0,00	2 291 239	0,7
Public shareholders	45 517	99,97	331 424 815	98,8
Total	45 530	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 ending December 31		February
Announcement of annual results		August
Annual integrated report		September
Distributions	**Declaration**	**Payment**
Interim distribution	February/March	March/April
Final distribution	August/September	September/October

Glossary of terms and acronyms

3PL	Third party logistics provider
Ambient products	Food that can be stored at room temperature, generally about 20˚C
Bidfood ecommerce platform	Developed by our NZ-based software development team, BidOne, these sites are globally rolled out to local platforms, accessible on all devices for online ordering, menu planning, invoicing, sales reports, and day-to-day customer engagement. Uniquely named for each market eg BidfoodDirect in UK, myBidfood in Australia etc
Carton-movers	Traditional low margin logistics distribution business
Catering sector	A broad service category that provides foodservices to businesses that prepare large-scale meals for events and functions
Chilled products	Food that is stored at refrigeration temperatures (between 2˚C and 4˚C)
Contract distribution	Entire order delivered on one truck with customer supplied products, on customer determined schedule
DC	Distribution center, also referred to as a depot
DSM	Demand side management
ESG	Environment, Social and Governance processes and reporting in line with recommendations of Global CPD guidance, King IV and GRI G4
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
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	Fresh produce (fruits and vegetables), as well as fresh meat, fish and/ or poultry
Frozen	Prepared fresh product, packaged and frozen at -18˚C for distribution
Group	Bidcorp group, consolidating all subsidiaries (see Note 12.3 page 137)
Horeca	A foodservice distribution channel that includes hotels, restaurants, caterers, cafés and the broader hospitality industry
Hospitality sector	A broad service category that provides foodservices to a hospitality business such as a restaurants, pubs and hotels
Industrial caterers channel	A provider of catering services within the industrial sector, the industrial caterer usually has a presence situated on site
Institutional channel	A foodservice distribution channel into canteens within hospitals, schools, care homes and prisons
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
National accounts channel	Accounts which have a head office structure with one point of contact for overall account management
Non-food products	Collection of non-food items ranging from cleaning products, work clothing, kitchen equipment, serviettes, dining goods etc
Out-of-home eating	Restaurant and casual dining prepared outside of the home
Own-brands	Also known as home-brands or private label products, owned by Bidcorp and TM registered
Processing segment	A segment of the foodservice sector which manufactures and distributes processed, semi-processed and prepackaged products
QSR	Quick service restaurant
Ready-meals or Ready-to-eat	Pre-packaged, pre-prepared deli foods and chilled or frozen meals
Re-pack products	Re-packing of bulk containers of whole produce into smaller quantities as part of the light manufacture value-add services offered by Bidfood
Retail segment	Business which supplies a full-range of products to supermarkets and hypermarkets
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

Administration

Bid Corporation Limited
("Bidcorp" or "the group" or "the company")
Incorporated in the Republic of South Africa
Registration number: 1995/008615/06
Share code: BID
ISIN: ZAE000216537

Directors
Non-executive chairman: S Koseff
Lead independent director: DDB Band
Independent non-executive: PC Baloyi, NG Payne, DD Mokgatle, H Wiseman*
Non-executive director: B Joffe
Executive directors: BL Berson* (chief executive), DE Cleasby (chief financial officer)

* *Australian*

Company secretary
AK Biggs

Independent auditor
KPMG Inc.
Registration number: 1999/021543/2
KPMG Crescent, 85 Empire Road
Parktown, Johannesburg, 2193

Legal advisers
Baker & McKenzie
Edward Nathan Sonnenbergs

Transfer secretaries
Computershare Investor Services Proprietary Limited
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PO Box 61051, Marshalltown, 2107
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Sponsor
The Standard Bank of South Africa Limited
30 Baker Street, Rosebank
South Africa, 2196

Bankers
ABSA Bank Limited
ASB Bank Limited
Bank of China Limited
Barclays Bank Limited
BNP Paribas Fortis
Ceskoslovenská 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

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Bastion