FAST MOVING
FORWARD THINKING

IMPERIAL

Annual Report 2010

for more information please visit: www.imperial.co.za/ar2010/

ABOUT THIS REPORT

This report covers the activities of Imperial for the 12 months to 30 June 2010. The annual financial statements have been prepared according to International Financial Reporting Standards and the requirements of the Companies Act of South Africa. The non-financial sustainability report has been prepared against the guidelines of the Global Reporting Initiative (GRI). A summary appears in this report and the full sustainability report is available on www.imperial.co.za. In line with the King III recommendations for South African reports, Imperial is working towards integrating the financial and non-financial aspects of its reporting for a fuller understanding by all stakeholders. To this end a comprehensive overview on the people development initiatives of the group is included in this report.

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Imperial Holdings Limited
1946/021048/06

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2007

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for more information please visit www.imperial.co.za/ar2010/

IMPERIAL HOLDINGS LIMITED
ANNUAL REPORT **2010**

ABOUT US

The group's origins date back to 1946 to a single service station in downtown Johannesburg.

Today, Imperial is a diversified, multinational industrial services group whose activities span southern Africa, Europe, the United Kingdom and Australia.

The group employs some 36 000 people responsible for a range of vertically integrated businesses. These include distribution of vehicles, parts, industrial equipment and aircraft, over 200 new and used vehicle dealerships, logistics, transport, warehousing, specialised freight, supply chain solutions including multi-modal networks covering inland waterway, rail and road, and ship chartering, car rental, tourism and insurance.

Imperial's transport fleet travels more than 400 million road kilometres a year and transports 50 million tonnes of freight per annum in Europe. The group supplies most makes of vehicles. One in every three car rental transactions in South Africa is conducted through the group.

Listed on the JSE since 1987, Imperial has a current market capitalisation of about R20 billion and operates on a decentralised management structure that actively encourages entrepreneurship, innovation and industry best practice.

IN THE NEWS

The Imperial group spent approximately R750 million on acquisitions during the year, significantly strengthening its auto parts and logistics operations, and also expanding into industrial equipment distribution and vehicle tracking and fleet management, in South Africa and in Europe.

The sale of our 49,9% share in Imperial Bank was concluded with proceeds amounting to R1,8 billion.

The Imperial logistics business took top honours as the best managed company in South Africa in 2010. (African Access National Business Awards)

The intended acquisition of CIC Holdings, a consumer goods distribution business active in Namibia, Botswana, South Africa, Swaziland and Mozambique, was announced.

KEY FACTS

- Imperial employs some 36 000 people
- Our southern African transport fleet travelled over 426 million kilometres last year
- Over 5 500 trucks in our transport fleet – access to 2 000 subcontractor vehicles
- Warehousing capacity of over 1 300 000m^2
- 500 available vessels in Europe, 1 million tons load capacity
- Transport over 50 million tons per annum by ship in Europe
- One in three car rental transactions in South Africa
- Supply every meaningful brand of vehicle
- Now the number-one after-market parts supplier in southern Africa

OUR PRINCIPLES

Imperial's unifying principles are:

- Commitment to people development
- A performance culture
- Social responsibility
- Transparency through good communication
- Excellent service
- Group business loyalty
- Financial responsibility and capital efficiency
- Nurturing of and tolerance for entrepreneurial initiatives
- Emphasis on our group brand

IMPERIAL IS WELL POSITIONED TO FOCUS ON RENEWED GROWTH AND FUTURE SUSTAINABLE BUSINESS INITIATIVES

MARKET FOCUS

THE IMPERIAL GROUP IS FOUNDED ON THREE STRATEGIC PILLARS:

- Logistics
- Car rental and tourism
- Vehicle, parts and industrial equipment distribution and retailing, and related financial services

Each of these represents a growing market, with considerable potential for growth into allied services and appropriate geographies. Our growth emphasis is on logistics, distribution and tourism.

PAST MARKET FOCUS

Building a business of significant scale has been Imperial's driving force for several decades. From its genesis as a Chrysler dealership in downtown Johannesburg, Imperial expanded its focus on the vehicle market to include car rental in the 1970s, and logistics and insurance in the 1980s. In the 1990s, we added vehicle distribution to the portfolio and in the new millennium expanded into tourism.

By 2008, Imperial was a massive organisation, but not optimally structured. To address this, we exited certain asset-intensive activities through the unbundling of Eqstra, the sale of our aviation leasing interests and more recently, the sale of our interest in Imperial Bank.

ONGOING INITIATIVES

The restructuring initiated in 2008 coincided with the worst economic downturn in decades. However, it was also an ideal opportunity to review long-established criteria and set targets for both economic and human capital that were more appropriate to our new structure and position in the market.

Developing our human capital with a strong emphasis on advancement of black people has been a priority in the past few years, and will remain a focus area in future. We have promoted skills development across all levels and operations of our group, and extended programmes to prospective employees who will qualify as artisans serving the needs of Imperial and the broader South African business community.

In tandem, we are making progress in reducing the impact of our group on the environment.

FUTURE MARKETS

The modern Imperial is clearly focused on areas whose growth potential matches our core skills. By sector, we are focused on logistics, car rental and tourism, vehicle retailing and distribution of auto and other industrial after-market parts and products, as well as insurance. By geography, we will use our strong bases in South Africa and Europe as springboards into sub-Saharan Africa and into continental Europe. Acquisitive growth will be governed by stringent criteria and benchmarks.

FAST MOVING
FORWARD THINKING

IMPERIAL

MANAGEMENT FOCUS

KEY FINANCIAL FOCUS FOR 2010 WAS TO

- Complete the group restructuring despite prevailing economic conditions
- Focus on costs, streamlining operations and defining both acceptable performance and acquisition criteria
- Expand our logistics product range and services in southern Africa and Europe
- Enhance our motor and financial services product offerings to maximise our participation in the value chain

KEY NON-FINANCIAL FOCUS FOR 2010 WAS TO

- Maintain a healthy talent pipeline through skills development
- Establish a baseline carbon footprint for the group
- Focus on employment equity and advancement of black management
- Re-brand the group and stabilise a brand architecture

2011 AND BEYOND

- Deliver shareholder value through capital management, sustainable cash generation and growth
- Acquisitive growth in our chosen areas of expansion
- Enhance earnings by return on invested capital exceeding weighted average cost of capital
- Enhance the product range in all areas to ensure that the maximum value is received from the value chain
- Participate in community development through various targeted programmes
- Maintain a robust talent pipeline with an emphasis on the previously disadvantaged through training and human resource development
- Establish carbon footprint measurement and develop appropriate solutions to reduce this
- Continue with re-branding the group and stabilising a brand architecture

FINANCIAL FEATURES

- HEPS from continuing operations **40%** higher at **976 cents**
- Revenue **2%** higher at **R53,4 billion**
- Operating profit **34%** higher at **R3,3 billion**
- A strong financial position with gross debt down from **R10,2 billion** to **R8,3 billion**
- Final dividend of **200 cents**
- Full year dividend of **350 cents** (75% higher)

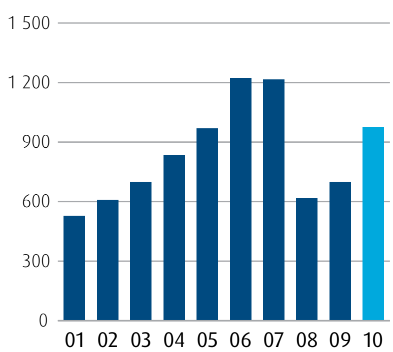
THE BUSINESS IS IN GOOD SHAPE AND WELL POSITIONED TO TAKE ADVANTAGE OF THE ECONOMIC UPSWING.

FINANCIAL SUMMARY

	2010	2009	% change
Revenue (Rm)*	**53 438**	52 219	2
Operating profit (Rm)*	**3 288**	2 453	34
Operating margin (%)*	**6,2**	4,7	
Profit before tax and exceptional items (Rm)*	**3 056**	2 104	45
Headline earnings attributable to shareholders (Rm)*	**1 811**	1 294	40
Headline earnings per share (cents)*	**976**	698	40
Distributions to shareholders (cents)	**350**	200	75
Cash generated by operations before capex (Rm)*	**4 443**	5 187	(14)
Headline earnings on average equity (%)	**17,6**	13,7	
Return on invested capital (%)#	**12,9**	11,5	
Weighted average cost of capital (%)	**10,5**	10,9	
Total assets (Rm)	**34 223**	33 315	3
Net asset value per share (cents)	**5 529**	4 820	15
Market capitalisation at closing prices (Rm)	**18 095**	12 367	46

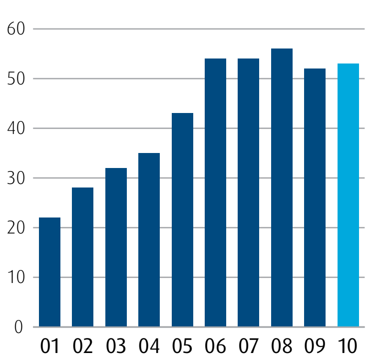
* Continuing operations only
\# This is based on the average capital during the year

Headline earnings per share (cents)



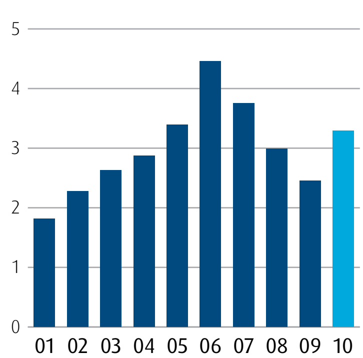
2007 to 2010 continuing operations only

Revenue (R billion)



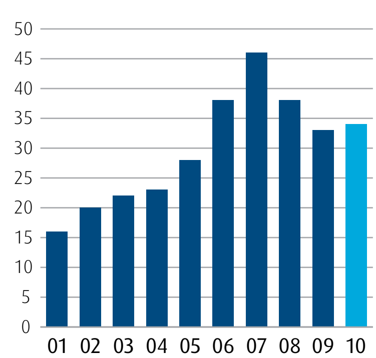
2007 to 2010 continuing operations only

Operating profit (R billion)

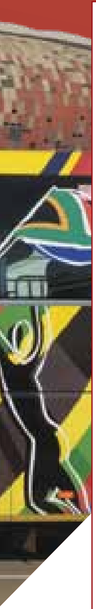


2007 to 2010 continuing operations only

Total assets (R billion)



GROUP AT A GLANCE



LOGISTICS

SOUTHERN AFRICA

Imperial Logistics is the largest logistics and supply chain management provider in southern Africa, offering integrated solutions to a diverse range of customers through over 70 operating entities active in 14 African countries.

IN THE REVIEW PERIOD

- Exposure to diverse industries limited impact of economic recession, with growth in revenue and operating profit.
- Strategic acquisitions again strengthen divisional capabilities, supported by significant contract renewals or extensions.
- Award-winning strides in eco-friendly transportation and customer supply chains.

OUTLOOK

- The pace of recovery in our southern African logistics unit will be affected by the sluggish recovery in the local economy. Further efficiencies, new contract gains and recent acquisitions are expected to augment market growth in general logistics activities.

INTERNATIONAL

Imperial Logistics International provides complete logistics solutions including contract logistics, warehousing, inland waterway, shipping and related value-added services across major European markets.

IN THE REVIEW PERIOD

- International operations recorded outstanding results, despite ongoing recession in Europe.
- Improved operating margins reflect benefits of rapid response to onset of economic recession in 2009.
- Focus on complementary services that provide annuity income was formalised in a new division for southern African operations.
- New contracts and acquisitions entrenching market position.

OUTLOOK

- In Europe, prospects for continued recovery in our business are good, given strong signs of improving industrial activity in our target markets.

CAR RENTAL AND TOURISM

With over 200 locations across southern Africa and prime positions at all major airports, Imperial's rebranded Europcar is a prominent force in the car rental market while Tempest is a trusted brand in the low-cost car rental sector. These services are supported by Auto Pedigree, the largest used car dealer network in South Africa and AA Autobay. Imperial's wholly-owned tourism interests include inbound tour operations and niche tourism services.

IN THE REVIEW PERIOD

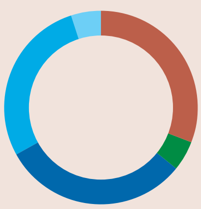
- Excellent year-on-year growth in revenue and operating profit.
- Significant growth in the international, leisure and vehicle replacement sectors countered flat corporate volumes and the decline in government volumes.
- Improved results from the tourism business reflect the impact of World Cup business, but this sector is still under pressure.
- The used vehicle market was more buoyant overall, with a particularly strong improvement late in the period.

OUTLOOK

The benefits of significant investment in facilities and improved efficiencies in Europcar should flow in the year ahead, but growth will be more difficult to achieve given the boost this division enjoyed over the World Cup. In time, we believe South Africa's elevated status as a sought-after and safe tourist destination will bring long-term benefits to our tourism business.

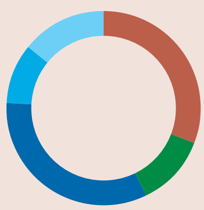
2010 KEY PERFORMANCE INDICATORS

Revenue 2010



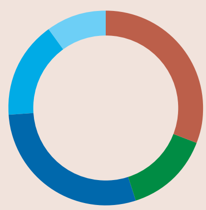
31%	Logistics
5%	Car rental and tourism
31%	Distributorships
28%	Automotive retail
5%	Insurance

Operating profit 2010



31%	Logistics
12%	Car rental and tourism
33%	Distributorships
10%	Automotive retail
14%	Insurance

Net operating assets 2010



31%	Logistics
14%	Car rental and tourism
29%	Distributorships
16%	Automotive retail
10%	Insurance

VEHICLE RETAILING

Through the divisions of distributorships, automotive retail and insurance, Imperial has built a unique model that captures the value chain in the automotive sector from factory gate to end-user financial services. Imperial represents most makes of passenger and commercial vehicles, many motorcycle brands, automotive parts and industrial equipment.

DISTRIBUTORSHIPS

Associated Motor Holdings (AMH) imports and distributes a range of passenger and light commercial vehicles, automotive products, industrial equipment and motorcycles for principals in Asia and Europe. AMH also operates Ford dealerships in Australia. Its wholly-owned financial services arm, Liquid Capital, is a leading developer of service and maintenance plans for its own brands and others in the industry. Imperial is also the leading distributor of after-market parts and accessories through Midas and Alert Engine Parts. This division also houses Imperial's aviation business, National Airways Corporation, which offers a complete range of general aviation services and products to the fixed-wing and helicopter markets.

IN THE REVIEW PERIOD

- As the South African distributor of Hyundai and Kia, significant benefits were gained from the co-sponsorship of the FIFA World Cup in firmly establishing these brands as major competitors in South Africa
- Rapid response to an extremely weak motor market in 2009 underpinned significantly improved results for the review period
- AMH gained significant market share during the year, reflecting the appeal of its brands as the market shifts towards entry-level vehicles in the model mix
- Acquisition of Midas has cemented Imperial's position in the rapidly growing replacement auto parts market
- Acquisition of Goscor has expanded Imperial into the distribution and rental of cleaning equipment, forklifts, power products and specialised arc welding and tooling

OUTLOOK

Although new and used vehicle markets began recovering strongly from a very low base earlier in 2010, we expect the growth rate in new vehicle sales to slow as the base increases, car rental demand reduces and a new emissions tax on new vehicles affects the affordability of vehicles. We nevertheless expect new vehicle market growth over our next financial year, and a good contribution from the much-expanded auto parts business.

AUTOMOTIVE RETAIL

Imperial owns the largest network of motor dealerships in South Africa and represents all major original equipment manufacturers (OEMs). It also retails commercial vehicles in the United Kingdom. From its core business of selling and servicing vehicles, the division is steadily diversifying into secondary sectors that provide an important counterbalance to vehicle market

IN THE REVIEW PERIOD

- Results improved significantly, despite new vehicle sales volumes being in line with the overall market growth of 2%
- Pressure on volumes was exacerbated by dealership closures and a weak commercial vehicle market
- Strict cost management and closure of unprofitable dealerships saw operating margin for the full year improve strongly
- Despite the highly competitive market, market share was maintained

OUTLOOK

Pressure to replace ageing vehicles is increasing and the diminishing pricing gap between quality used cars and new cars should favour new car sales in future and the division is well placed to capitalise on these trends. Due to our exceptionally strong network and product range we expect a good performance from this division in the year ahead.

INSURANCE

Through Regent, the group's niche insurance operations concentrate on a comprehensive and competitive range of short-term insurance and life assurance products and services to commercial and retail markets.

IN THE REVIEW PERIOD

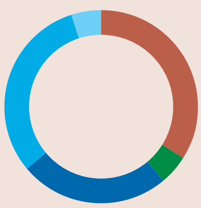
- Improved operating profit reflected pleasing underwriting and investment results
- Adjusted underwriting result 9,5% higher, largely due to good growth and improved profitability from individual life business in South Africa
- Gross written premium was 5,4% lower, after the loss of a key account in Botswana and generally lower economic activity levels affecting the South African short-term business in the first half

OUTLOOK

The Regent group has undergone significant rationalisation and continues its focus on improving processes and developing its distribution channels. As the run-off of the pre-National Credit Act single premium book comes to an end, scale is being achieved in monthly premium business and new niche products. The investment portfolio will continue to be prudently managed.

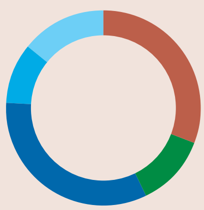
2009 KEY PERFORMANCE INDICATORS

Revenue 2009



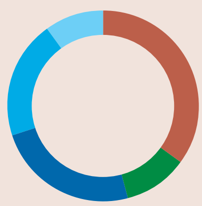
34%	Logistics
5%	Car rental and tourism
25%	Distributorships
31%	Automotive retail
5%	Insurance

Operating profit 2009



31%	Logistics
12%	Car rental and tourism
33%	Distributorships
10%	Automotive retail
14%	Insurance

Net operating assets 2009



35%	Logistics
11%	Car rental and tourism
24%	Distributorships
20%	Automotive retail
10%	Insurance

DIRECTORS AND EXECUTIVE COMMITTEE PROFILES

NON-EXECUTIVE DIRECTORS

Thulani Sikhulu Gcabashe (52)*
BA (Botswana), MURP (Ball State Univ, USA), PED, IMD Lausanne
Thulani is the retired chief executive of Eskom and is now the Executive Chairman of BuiltAfrica Holdings. He currently serves as a director of Standard Bank Group, The Standard Bank of South Africa and the National Research Foundation and is a past trustee of the Freedom Park Trust. He was appointed to the board in January 2008 and as chairman in April 2008.

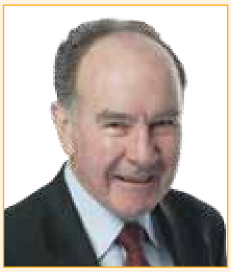
Thembisa Dingaan (37)
BProc, LLB (Natal), LLM (Harvard), H Dip Tax (Wits)
Thembisa was recently appointed as chairman of Ukhamba Holdings, an empowerment shareholder in Imperial. She is currently a director of Skweyiya Investment Holdings & Identity Corporate Advisors, the Development Bank of Southern Africa, the Export Credit Insurance Corporation of South Africa (ECIC) and of Mustek Limited. She was appointed to the board in November 2009.

Schalk Engelbrecht (64)*
BSc, MBL, AMP Insead
Schalk is the retired chief executive of AECI and is currently a non-executive director of that company. He was appointed as chief executive of AECI in 2003, having joined the AECI board as an executive director in 2002. He was the managing director of Chemical Services (Chemserve) before joining the AECI board. He was appointed to the board in June 2008.

Michael John Leeming (66)*
BCom, MCom, FCMA, FIBSA, AMP
Mike is a former executive director of Nedcor Limited. He has served as chairperson of the Banking Council of South Africa and president of this country's Institute of Bankers. He is currently a non-executive director of the Altron Group, AECI, Woolworths and Real Africa Holdings. He was appointed to the board in November 2002.

Phumzile Langeni (35)*
BCom (Acc)
Phumzile is the Executive Chairperson of Afropulse Group, a woman led investment, investor relations and corporate advisory house. She is the Economic Advisor to Minister of Minerals and Energy (DME). Phumzile was previously an executive director of junior platinum miner, Anooraq Resources, is the chairman of Astrapak and is an independent non-executive director of Massmart Holdings Limited, Mineworkers' Investment Company, Peermont Global and the Port Regulator. She was appointed to the board in June 2004.

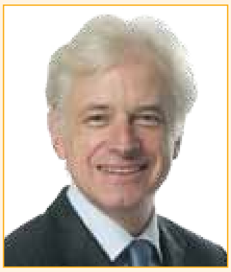
*Independent



James Roy McAlpine (69)*
BSc, CA
Roy is a former executive director of Liberty Life. He is currently a non-executive director of African Rainbow Minerals and Hyprop Investments, and is a past chairperson of the Association of Unit Trusts of South Africa. He was appointed to the board in August 1998.

Mohammed Valli Moosa (53)
BSc
Valli is non-executive director of Sanlam, Sappi and Anglo Platinum. He is the non-executive Chairman of Sun International and Executive Chairman of Lereko. He is the former President of the International Union for the Conservation of Nature and is currently a member of the Global Leadership for Climate Action. He is the former Chairman of Eskom and previously served as a cabinet minister in the National Government. He was appointed to the board in June 2005.

Roderick John Alwyn Sparks (51)*
BCom (Hons), CA(SA), MBA
Roddy is a former Managing Director of Old Mutual South Africa and Old Mutual Life Assurance Company (SA) and former chairperson of Old Mutual Unit Trust, Old Mutual Specialised Finance and Old Mutual Asset Managers (SA). He is a director of Worldwide African Investments and a non-executive director of Trencor and serves on the board of governors of the UCT Graduate School of Business. He was appointed to the board in July 2006.

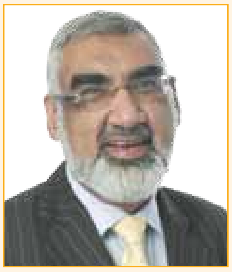


Ashley (Oshy) Tugendhaft (62)
BA, LLB
Oshy is the senior partner of Tugendhaft Wapnick Banchetti & Partners, a leading Johannesburg niche law firm and a non-executive director of African Bank Investments Limited and Pinnacle Technology Holdings Limited. He was appointed to the board in April 1998 and as deputy chairman in March 2008.

Younaid Waja (58)*
BCom, B Compt (Hons), CA(SA), H Dip Tax Law
Younaid is a practising tax and business consultant. He is a non-executive director and a sub-committee member of the Public Investment Corporation Limited (PIC), Pareto Limited, Blue IQ Investment Holdings (Pty) Limited, Supplier Park Development Company (Pty) Limited and Telkom SA Limited amongst others. He is a former vice-president of the Association for the Advancement of Black Accountants in Southern Africa (ABASA) and a former member of the Income Tax Special Court. He is also a former Chairperson of the former Public Accountants and Auditors Board (PAAB) now the Independent Regulatory Board of Auditors (IRBA). He was appointed to the board in June 2004.

EXECUTIVE DIRECTORS AND EXECUTIVE COMMITTEE

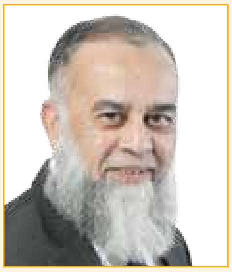
Hubert Rene Brody (46)
BAcc (Hons), CA(SA)
Hubert is the chief executive of Imperial. Hubert joined the group in April 2000 as chief financial officer of Imperial Bank. He was appointed as chief executive of the Motor Division in 2003. He joined the executive committee in September 2004 and was appointed to the board in August 2006 and as chief executive in July 2007.



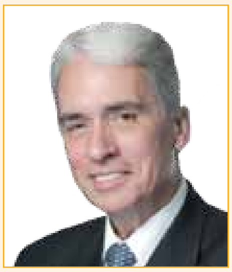
Osman Suluman Arbee (51)
BAcc, CA(SA), H Dip Tax
Osman is the CEO of the Car Rental division and Chairman of the tourism, automotive retail and automotive parts distribution divisions. He is a director of Distribution and Warehousing Network (DAWN) Limited and Ukhamba Holdings (Pty) Limited, the group's empowerment partner. He joined the group and the executive committee in September 2004 and was appointed to the board in July 2007.

Manuel Pereira de Canha (60)
Manny is the chief executive of Associated Motor Holdings, responsible for the import and distribution of motor vehicles. He joined the group in 1996. He was appointed to the board in November 2002.

Recht Louis (Tak) Hiemstra (54)
BCompt (Hons), CA(SA)
Tak is the executive director, strategic development of the group. He is responsible for investor relations, strategy, and enterprise and business development. He is a director of Distribution and Warehousing Network (DAWN) Limited and Ukhamba Holdings (Pty) Limited, the group's empowerment partner. He joined the group in 1992 and was appointed to the board in August 1995.



Abdul Hafiz Mahomed (59)
BCompt (Hons), CA(SA), H Dip Tax
Hafiz is the deputy chief executive and the group financial director. He joined the group as financial manager in 1982 and was appointed to the board in March 1992.



Gerhard Wessel Riemann (64)
Gerhard is the chief executive of Imperial Logistics International in Germany and is responsible for logistics operations in Europe. He joined the group and the board in January 2000.

Marius Swanepoel (49)
BCom Acc (Hons)
Marius is the chief executive of Imperial Logistics in southern Africa. He joined the group in 1994 as financial director of Highway Carriers and was appointed as chief executive of Imperial Logistics in southern Africa in October 2005. He was appointed to the executive committee in May 2007 and to the board in November 2009.

EXECUTIVE COMMITTEE MEMBERS

Berenice Joy Francis (34)
BCompt (Hons), CIA
Berenice is the executive responsible for risk, transformation and people development. She joined the group in 2008 and was appointed to the executive committee in June 2009.

David Drury Gnodde (52)
BCom, BCompt Hons, CA(SA)
David is the chief executive of the Regent group which houses the insurance operations of Imperial. He was previously the COO and an executive director of PPS and joined the Imperial group in 2009. He was appointed to the executive committee in June 2009.

Moeketsi Mosola (40)
BA Neuroscience and Human Biopsychology,
MA Economics (Houston)
Moeketsi is the chief executive of the Tourism division. He was previously the CEO of SA Tourism. He joined the group in 2009 and was appointed to the executive committee in July 2009.

CHAIRMAN'S REPORT

Thulani Gcabashe, Chairman

IN THIS SECTION

- The year under review
- Sustainability
- Corporate governance
- Directorate and management
- Our people
- Black economic empowerment
- Acknowledgements

Q&A

Question: How does the implementation of King III affect Imperial?

Answer: Imperial is committed to the highest standards of corporate governance. King III applies to Imperial from the financial year commencing July 2010 but the group has already applied most significant aspects of King III.

Question: How is Imperial addressing the shortage of skills?

Answer: Imperial has a holistic approach to skills development, focusing on a full range of priorities from needy schoolchildren in underprivileged communities through to artisan training and senior leadership development.

Question: What did the 2010 FIFA World Cup mean to Imperial?

Answer: It was both a significant business opportunity and a chance to demonstrate our real commitment to South Africa. We gained further confidence in Imperial's ability to take part in the organisation and hosting of any key event with particular emphasis on the transport and logistics aspects.

The year 2010 will long be remembered as the time South Africa showed the world what it was capable of. The spirit surrounding the 2010 FIFA World Cup brought welcome relief to some of the most challenging trading conditions in living memory – and Imperial was there:

- As an official automotive supplier for the event, Hyundai provided a fleet of over 600 passenger cars, vans and buses, supported by a 24-hour emergency office and mechanical staff on standby at all stadiums.
- Kia supplied a further 200 vehicles for FIFA officials, delegates and VIPs.
- Sixty-four Springbok Atlas coaches moved the 32 football teams for more than a month and ensured that every team was on time at every match.
- Hyundai distributed lap-desks to 7 000 learners in underprivileged schools throughout South Africa; donated a large number of tickets to 32 recipient schools from such areas and ensured that the children were safely transported to and from matches.
- Over 4 000 children from underprivileged backgrounds took part in Kia street soccer, identified by FIFA as the "programme of the tournament". This five-a-side initiative in disadvantaged areas was also very educational for the children.
- Europcar was a welcome sight for international visitors at South Africa's major airports and a preferred choice for media teams and tour organisers.
- Behind the scenes, Imperial Logistics trucks transported produce, equipment and more to keep the event moving.

While the FIFA World Cup was unquestionably a solid business opportunity, we were proud to play our part in this historic event and demonstrate our commitment to South Africa and its people. From a marketing perspective, the event put Imperial firmly on the map, coinciding as it did with the group's rebranding, the Europcar rebranding and boosting the public profile of the Hyundai and Kia brands.

The year under review

For our group, slow evidence of improving conditions in certain of our markets, coupled with an unrelenting management focus on capital management, cash flow and efficiencies, underpinned a strong performance for the year and illustrated the resilience of this group.

Following its recent restructuring, Imperial is today a streamlined business, focused on its core activities, and delivering on its strategic intentions for the benefit of all stakeholders. For shareholders, this is evident in the prudent management of capital, the increased focus on industries which offer higher returns and requiring less investment, and improving dividends. For other stakeholders, our unfolding strategy lies more in the solid progress in developing the full potential of our people, uplifting communities where we operate and protecting our environment.

Sustainability

The King report on corporate governance in South Africa (King III) requires companies to integrate their financial and non-financial reporting to stakeholders. While this will require some effort and investment to ensure that reporting standards in both areas remain equally reliable, King III requires no fundamental change to the way we do business.

Our vision for the 21st century is to provide sustainable transportation that is affordable in every sense of the word: socially, environmentally and economically.

For more information please visit
www.imperial.co.za/ar2010/reports/chairmans_report.asp

IMPERIAL HAS BEEN RANKED 37th IN THE ANNUAL FINANCIAL MAIL SURVEY OF THE 100 MOST EMPOWERED LISTED COMPANIES IN SOUTH AFRICA.

Accordingly, we are concentrating on fostering a culture of integrated sustainability in our business. Our progress is detailed in specific sections of this report (page 10 [people] and page 41 [environment]).

During the year, we continued on the journey of carbon footprint measurement and benchmarking for the group and in addition, the Imperial group again participated in the Carbon Disclosure Project (CDP), a non-governmental organisation representing 475 investors with assets of US$55 trillion. On behalf of these investors, the CDP challenges the world's largest companies to measure and report on their carbon emissions, the potential risks and opportunities resulting from climate change and how they are managing climate change issues. As part of the CDP response, Imperial has quantified the carbon inventory of its operations in southern Africa and Europe, and is in the process of identifying appropriate opportunities to reduce its carbon footprint.

Corporate governance

In accordance with the guidance issued by the JSE, Imperial has to apply King III from its 2011 financial year. Although we are still assessing Imperial's governance policies and procedures against King III, initial indications are that the group already applies all the substantive recommendations of the report.

During the year, the role of the board committee previously focused on transformation was significantly widened to encompass all aspects of sustainability.

Directorate and management

Effective from 1 November 2009, Mrs Thembisa Dingaan and Mr Marius Swanepoel were respectively appointed as non-executive and executive directors to the board of Imperial. Thembisa was also appointed as chairman of Ukhamba Holdings, one of Imperial's empowerment shareholders. She is a director of Skweyiya Investment Holdings & Identity Corporate Advisors, the Development Bank of Southern Africa, the Export Credit Insurance Corporation of South Africa and Mustek Limited.

Marius is chief executive of Imperial Logistics in southern Africa. He joined the group in 1994 as financial director of Highway Carriers and was appointed to his current position in 2005. He joined the executive committee in May 2007.

Our people

A robust skills pipeline is central to Imperial's continued success and our competitive edge depends on the depth and breadth of our talent. However, global skills shortages, particularly in the technology and engineering sectors, make talented people hard to find. In addition, we need to match new employees to our distinctive entrepreneurial culture.

By investing in the continuous development and growth of its own employees, Imperial can ensure a ready supply of people at technical, management and leadership levels; people who match the company's culture and have the innovative and entrepreneurial skills central to the Imperial brand.

Internal human resource development is therefore a key strategic imperative. In 2008 the board approved an investment of R100 million over five years to create a comprehensive skills development programme. We have established two permanent technical training facilities and have made comprehensive arrangements for graduate, management and leadership training to meet the group's immediate and long-term people development objectives.

During the review period, R70 million was invested in various people development initiatives, benefiting employees at different levels of the group.

Black economic empowerment

Black economic empowerment (BEE) remains a strategic imperative for our group; both our success and sustainability depend on it. Our commitment to transformation and empowerment is evident from the group being ranked 37th in the annual *Financial Mail* survey of the 100 most empowered listed companies in South Africa. Europcar was promoted to a level 3 BBBEE rating earlier in the year, and Imperial Logistics, which is rated at level 4, maintained its strong value-added supplier status. We will continue to pursue and promote all facets of empowerment in our business with particular emphasis on the development, promotion and recruitment of black people in the group.

The impact of the global economic recession has put intense pressure on BEE deals, most evident in the availability of funding and quantum of dividend streams.

Third party debt in respect of the Lereko BEE transaction amounting to R856 million is due for settlement on 1 October 2010. Refinancing this debt was examined and it was concluded by the stakeholders that under the current circumstances this could not be achieved at feasible economic levels. Lereko Mobility decided to sell sufficient Imperial and Eqstra shares to settle this debt, leaving approximately 6 million Imperial and Eqstra shares in Lereko until 2015 or a year earlier, at the discretion of Imperial and Eqstra. These shares will then be delivered to Imperial and Eqstra in part settlement of the vendor finance. From the debt settlement date to the vendor finance settlement date dividends will be generated benefiting the Lereko shareholders.

We remain strongly committed to our BEE partners and continue our healthy and fruitful relationship with Lereko and our staff empowerment vehicle, Ukhamba.

Acknowledgments

There are some 36 000 people in the Imperial group. Their individual and collective responses to the challenges of the review period have been inspirational. Equally, the commitment of Hubert Brody and his executive management team has been pivotal in keeping this group focused on sustainable growth. On behalf of the board, I thank every one of them.

My fellow board members are a ready source of insight and counsel. We also deeply appreciate your role as custodians of the strategy driving our growth and sustainability.

Thulani S Gcabashe
Chairman

24 August 2010

PEOPLE DEVELOPMENT

Investing in people

People development is a strategic imperative driven at the group level. The first of Imperial's nine guiding principles is pivotal to this endeavour:

> "Imperial is committed to people development. Our people are our brand, and as such, our most important asset. We believe passionately in supporting their growth and continuous learning."

This principle for people development provides each division with a framework to develop their own human resource development strategies for their specific skills and leadership needs. The company's transformation strategy, which places a strong emphasis on skills and people development for the achievement of greater diversity, provides further guidance on skill development initiatives.

This commitment to people development is reflected in the award for 'Corporate Educator of the year' in the field of supply chain management.

The review of operational skills challenges and requirements has resulted in a comprehensive people development programme comprising a wide range of training initiatives and structures.

Improving the standards of education in impoverished communities

Imperial's educational programmes are not only focused on the group's requirements but also consider the needs of our nation, particularly community school educational needs. A solid education can drastically alter the course of an individual's life for the better, allowing for employment and self-sufficiency.

School overcrowding, lack of resources and insufficient teacher capacity mean that thousands of children, particularly those in severely impoverished communities, are denied the benefits of a quality education.

Imperial joined hands with its BEE partner, Ukhamba Holdings in 2003 to form the Imperial and Ukhamba Community Development Trust. The Trust's mandate from its board is simple: identify well-managed schools in impoverished areas and make the necessary investments to improve the standard of education they offer.

The Trust rolls out programmes that focus on helping educators to improve the standard of teaching in the areas of literacy, numeracy and the sciences. The programmes provide adopted schools with educator training, and the materials needed so that educators can implement what they have learned. These materials include teaching aids, workbooks and worksheets; reading material and libraries; stationery and consumables; and science kits.

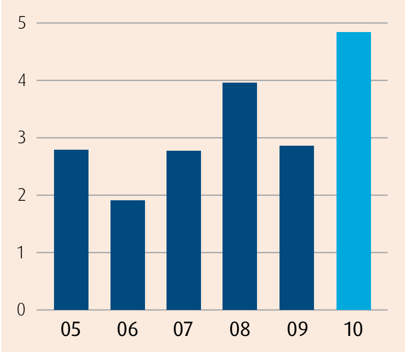
The success of the programme is also due in large part to the hands-on approach of the Trust. Its representatives visit the seven beneficiary schools on a weekly basis and have forged a close working relationship with school principals and educators. These site visits play a vital role in ensuring that the literacy, numeracy and science programmes are rolled out correctly by educators in their classrooms.

Selecting needy schools for optimum success

Since the inception of the programme, the number of adopted schools has grown from two to seven with 7 000 learners. These include the Inkululeko Yesizwe Primary School, Tshepana Primary School, Finetown Primary School, Rekhutlile Primary School, Qalabotjha Secondary School, Leshata High School and Moses Maren Technical School. These schools are located in areas with high unemployment rates with some of the poorest families in Gauteng.

The Trust has built a partnership with the provincial Department of Education in identifying beneficiary schools. Lessons learned have shown that the schools which derive the greatest benefit from the programme are those that are well-managed, with motivated and committed leadership and staff.

Imperial and Ukhumba Development Trust
Contributions made to schools (2005-2010) – Rm



Measuring impact

Baseline studies are conducted at each school prior to the intervention of the programmes and post-assessments carried out to track the improvement of learner performance in mathematics. On average, maths results at beneficiary schools improved between 10% and 28% across grades 3 to 6.

Nurturing a future talent pipeline

With the shortage of certain skills in mind, the Imperial group utilises graduate development programmes to attract the best young graduates from the country's top universities. These programmes provide graduates with a wealth of hands-on workplace experience and exposure to a wide range of job types. They also include mentorship from experienced senior managers.

The programmes run between one and three years and develop graduates to the point where they may be offered permanent employment where they could be fast tracked to positions of management. These programmes have a bias towards the selection of historically disadvantaged candidates, helping Imperial to identify and recruit black graduates who, in time, will help to transform the company and increase its diversity.

Since its inception in 2006, 35 graduates have completed the Imperial Logistics graduate development programme which runs for two years. The programme currently has 76 graduates participating (including 47 black persons) recruited from tertiary institutions in the fields of logistics and supply chain management; industrial engineering; computer science and management accounting. In addition 25 academic bursaries are offered to students from designated groups.

Building the competence of middle management

In 2007 Imperial conducted an in-depth analysis of the skills requirements and work demands of people within each division of the company. This highlighted the need for a greater focus on the development of middle management, and in-house management development programmes (MDPs) for the Motor, Logistics and Car Rental Divisions were subsequently created. They run over a 12-month period, with classroom sessions taking place for two days a month.

Lecturers are sourced both externally and from the group who are subject matter experts. Ongoing assessments are an important part of ensuring that what is learned theoretically is translated into desired management behaviours and practices. As the programmes are aligned to the National Certificate: Generic Management, candidates receive an NQF Level 5 qualification in addition to formal certificate recognition from Imperial. In 2009 and 2010, 137 candidates attended the Motor, Car Rental and Logistics MDP programmes of which 84 were black.

The Ikaheng Supervisory Development Programme benefits junior and newly-appointed managers, as well as those who demonstrate management potential. Delegates are familiarised with the roles and required competencies of managers, and are required to relate this back to their own position in the group. The Logistics division has enrolled 140 learners in this programme. Ikaheng HR Services is wholly-owned by Ukhamba Holdings, one of Imperial's empowerment partners.

Growing leadership for the Imperial of today and tomorrow

The quality of leadership within the group will heavily influence Imperial's ability to retain its competitive edge into the future. Leaders need to be multi-talented; those who help companies rise above their competitors possess outstanding strategic prowess and decision-making ability, critical thinking, people management skills and innovative and entrepreneurial flair. Through various leadership programmes Imperial's dual focus on existing leaders and those of tomorrow, serves to strengthen the current leadership and ensure a robust leadership pipeline for the future.

The Peak Leadership Development Programme ran over a two-year period between 2008 and 2009 and benefited 65 of the company's top managers. Similarly, the Edge Programme ran over the same period for 100 senior managers, and helped delegates to make the transition to the level of tactical leadership. Both courses were informed by global best practice in the field of leadership.

In 2010, Imperial initiated a new executive programme. Developed in partnership with the Gordon Institute of Business Science (GIBS), the GIBS Imperial Executive Leadership Programme has been customised to accommodate the company's diversified and decentralised business model, the multi-national nature of its industrial services and its need for entrepreneurial and innovative leaders.

The following table of participants relates to our management development programmes, leadership courses, technical training courses and adult basic education and training courses. They are all seen as an imperative to Imperial's future and exclude other regular programmes.

Training programme Number of recent participants	
Management Development Programmes	114
Graduate Development Programme	76
Peak Leadership Programme	65
Edge Leadership Programme	100
GIBS Executive Leadership Programme	60
Germiston Technical Training Academy	317
Cape Town Technical Training Academy (60% external; 40% from Imperial)	128
Ikaheng Driver Training	270
Ikaheng Supervisory Development Programme	140

The table below covers the entire spectrum of the group's training. There is a range of additional training that takes place at all levels of the group including legal, accounting, finance, taxation, information technology, sales, marketing and driver refresher courses.

Annual training hours	
Senior management	19 324
Middle management	111 378
Professional, production, technical	623 292
Administrative	170 420
Maintenance	11 531
Total hours	935 945

In the next financial year, four groups of senior executives and managers, totalling 120, will participate in this high impact learning programme which runs over 12 days. Modules focus on strategic decision-making, operational execution and people management. Delegates gain from case studies, small group discussion and facilitated individual and team reflection sessions. The programme draws on the input of high profile senior executives, including those from Imperial, who share knowledge and best practice.

Improving the skills of technical employees

People development at Imperial aims to be all-encompassing and in addition to training people in middle and senior management, the company also invests heavily in the development of technical and semi-skilled employees.

A modern training centre in Germiston for petrol and diesel mechanics was completed during the period under review at a cost of R24 million. The centre is aligned to the MERSETA, and has capacity to train 640 apprentices per year, together with existing facilities in Cape Town. Quality standards in the group's dealerships will be maintained through this training initiative and it contributes to addressing the national skills shortage in this area. During 2009, 445 learners attended courses at our technical training facilities including attendees from outside of our group.

Ikaheng HR Services provides various courses that include technical, vocational and adult basic education and training (ABET). During the year, 270 Imperial employees attended its driver training course, an important initiative when one considers the size of Imperial's logistics operation. The Thabang Trust offers skills development opportunities to employees who may not have benefited from extensive formal education. Established to provide educational programmes to historically disadvantaged staff, the Trust concentrates on skills development and ABET courses. In the year ahead the trust programmes will include driver training and basic computer skills to junior employees that wish to advance themselves.

Disabled people

To expand the number of disabled people the group employs, the logistics division embarked on an important initiative to employ disabled people. Thirty five disabled people, of which 32 are employment equity candidates, were placed on freight handling and business administration learnerships.

CHIEF EXECUTIVE OFFICER'S REPORT

Hubert Brody, Chief executive officer

Q&A

Question:	How has the global recession affected Imperial?
Answer:	It coincided with an internal restructuring that has meant some painful years, but the group is stronger and better positioned in a global environment than perhaps at any time in its recent history.
Question:	What are the group's focus areas going forward?
Answer:	Logistics is our key growth area, building on our established presence in southern Africa and Europe. But we are also capitalising on our strengths in related sectors such as automotive parts, financial services and tourism.
Question:	What is Imperial's growth philosophy?
Answer:	All our divisions target strong organic growth. Acquisitive growth is governed by stringent criteria which ensure sufficient returns and an adequate margin for error.

IN THIS SECTION

- Trading environment and performance
- Vehicle sales
- Financial results
- Strategic focus
- Expansion of the group
- Skills development and social investment
- Appreciation
- Prospects

HIGHLIGHTS

- Significant benefits of restructuring now evident
- Acquisitions were earnings enhancing
- Motor industry recovering
- Our vehicle product range very popular in local market
- Logistics has now evolved into an advanced supply-chain organisation

The review period has been an important one in Imperial's evolution. Our own restructuring, started three years ago to position the group for continued growth in a global environment, coincided with the strongest downturn in the global economy in many decades.

Results for the year reflect the benefits of the restructuring. Perhaps as importantly, these results validate our decisions in recent years to close or dispose of businesses no longer central to our growth strategy and capital allocation priorities, and to better position our group through market cycles. To illustrate this point, our logistics operations largely maintained business levels through the recession, countering the sharp downturn in our vehicle operations. At the same time, we have achieved very pleasing levels of return on invested capital throughout the group notwithstanding the tough conditions that are still evident.

During the restructuring process we clearly communicated our objectives. We also focused intensely on costs, streamlining operations and defining both acceptable performance and tolerance levels. We have set very clear parameters for our operating subsidiaries, focusing on operating profit growth and return on invested capital.

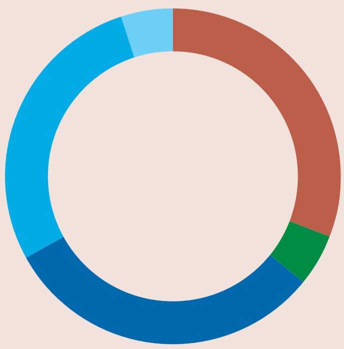
Under the banner of our new corporate identity – the Spirit of Entrepreneurship – Imperial has become more visible as has the scale of our group. This has enhanced the dynamic energy in the group and unified operations, particularly those trading under different brands.

for more information please visit
www.imperial.co.za/ar2010/reports/ceo_report.asp

RESULTS FOR THE YEAR UNDERSCORE THE BENEFITS OF STREAMLINING THE GROUP. IMPERIAL'S STRONG BALANCE SHEET AND REBALANCED PORTFOLIO OF BUSINESSES POSITION US WELL IN THE CURRENT MARKET.

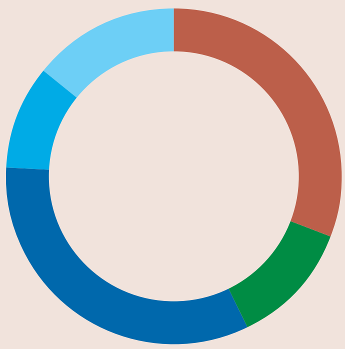
DIVISIONAL STATISTICS – 2010

Revenue contribution



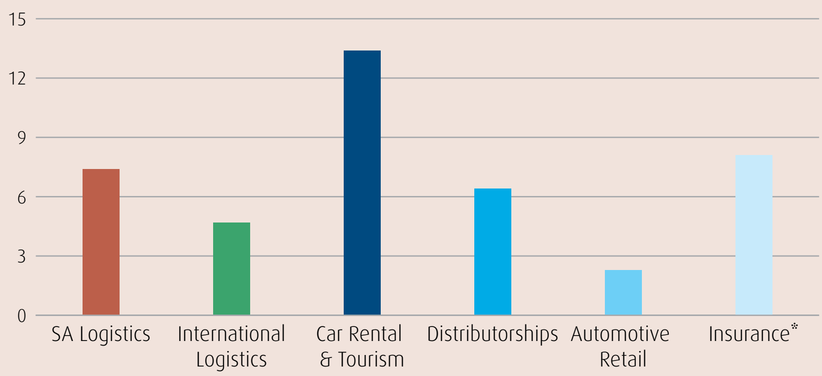
- 31% Logistics
- 5% Car rental and tourism
- 31% Distributorships
- 28% Automotive retail
- 5% Insurance

Operating profit contribution



- 31% Logistics
- 12% Car rental and tourism
- 33% Distributorships
- 10% Automotive retail
- 14% Insurance

Operating margins – by division (%)



* Underwriting margin

Trading environment and performance

Conditions for the southern African logistics business, with its high exposure to the distribution of fast-moving consumer goods (FMCG), improved in some areas in the second half of the financial year. Volumes are still lower than late in 2008, but well up year on year from the fourth quarter of F2009. Conditions in Europe have recovered significantly from their lows in 2009. Freight rates are still under pressure, but volumes have nearly recovered to their pre-recession levels. German manufacturing is benefiting from the weak euro, with attendant benefits to the inland waterway shipping and port operations of Imperial Logistics International.

Car rental and tourism demand was high during the month of the FIFA World Cup. Prior to that, local business travel and incoming tourist demand was still depressed. The rebranding of the car rental business to Europcar, the associated marketing spend and facilities upgrades brought numerous benefits assisting in a solid increase in foreign visitor demand and efficiencies in the business. Used car demand also strengthened during the year.

The automotive replacement parts market where we are mainly represented by Midas and Alert Engine Parts proved very resilient during the downturn and benefited through consumers keeping vehicles for longer.

The vehicle retail market started improving in the second half of our financial year from very depressed levels in 2008 and 2009. Rental demand prior to the FIFA World Cup contributed to vehicle sales, but demand from ordinary consumers has also been strong.

The recovery in equity markets during our financial year had a significant effect on the profitability of our insurance division compared to losses on the equity portfolio in the prior year. However, underwriting conditions in the passenger car market are still tough.

All the divisions in the Imperial group delivered outstanding results, despite the tough economic conditions still prevailing in many of our markets.

During the year, management concentrated on operational efficiencies, superb marketing and generally doing the basics right. Currently there are no significant underperforming businesses in the group. Our cost base, particularly in our motor divisions where the market contracted considerably, was cut to appropriate levels early in the financial downturn. Acquisitions during the year were earnings enhancing.

Vehicle sales

In South Africa, the group retailed 73 326 new and 52 576 used vehicles during the period. This was 38% and 10% respectively above the previous year, compared with growth of 2% for the national vehicle market. The strong increase in Imperial's sales largely reflects the sale of fully built-up imported models by AMH, assisted by the variety of new models launched in the period, the attraction of its model range and the impact of the stable rand. The exceptional exposure enjoyed by Hyundai and Kia through their sponsorship of the FIFA World Cup also contributed.

The Australian, Swedish and United Kingdom operations sold 8 608 new and 3 929 used vehicles, respectively 20% and 12% down on last year's sales, partly due to the sale of the Swedish operation in the middle of the period.

Financial results

Operating profit was 34% higher at R3,3 billion for the review period, a substantial increase in a market still recovering from the recession. While all divisions increased operating profit, the main contributors to the group increase were Distributorships (+126%) and Insurance (+57%). Automotive Retail and Distributorships represent 44% of operating profit while the Logistics and Car rental and tourism divisions, which have less volatile profit streams, represent a similar proportion. Despite a very turbulent global industrial and trading environment over the past two years, the logistics divisions' profits proved very robust.

Continuing operations recorded a 40% increase in headline earnings to R1 811 million or 976 cents per share.

Net debt to equity (excluding preference shares) is at 39% compared to 50% a year ago and is below the board's guidance of a 60% – 80% gearing level. Gross interest-bearing debt this year declined by almost R2 billion due to bond repurchases, cash receipts from the sale of Imperial Bank, and the effect of the stronger rand on our foreign debt balances. Our debt has decreased by nearly R10 billion since we were at the peak of our gearing at 119% in December 2007. This improvement is testimony to the comprehensive balance sheet streamlining performed by management both at the strategic and operational levels.

Strategic focus

Imperial now has a strong balance sheet and a right-sized portfolio of businesses. We are seeking growth in familiar industries, backed by our significant financial capacity to pursue these opportunities. Given its defensive characteristics, logistics is our key growth priority. Internationally, the group's expansion will be aligned to Imperial Logistics International, and the southern African and European logistics teams are now working very closely. We will also consider opportunities in industries adjacent to our current activities to fill any gaps in our current portfolio. In this respect, our acquisition of Midas made a significant contribution and we will continue to focus on areas related to the distribution of auto and other industrial after-market parts and products.

Acquisitions must be earnings enhancing, and we must have a high level of confidence in the potential of the particular sector. In addition, there must be a safety margin or value buffer in the cost or structure of acquisitions and targets should meet our weighted average cost of capital in the early years, and then exceed it. Imperial must have related proven expertise in the area of each acquisition.

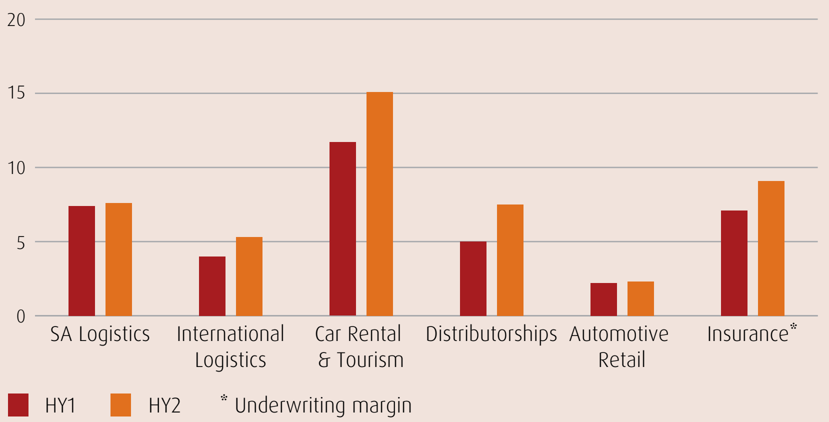
All acquisitions are subject to a formal post-acquisition review process to ensure that we learn from our mistakes.

Expansion of the group

The group spent approximately R750 million on acquisitions during the year, the most significant of which were 75% of Midas, 25,4% in MiX Telematics, 65% of the Goscor group and 55% in Provaart.

- Midas markets and distributes quality automotive, DIY and leisure products through owned and franchised outlets under the brands Midas, Motolek, ADCO, CBS and Auto Care & Diagnostics.
- MiX Telematics, listed on the JSE, is focused on all levels of vehicle tracking through the Matrix brand, and commercial vehicle performance and driver monitoring with a complete range of fleet management products and services. It earns substantial annuity revenue from some 200 000 subscribers, with operations in South Africa, the United Kingdom, the USA, UAE and Australia and a global distribution network covering over 100 countries.
- Goscor is the sole distributor of Crown, Doosan and Bendi forklift trucks, ARC welding and cutting systems, as well as generators, construction, cleaning and other well-known branded industrial equipment.
- Provaart is a chartering business in Rotterdam operating on the Rhine River.
- In the SA logistics division we made a number of smaller acquisitions.

2010 operating margins – first half/second half (HY1/HY2) (%)



As part of our ongoing and strategic portfolio review, during the year we:

- Disposed of our Swedish Nissan dealerships;
- Disposed of our minority share of 35% in Flagstone Reinsurance Africa;
- Completed the sale of our stake in Imperial Bank to Nedbank. In its stead our automotive retail division, Auto Pedigree and AMH have created a vehicle financing alliance with Nedbank through the Motor Finance Corporation which has ensured that vehicle finance of our car sales continued uninterrupted; and
- Disposed of an effective minority shareholding of 27,9% in Fuellogic (Pty) Limited.

Skills development and social investments

The group's philosophy is that training and development of our staff across the organisation, with emphasis on identifying and advancing black talent, is fundamental to ensure sustainability and relevance across our industries in the long term. Approximately R70 million was spent during the year on skills development and upliftment programmes, which focused on people-development initiatives covering the spectrum of graduate programmes, technical training, supervisory courses, middle management programmes and executive education. We partnered with accredited institutions and aligned ourselves with appropriate SETA requirements to gain recognition.

In terms of corporate social investment, the Imperial and Ukhamba Community Development Trust supports seven schools in underprivileged parts of Gauteng and has spent R20 million at these schools since inception. The projects have made significant progress in the areas of numeracy, curriculum development, literacy, teacher training, sports and facilities. The trust supports 7 000 learners at these seven schools.

In addition, our divisions support a vast number of initiatives that are aligned with their businesses and the stakeholders in their areas of operation, ranging from roadside clinics to support of local homes for the aged.

Appreciation

Imperial has weathered the twin storms of restructuring and global economic turmoil in a way that truly demonstrates the calibre of our people. In the process, we have created a group that is focused, financially strong and correctly positioned in our chosen markets. I thank every one of our staff for the part they played in these results.

I deeply appreciate the support of our suppliers, customers, partners and the public sector as well as the input of my colleagues on the executive committee and members of the board.

Prospects

The recovery in the local economy remains sluggish, which will dampen the pace of recovery in our southern African logistics unit. However, further efficiencies, new contract gains and recent acquisitions are expected to augment market growth in general logistics activities and will lead to a further improvement in the performance of this division. The planned acquisition of CIC Holdings Limited which is currently under way will accelerate our growth into the African continent. In Europe, prospects are good for the continuation of the recovery in our business, as industrial activity in our target markets is showing strong signs of improvement.

The significant investment in facilities and the improved efficiencies in Europcar and Tempest should continue to bear fruit in the year ahead; however, our growth will be tempered due to the higher base set by the FIFA World Cup in the past financial year. The follow through in tourist volumes after this event is still uncertain, but we are optimistic that the country's elevated status as a sought after and safe tourist destination will bring long-term benefits to our tourism businesses.

Due to their exceptionally strong network and product range, we expect a good performance from our combined motor retailing businesses in the year ahead. The new and used vehicle markets commenced a strong recovery from a very low base in the first half of the 2010 calendar year. We expect the rate of growth in new vehicle sales to reduce as the base increases, car rental demand reduces and the new emissions tax on new vehicles places further pressure on the affordability of vehicles. The used vehicle market is expected to be strong.

The replacement vehicle parts business will make a good contribution to profits in the year ahead because Midas will be accounted for a full year and due to the benefits flowing from an ageing car park.

The Regent group has undergone significant rationalisation and is focusing on process improvements and distribution channel development. The run-off of the pre-National Credit Act single premium book is nearing completion and scale is now being achieved in monthly premium business and new niche products. The investment portfolio will continue to be prudently managed.

Our balance sheet is currently stronger than at any time in the recent past. This presents opportunities for acquisitive growth, which would be sought in areas where our existing skills and infrastructure would give us an advantage.

The 2010 financial year delivered outstanding organic growth. The building blocks of our business are soundly positioned for further growth, but the economic recovery is still tentative. Uncertain economic trends prevail, including increased workplace instability, high levels of unemployment in southern Africa, the impact of a strong currency on exports and high personal debt levels.

Hubert Brody
Chief executive officer

24 August 2010

FAST MOVING
FORWARD THINKING

IMPERIAL

DIVISIONS IN REVIEW

THE GROUP MAINTAINS THE FINE BALANCE BETWEEN GROWTH AND RETURNS

IN THIS SECTION

DIVISIONAL REVIEW

DIVISIONAL REVIEW > LOGISTICS

for more information please visit
www.imperial.co.za/ar2010/operational/logistics.asp

HIGHLIGHTS

- *Best Managed Company of the Year 2010* (African Access National Business Awards)
- *Corporate Educator of the Year* (SAPICS) in 2009 and 2010
- Significant contract renewals and extensions
- Improved B-BBEE rating at level 4 (value added supplier)
- Significant strides in eco-friendly transportation and customer supply chains
- Tanker Services celebrated its 50th year, making it the oldest business in IMPERIAL Logistics
- Good progress from IMPERIAL Logistics Integration Services

Gerhard Riemann, Chief executive officer of IMPERIAL Logistics International

DIVISIONAL RESULTS

for the year ended 30 June 2010

LOGISTICS	2010 Rm	2009 Rm	% Change
Revenue	**16 686**	17 877	(7)
Operating profit	**1 061**	1 058	
Net financing cost	**(195)**	(188)	4
Profit before tax and exceptional items	**917**	916	
Operating assets	**9 333**	9 199	1
Non-interest-bearing liabilities	**3 928**	3 539	11
Capital expenditure	**1 003**	997	1
Operating margin (%)	**6,4**	5,9	
Employees	**18 760**	18 192	3

Marius Swanepoel, Chief executive officer of IMPERIAL Logistics in southern Africa

DIVISIONAL CONTRIBUTION

Revenue

2010	2009
31%	34%

Operating profit

2010	2009
31%	42%

Net operating assets

2010	2009
31%	35%

KEY OPERATIONAL FACTORS

Macro drivers

- GDP growth
- Low interest rates
- Outsourcing trends
- Partnerships with state-owned enterprises
- Import and export activity

Performance drivers

- New business gains
- Long-term blue-chip customer base
- African expansion
- Price escalations
- Customer success
- Cost control
- Asset utilisation

Risks

- Weak economic growth in southern Africa and Europe
- Strong rand
- Used truck price declines
- HIV/Aids

Strategies

- Integrated value-adding solutions
- Combine our global logistics skills
- Focus on outsourcing opportunities
- Multi-modal solutions
- Growth, with an asset-light emphasis
- 'Green' logistics and supply chain management

SOUTHERN AFRICAN LOGISTICS

R MILLION	F2010	F2009	Change % YoY	H2 2010	H1 2010	Change % on H1 2010	H2 2009	Change % on H2 2009
Revenue	**10 308**	9 831	4,9	5 194	5 114	1,6	4 523	14,8
Operating profit	**763**	738	3,4	396	367	7,9	327	21,1
Operating margin (%)	**7,4**	7,5		7,6	7,2		7,2	

Imperial Logistics is a multi-branded business with four southern Africa divisions, managed on a decentralised basis.

- **IMPERIAL Logistics Consumer Products** – integrated supply chain solution to a wide range of fast-moving consumer goods (FMCG) and retail companies, as well as the agriculture market in southern Africa.
- **IMPERIAL Logistics Specialised Freight** – with the largest and most modern tanker fleet in South Africa, this division provides dedicated, specialised transport services throughout Africa. It is brand leader in the petrochemical industry, and has unrivalled expertise in managing health, safety, environment and quality (HSEQ) requirements.
- **IMPERIAL Logistics Transport and Warehousing** – offers complete logistics and supply chain solutions throughout South Africa and neighbouring countries. Services include line-haul, local distribution, consolidation, warehousing and logistics, transport integration, cross-border transport, and end-to-end services including road, rail and multi-modal solutions.
- **IMPERIAL Logistics Integration Services** – focuses on business process outsourcing (BPO) in the operations management environment. Services are further enhanced with advanced information technology offerings, as well as consulting and advisory services focused on the design and implementation for strategic, tactical and operational improvements across end-to-end value chains. The unit also houses our freight forwarding subsidiary, Megafreight.

During the year, corporate activity to broaden its footprint and range of services included:

- Acquiring Loubser transport and HM Trust which respectively have operations in long distance haulage and 4PL logistics;
- Acquiring 50% + 1 share of e-Logics, which provides technology-based process planning and control, optimisation, automation and analysis solutions;
- Acquiring a non-controlling interest in Pragma Holdings, a leader in physical asset management services to industrial and public-service entities;
- Formalising partnerships with leading software providers to enhance its customised value-added logistics services and supply chain solutions, specifically in warehouse management and transportation optimisation systems;
- Increasing our interest in Volition Consulting Services from 50,1% to 66,53%; and
- Disposing of our interest in Fuelogic and closing certain non-performing businesses.

Imperial Logistics received several prestigious awards during the year, competing against well-established businesses. Arguably, given Imperial's core business, we are particularly pleased by the Enviro award for eco-friendly transport solutions. This is detailed in the sustainability report which can be downloaded from the Imperial website.

Results

Given its exposure to diverse industries, the division succeeded in limiting the negative impact of the economic recession, growing revenue by some 5% and operating profit by 3,4% for the year after a stronger second half.

Volumes increased on the back of higher economic activity, particularly in the second half of the review period. Our transport and warehousing business, which mainly services the manufacturing, mining, commodities and construction industries performed well and had a marked improvement in revenue and operating profit. New contract gains contributed to this performance.

Good results from the specialised freight business reflect improved efficiencies despite difficult trading conditions and erratic volumes in cement and industrial chemical production. Volumes increased in the food and liquor businesses and additional volumes were obtained in the liquid, petroleum and gas market, due to rationalisation in this industry.

The consumer logistics business was severely affected by the slowdown in consumer demand, although there was some volume improvement more recently. This division cut costs and rationalised its fleets according to current demand levels, thereby protecting its operating margins.

The new sub-division, integration services, was established and is well positioned to provide services to customers and other business units within this division. Megafreight was under significant pressure due to weak import and export activity levels.

Gross capital expenditure was R203 million higher at R811 million. The net investment in the fleet is marginally lower than a year ago.

The fleet size grew marginally to over 5 500 vehicles, with an average age of some 3,5 years. The fleet is being rebranded, which is significantly raising customer awareness.

DESPITE THE RECESSION IMPERIAL LOGISTICS INTERNATIONAL ACHIEVED AN OUTSTANDING RESULT IN THE 2010 FINANCIAL YEAR, ESPECIALLY IN THE SECOND HALF. RESULTS IN EURO TERMS ARE BETTER THAN REFLECTED IN OUR REPORTING CURRENCY.

INTERNATIONAL LOGISTICS

R MILLION	F2010	F2009	Change % YoY	H2 2010	H1 2010	Change % on H1 2010	H2 2009	Change % on H2 2009
Revenue	**6 378**	8 046	(20,7)	3 126	3 252	(3,9)	3 360	(7,5)
Operating profit	**298**	320	(6,9)	167	131	27,5	118	41,5
Operating margin (%)	**4,7**	4,0		5,3	4,0		3,5	

€ MILLION	F2010	F2009	Change % YoY	H2 2010	H1 2010	Change % on H1 2010	H2 2009	Change % on H2 2009
Revenue	**604**	651	(7,2)	312	292	6,8	273	14,3
Operating profit	**30**	25	20,0	18	12	50,0	8	125,0
Operating margin (%)	**5,0**	3,8		5,8	4,1		2,9	

Imperial Logistics International offers logistics services, including inland waterway transport in Europe, bulk and container terminal operations, warehousing, and multi-modal transportation. Global services span complex warehousing and distribution to tailored water, air and land transport for blue-chip customers. Through focused units, it annually manages 80 million tons in transport and handling with 1,5 million square metres of total storage capacity:

- **Panopa Logistik** – a leading logistics provider through 34 locations and subsidiaries in Germany, France, Poland and Portugal. The company's expertise lies in distributing processed steel rolls, automotive parts, components and preliminary assembly for a number of European vehicle and component manufacturers.
- **Neska** – a leading inland ports operator along the Rhine River, responsible for trans-shipment of over 1,2 million containers and 8 million tons per year, including handling and processing, storage and transportation of bulk and general cargo. Neska offers connections from Cologne, Dusseldorf and Duisberg to Antwerp and Rotterdam, utilising a variety of transport modes with our terminals serving as central hubs.
- **Brouwer Shipping and Chartering** – provides short-sea solutions and services routes from Europe to the Far East, USA and India for shipments of grain, feed, fertiliser, steel, coal, timber and scrap, totalling over 20 million tons per annum.
- **IMPERIAL Reederei Gruppe** – a leading European inland waterway shipping company, operating 600 inland vessels, with a total cargo loadcapacity of 1 million tons.

During the year, Imperial Logistics International acquired 55% of Provaart, a chartering business in Rotterdam operating on the Rhine River.

Results

Despite the recession, Imperial Logistics International achieved an outstanding result in its 2010 financial year, especially in the second half, which shows evidence of the strength of the recovery in industrial activity in Europe. Results in euro terms are better than reflected in our reporting currency due to the stronger rand, with revenue down only 7,2% and operating profit up 20% for the period.

Revenue growth was impacted by lower freight rates but volumes were higher than last year, especially in the second half. A new contract secured by Gillhuber for external warehousing and inter-plant transport for a motor manufacturer in Germany and the recommissioning of a steel furnace in January helped offset the decline in revenue.

In 2009 the division was quick to react to the advent of the global economic slump by reducing costs and restructuring supplier arrangements. The full benefit came through in the second half of the review period, evidenced by the healthy increase in operating margin over the preceding half year.

Panopa, which has significant exposure to the automotive market, was worst affected by the economic crisis, with lower volumes exacerbated by the loss of a contract during the period. However, Panopa remains profitable and generates an acceptable return on invested capital.

Port operator Neska performed well and maintained its profits, despite weak market conditions, mainly due to increased volumes in the container business. A number of new container terminals are now in full operation and a highly integrated multi-modal service (waterway, road and rail) is being provided to the German industry, using our network of terminals as central hubs.

Capital expenditure for the period was lower due to uncertainty on the duration of the economic downturn. This trend should reverse in the new financial year as economic conditions begin stabilising.

DIVISIONAL REVIEW > CAR RENTAL AND TOURISM

Imperial's vehicle rental and tourism interests span the domestic, corporate, government, leisure, insurance replacement and inbound tourism markets. Extensive support services are available at over 200 locations throughout southern Africa and Imperial has prime positions at all major airports.

Imperial has a long-term franchise agreement with Europcar International for the southern Africa region. In the prior year, Imperial Car Rental's operations were rebranded to Europcar, with clear benefits in the review period, particularly around the FIFA World Cup event. Europcar has a regional network of 130 branches. In addition, Europcar has exclusive inbound/outbound referral agreements with Enterprise, National and Alamo, providing access to their respective global customer bases and airline partnerships. The pioneer of low-cost car rental in South Africa, Tempest Car Hire, remains a trusted brand, building on an innovative business model that focuses on the optimum use of assets.

Osman Arbee, Chief executive officer of car rental and chairman of the tourism operations

Moeketsi Mosola, Chief executive officer of the tourism operations

DIVISIONAL RESULTS

for the year ended 30 June 2010

CAR RENTAL AND TOURISM	2010 Rm	2009 Rm	% Change
Revenue	**2 941**	2 618	12
Operating profit	**395**	336	18
Net financing cost	**(88)**	(91)	(3)
Profit before tax and exceptional items	**307**	280	10
Operating assets	**2 835**	2 136	33
Non-interest-bearing liabilities	**499**	358	39
Capital expenditure	**1 852**	1 110	67
Operating margin (%)	**13,4**	12,8	
Employees	**2 711**	2 585	2

DIVISIONAL CONTRIBUTION

	2010	2009
Revenue	5%	5%
Operating profit	12%	14%
Net operating assets	14%	11%

KEY OPERATIONAL FACTORS

Macro drivers

- Economic growth
- Interest rates
- Geopolitical stability
- Exchange rates
- Growth in tourism

Performance drivers

- Higher volumes through a fixed cost base
- Pricing
- Cost control, fleet utilisation and efficiencies
- State of the used car market

Risks

- Pricing policies in the car rental industry
- Crime
- Weak used car prices
- Ongoing weakness in local and international travel
- Exchange rates

Strategies

- Acquisitions in niche markets
- Efficiency and process improvements
- Regional growth by appointing agents
- Selectively expand tourism interests

THE DIVISION HAS ACHIEVED EXCELLENT YEAR-ON-YEAR GROWTH IN REVENUE AND OPERATING PROFIT. REAL GROWTH WAS ACHIEVED IN THE CAR RENTAL BUSINESS WITH RENTAL DAYS INCREASING BY 9%.

A network of 34 branches is complemented by growing use of an internet reservation system, alliances with low-cost airlines and a focus on the leisure market.

Imperial's niche rental interests include the Maui/Britz franchise (camper homes and 4x4 vehicles) and U-Drive (pick-up vehicles). Holiday Autos specialises in local and international outbound leisure car rental markets, while Gage Car Hire is a car rental broker specialising in the insurance vehicle replacement market and film industry.

Auto Pedigree is the largest used car dealer network in South Africa, operating from 70 branches. Imperial's strategy is to dispose of the majority of vehicles from its car rental fleet into the retail market through this business: by offering affordable, low-mileage vehicles and related value-added services such as online finance and insurance, Auto Pedigree has become a trusted consumer brand. This business has opened seven Chery franchises. AA Autobay, which facilitates private vehicle sales, and Imperial Auto Auction are complementary service extensions to this portfolio.

Imperial's tourism businesses include Springbok Atlas, an inbound tour operator with 162 luxury coaches and mini buses. Springbok Atlas specialises in organised tours and ground-handling for tourists. It has become the leader in providing transport and logistics at major sports events and conferences. Grosvenor Tours is an inbound tour operator specialising in the North and South American markets. Imperial Chauffeur Drive provides a service to the corporate, government and leisure markets through a fleet of chauffeur-driven vehicles.

Imperial Panelshops provides a repair service for the car rental fleet and, to a lesser extent, services the rest of the group and external customers.

Results

The division achieved excellent year-on-year growth in revenue and operating profit.

Real growth was recorded in the car rental business, with revenue days increasing by 9% and rental volumes boosted by the FIFA World Cup. Significant growth in the international (during the FIFA World Cup), leisure and vehicle replacement businesses compensated for flat corporate volumes and the decline in government volumes. U-Drive contributed for the full year compared to eight months in the prior year. Whilst the size of the fleet in June was 22% higher than last year due to the FIFA World Cup demand, the average rental fleet size was 4% up from last year and utilisation improved by 3%. Revenue per day was 1% below last year given a change in the business mix to a larger proportion of insurance replacement car rentals, generally for longer periods at lower daily rates. Replacement car rentals are beneficial in improving our fleet utilisation.

The used vehicle market was more buoyant and showed a strong improvement late in the period. Retail unit sales increased and margins improved on growing demand for late-model used cars.

Given anticipated demand during the FIFA World Cup, the division postponed its de-fleeting process to July. This had an impact on the year-end balance sheet as vehicles for hire increased by R498 million.

The tourism business also recorded improved performance for the full year, despite the impact of the global recession that has kept its main markets in the UK, Europe and North America under pressure. Touring revenue at Springbok Atlas improved, with the FIFA World Cup contributing significantly to higher coach-charter revenue. However, the global recession has affected all our touring and transport businesses, with normal trading business still under pressure, and we are not expecting any sustainable improvement in this market until 2011.

The year ahead in the car rental market is also expected to remain challenging, given the protracted effects of the global recession, and the combined impact of inflationary increases and new taxes, such as the imminent carbon emissions tax on new vehicles, on pricing structures.

CAR RENTAL AND TOURISM

R MILLION	F2010	F2009	Change % YoY	H2 2010	H1 2010	Change % on H1 2010	H2 2009	Change % on H2 2009
Revenue	**2 941**	2 618	12,3	1 497	1 444	3,7	1 281	16,9
Operating profit	**395**	336	17,6	226	169	33,7	173	30,6
Operating margin (%)	**13,4**	12,8		15,1	11,7		13,5	

DIVISIONAL REVIEW > DISTRIBUTORSHIPS

Manny de Canha, Chief executive officer of Associated Motor Holdings

Daan van der Linde, Chief executive officer of Imperial Parts division

Martin Banner, Chief executive officer of National Airways Corporation (NAC)

The key contributor in this division, Associated Motor Holdings (AMH), imports and distributes a range of passenger and light commercial vehicles, automotive products, industrial equipment and motorcycles for principals in Asia and Europe. AMH also operates Ford dealerships in Australia.

AMH's wholly-owned financial services arm, Liquid Capital, is a leading developer of service and maintenance plans for its own brands and others in the industry. Based on years of experience and hundreds of thousands of customers, Liquid Capital has built a formidable record of developing

DIVISIONAL CONTRIBUTION

Revenue	
2010	2009
31%	25%

Operating profit	
2010	2009
33%	20%

Net operating assets	
2010	2009
29%	24%

KEY OPERATIONAL FACTORS

Macro drivers

- Economic growth
- Interest rates
- New middle class
- National vehicle age
- Regulatory landscape
- Exchange rates

Performance drivers

- Vehicle sales
- Brand awareness
- Cost containment and overhead absorption
- Sales of value-added products
- Working capital management
- Volume throughput

Risks

- Interest rate increases
- Exchange rate volatility
- New legislation
- Availability of consumer credit

Strategies

- Expand value-added product sales
- Improved customer satisfaction
- Build vehicle parc by brand
- Maintain good relations with suppliers
- Own the dealer network

DIVISIONAL RESULTS

for the year ended 30 June 2010

DISTRIBUTORSHIPS	2010 Rm	2009 Rm	% Change
Revenue	**17 372**	13 112	32
Operating profit	**1 110**	491	126
Net financing cost	**(165)**	(188)	(12)
Profit before tax and exceptional items	**946**	307	208
Operating assets	**8 947**	6 656	34
Non-interest-bearing liabilities	**3 878**	2 708	43
Capital expenditure	**516**	545	(5)
Operating margin (%)	**6,4**	3,7	
Employees	**6 805**	5 465	25

THE HIGHLIGHT OF THE YEAR WAS THE CO-SPONSORSHIP OF THE FIFA WORLD CUP, INVOLVING SOME 800 VEHICLES, FIRMLY ESTABLISHING THE HYUNDAI AND KIA BRANDS AS MAJOR COMPETITORS IN SOUTH AFRICA.

affordable, cost-effective solutions that add value for end users and strengthen the relationship between vehicle dealers and their customers. Liquid Capital also offers related services such as customer satisfaction surveys and database mining for Imperial group companies and external parties. As part of its strategy to broaden its portfolio, during the year the division acquired a majority shareholding in the Goscor group. Goscor's primary businesses involve importing, distributing and rental of cleaning equipment, forklifts, power products and specialised arc welding and tooling. Industrial equipment and parts is an area the group will develop further as we can capitalise on our skills in importation, distribution and warehousing.

In the last quarter of the year, AMH and Imperial's automotive retail division launched a joint venture with leading vehicle financier Wesbank: Imperial Fleet Management is focused on providing a comprehensive and cost-effective service in its chosen market to meet the growing need for a total maintenance management solution. Extending the group's services into formal fleet management is underpinned by a solid business case, and capitalises on skills, technology and processes already proven and in place. The launch of Imperial Fleet Management strengthens the group's portfolio and enhances our compelling value proposition.

Imperial's parts division is active in the vehicle after-market, focusing on wholesaling and distributing parts and accessories for vehicles outside manufacturer warranty and service programmes. The group offers a wide range of products across general spares, accessories, engine parts and outdoor-orientated products like fishing, camping and cycling with superior margins. The largest contributors to divisional activities are the Midas group and Alert Engine Parts.

The business of National Airways Corporation (NAC) offers a full range of general aviation services and products to the fixed-wing and helicopter markets. Its services include sales, maintenance, avionics, parts, charter, flight operations and pilot training. NAC is a dealer for Hawker, Beechcraft, Bell helicopters, Robinson helicopters, Tecnam and Diamond aircraft. NAC owns and operates 43 Air School, one of the largest and most respected flying training organisations on the continent, catering for the private, general commercial, airline and military sectors.

Results

The highlight of the year was the co-sponsorship of the FIFA World Cup, a complex operation involving some 800 vehicles. Its seamless fulfilment paid off in firmly establishing the Hyundai and Kia brands as major competitors in South Africa.

The benefits of a rapid response to an extremely weak motor market in 2009 by reducing costs and increasing throughput were evident in the review period. Excluding the Australian operation, new vehicle registrations as reported to NAAMSA by AMH and Amalgamated Auto Distributors (AAD) are 54% up compared to a market increase of 2%. The successful launch of new models and improvement in the new vehicle market in the past six months all contributed to exceptional growth in revenue and operating profit.

Sales reflect a changing trend in the model mix towards entry vehicles, notably Kia Picanto, Hyundai Atos and Hyundai i10, filling a gap in the marketplace. These models also supported significant gains into car rental companies.

R MILLION	F2010	F2009	Change % YoY	H2 2010	H1 2010	Change % on H1 2010	H2 2009	Change % on H2 2009
Revenue	**17 372**	13 112	32,5	9 739	7 633	27,6	6 051	60,9
Operating profit	**1 110**	491	126,1	730	380	92,1	309	136,2
Operating margin (%)	**6,4**	3,7		7,5	5,0		5,1	

The improved margin reflects the substantial increase in sales volumes, effective cost control and a stable rand.

In South Africa, AMH gained considerable market share in the new vehicle market, although conditions remained extremely challenging in the motorcycle and luxury car markets. During the period AMH ceased distributing Citroen in southern Africa. Revenue from service operations reflected the tendency by vehicle owners to drive less and extend service intervals through self-maintenance in current economic conditions. Higher parts sales confirm this trend.

The Australian dealerships made a modest profit after interest, despite lower retail unit sales.

In the first half, we invested a further R150 million via convertible debenture in Renault South Africa, our 49% held associate company. Renault is performing well and has experienced a marked improvement in sales volumes as a result of new product launches.

In the auto parts division, which specialises in supplying after-market spare parts and accessories, the Midas acquisition became effective from 1 December 2009. This business is performing ahead of expectations and made a meaningful contribution to divisional profits over seven months. Alert Engine Parts performed well during the period. Imperial is now the leader in this very substantial market segment and our scale will facilitate further efficiencies and create a base to enter adjacent parts and component markets.

Earnings from NAC declined on lower aircraft sales, in turn a function of lower demand and lack of availability of bank funding for this asset class. This was partly offset by higher revenues from the charter division during the FIFA World Cup.

The division has further reduced its interest in NGK Spark Plugs by disposing of 24% of its shareholding.

DIVISIONAL REVIEW > AUTOMOTIVE RETAIL

Imperial Automotive Retail represents all major original equipment manufacturers (OEMs) in South Africa. The spread of brands includes Alfa, Audi, BMW, Chrysler, Chevrolet, Dodge, Fiat, Ford, Freightliner, Fuso, Hino, Honda, Hyundai, International, Isuzu, Jaguar, Land Rover, Lexus, Mazda, MAN, Mercedes-Benz, Mini, Mitsubishi, Nissan, Nissan Diesel, Opel, Renault, Suzuki, Toyota, Volkswagen and Volvo.

The final steps in rationalising the automotive retail footprint was completed early in the review period, allowing management time to focus on marketing. We now have a more balanced representation model for various OEMs in South Africa.

In the United Kingdom, the group retails DAF, Isuzu, Renault, Fiat, and Hino commercial vehicles. During the year, we also acquired Ford, Volkswagen and Isuzu light commercial vehicle franchises at some of our existing sites to enhance economies of scale. All three brands are substantial volume players in the light delivery vehicle market.

The four Nissan dealerships in Sweden were sold in the first quarter of the financial year.

Philip Michaux, Chief executive officer of automotive retail

DIVISIONAL RESULTS

for the year ended 30 June 2010

AUTOMOTIVE RETAIL	2010 Rm	2009 Rm	% Change
Revenue	**15 543**	16 691	(7)
Operating profit	**351**	279	26
Net financing cost	**(134)**	(185)	(28)
Profit before tax and exceptional items	**206**	142	45
Operating assets	**4 381**	4 932	(11)
Non-interest-bearing liabilities	**1 707**	1 658	3
Capital expenditure	**239**	297	(20)
Operating margin (%)	**2,3**	1,7	
Employees	**6 489**	6 802	(9)

Results

Divisional results improved significantly over the prior year, despite new commercial vehicle sales volumes being down on last year, and passenger sales volumes being in line with the overall market growth of 2%. Pressure on volumes was exacerbated by dealership closures in the previous year. Volumes began to improve significantly in the second half of 2009.

Following strict cost management and the closure of unprofitable dealerships, the operating margin for the full year improved to 2,3% from 1,7% in 2009. Margins also benefited from the robust used vehicle market and continued focus in the after-sales businesses.

DIVISIONAL CONTRIBUTION

	2010	2009
Revenue	28%	31%
Operating profit	10%	11%
Net operating assets	16%	20%

KEY OPERATIONAL FACTORS

Macro drivers

- Economic growth
- Interest rates
- Consumer confidence
- Currency movements
- OEM performance
- Regulatory landscape

Performance drivers

- New vehicle sales
- Cost containment and overhead absorption
- Sales of value-added products
- Working capital management

Risks

- Ability to source and retain skilled individuals
- Exchange rate volatility
- Interest rate increases
- Availability of consumer credit

Strategies

- Expand used vehicle sales
- Improve customer satisfaction
- Maintain good relations with suppliers and customers
- Develop non-OEM product lines further

CURRENT TRENDS INDICATE PASSENGER AND LIGHT COMMERCIAL VEHICLE VOLUMES HAVE IMPROVED MARKEDLY. THE TOTAL MARKET HAS RISEN ALMOST 24% FOR THE SIX MONTHS TO JUNE 2010

The balanced brand representation model contributed to improved results. Despite the highly competitive market, this division has maintained market share.

Current trends indicate passenger and light commercial vehicle volumes have improved markedly. The total market has risen almost 24% for the six months to June 2010, with passenger cars up 28%.

The commercial vehicle market has flattened out due to stronger extra-heavy commercial sales but medium and heavy commercial sales have continued to decline.

Availability of new vehicle stock continues to be under pressure due to the impact of the labour market instability in the local vehicle manufacturing market.

The pricing gap between quality used cars and new cars has continued to close, which should favour new car sales in future.

In the UK, Imperial Commercials produced positive results in an extremely depressed market, driven primarily by its significant after-market business and aggressive cost-cutting measures.

The marketing strategy implemented during the year saw Beekman Canopies' sales improve despite a reduction in the light commercial vehicle market. Sales volumes in Jurgens Caravans also improved. Beekman and Jurgens are capitalising on manufacturing synergies and a strategy to improve volumes by harnessing group-wide opportunities is being implemented and should assist in further improving divisional profitability.

R MILLION	F2010	F2009	Change % YoY	H2 2010	H1 2010	Change % on H1 2010	H2 2009	Change % on H2 2009
Revenue	**15 543**	16 691	(6,9)	7 829	7 714	1,5	7 195	8,8
Operating profit	**351**	279	25,8	182	169	7,7	128	42,2
Operating margin (%)	**2,3**	1,7		2,3	2,2		1,8	

DIVISIONAL REVIEW > INSURANCE

Since merging its short-term insurance and life assurance operations in 2008, Regent is now well-positioned to achieve solid growth, offering a comprehensive and competitive range of products and service to the commercial and retail markets.

- **Short-term insurance**
  Regent has developed a robust short-term insurance business through a focused strategy, empowered leadership and strong entrepreneurial flair. Its product range caters for a number of specialist and niche markets, such as commercial vehicles and aviation, spanning both group and individual cover with innovative products that meet the unique and changing needs of customers.

- **Life insurance**
  Regent's life assurance offering spans a diverse range of needs for groups and individuals, based on the commitment to develop solutions aimed at protecting and generating wealth at the most affordable rates. Expanding from its established base in the credit life market, Regent now provides life assurance beyond the motor-related sector.

The strengthened management team has concentrated on balance sheet management and operational efficiencies to achieve a combined operation that functions smoothly under a single Regent banner.

David Gnodde, Chief executive officer of Regent group

DIVISIONAL RESULTS

for the year ended 30 June 2010

INSURANCE	2010 Rm	2009 Rm	% Change
Revenue	**2 694**	2 847	(5)
Operating profit	**493**	315	57
Profit before tax and exceptional items	**506**	328	54
Operating assets	**3 891**	4 080	(5)
Non-interest-bearing liabilities	**2 243**	2 509	(11)
Capital expenditure	**37**	81	(54)
Operating margin (%)	**18,3**	11,1	
Employees	**1 090**	1 097	(5)

Results

Results for the year reflect an unfolding strategy as Regent builds its presence in related markets and develops opportunities within the broader group. The improvement in operating profit is due to a pleasing underwriting result coupled with investment income, including fair value adjustments, which increased from R116 million to R275 million mainly due to the recovery of equity markets over the past year.

Equities currently represent some 20% of the investment portfolio, and this proportion should increase modestly over the next year within a prudent investment framework.

DIVISIONAL CONTRIBUTION

	2010	2009
Revenue	5%	5%
Operating profit	14%	13%
Net operating assets	10%	10%

KEY OPERATIONAL FACTORS

Macro drivers
- Economic growth
- Interest rates
- Motor vehicle sales
- Regulation
- Consumer disposable income

Performance drivers
- Economies of scale
- Niche products
- Distribution channels
- Assumed risk and reinsurance

Risks
- Investment return weakness
- Underwriting cycles
- Policy lapse rates

Strategies
- Access new, related markets
- Further develop distribution channels
- Process and product design
- Cost and capital efficiency

RESULTS FOR THE YEAR REFLECT AN UNFOLDING STRATEGY AS REGENT BUILDS ITS PRESENCE IN RELATED MARKETS AND DEVELOPS OPPORTUNITIES WITHIN THE BROADER GROUP.

Gross written premium was 5,4% lower, following the loss of a key account in Botswana and generally lower economic activity levels affecting the commercial vehicle and motor comprehensive policy sales in the South African short-term business in the first half of the review period.

The adjusted underwriting result was 9,5% higher at R218 million, largely due to good growth and improved profitability from individual life business in South Africa. This made a meaningful contribution to results, particularly in the second half as reflected in the improved net underwriting margin. This result was, however, affected by the reduced benefit of the run-off in the remaining single premium book. The profit contributed by this run-off is reducing in line with expectations and will end in the 2012 financial year. This revenue stream is being replaced by growth in recurring premium individual life business, underscoring Regent's strategy of accessing new and related markets.

While short-term insurance underwriting conditions are expected to remain difficult, we expect positive growth in gross written premiums, reflecting improved conditions in the motor market.

During the period, the 35% interest in Flagstone Re Africa was sold for R84 million.

The Regent group is well capitalised, with both short-term insurance and life assurance solvency margins and capital adequacy ratios being well above statutory minimum levels.

While underwriting conditions are expected to remain challenging for the foreseeable future, strong management and strategic focus are expected to underpin this division's steady growth.

R million	F2010	F2009	Change % YoY	H2 2010	H1 2010	Change % on H1 2010	H2 2009	Change % on H2 2009
Revenue	**2 694**	2 847	(5,4)	1 345	1 349	(0,3)	1 393	(3,4)
Investment income	**275**	116	137,1	110	165	(33,3)	128	(14,1)
Underwriting result	**218**	199	9,5	122	96	27,1	110	10,9
Operating profit	**493**	315	56,5	232	261	(11,1)	238	(2,5)
Net underwriting margin	**8,1**	7,0		9,1	7,1		7,9	

Note: Investment income and underwriting income have been adjusted by the reallocation to underwriting income of policyholder benefits attributable to investment-linked policies of R42 million (2009: R24 million)

FINANCIAL DIRECTOR'S REPORT

Hafiz Mahomed, Financial director

IN THIS SECTION

Review of results

Revenue from continuing operations was 2% higher at R53,4 billion: 59% generated by our automotive retail and distributorships divisions which derive the bulk of their revenue from retailing passenger and commercial vehicles, and 31% from the southern African and European logistics operations. The car rental and tourism and insurance divisions generated the remaining 10% of revenue. This revenue split indicates an increase of 3% in the contributions of the combined motor retailing businesses.

Revenue from the sale of goods was up 9,5% from R27,8 billion to R30,4 billion mainly due to the strong performance of the distributorship division. Revenue from services rendered dropped from R21,7 billion to R20,5 billion caused by the 21% drop in revenue from the international logistics division, partially due to rand strength in relation to the euro.

Operating profit was 34% higher, a substantial increase in a market still recovering from the recession. The group's operating margin of 6,2% improved from 4,7% in 2009 and 5,3% in 2008, before the onset of the global economic crisis and subsequent recession. All divisions improved their margins, most significantly the distributorships division which rose from 3,7% to 6,4% on a substantial revenue increase of 32,5%. The group's margin improvement can be credited to a modest revival in certain of our markets and good cost management across the group.

Given its exposure to diverse industries, the local logistics division succeeded in limiting the negative impact of the economic recession by growing revenue 4,9% and operating profit by 3,4%. Operating profit from African operations was 33% up as we continue growing our footprint in the continent. Despite the drop in revenue, Imperial Logistics International achieved an outstanding result in its 2010 financial year, especially in the second half, reflecting the strength of the recovery in industrial activity in our European target markets. Revenue growth was negatively impacted by lower freight rates but volumes were higher than last year, especially in the second half. Results in euro terms are more reflective of the actual performance as the stronger rand negates this on translation, with revenue down only 7,2% and operating profit up 20,0% for the year.

The car rental and tourism division achieved excellent year-on-year growth in revenue and operating profit. Strong growth was recorded in the car rental business with rental volumes boosted by the FIFA World Cup. Significant growth in the international, leisure and vehicle replacement businesses compensated for flat corporate volumes and the decline in government volumes. The rebranding of the car rental business to Europcar, associated marketing spend and facilities upgrades brought numerous benefits and efficiencies to the business. U-Drive also contributed for the full year compared to eight months in the prior year.

The improved operating profit from our insurance division reflects a pleasing underwriting result and increased investment income (including fair value gains) from R116 million to R275 million, predominantly due to improved equity markets.

Income from associates increased by 63% to R174 million. The contribution of R175 million from our 49,9% interest in Imperial Bank until its disposal in early February 2010 was up from R126 million earned last year. Our newly acquired 25% interest in MiX Telematics added R5,6 million, while the contribution from some smaller associates declined.

Net finance cost reduced by 35% to R597 million. Gross interest-bearing debt declined by almost R2 billion due to good working capital management, cash receipts from the sale of Imperial Bank and the effect of the stronger rand on our foreign debt balances. The charge was further reduced by lower rand interest rates on our floating rate debt, which constitutes some 40% of gross debt, fair value gains compared to prior-year losses on interest rate swaps as well as interest savings on euro bond repurchases.

The effective tax rate was 31% compared to the statutory tax rate of 28%. The higher tax rate is attributable to the capital gains tax (CGT) payable on the sale of our 49,9% shareholding in Imperial Bank and STC on dividends paid and on share buybacks to hedge share appreciation rights obligations. This was partially offset by the benefit from the share scheme provision reversal and prior-year overprovisions.

Certain non-trading items included in headline earnings made a relatively small contribution to headline earnings per share (HEPS). These are a fair value gain on the Lereko BEE financial instrument of R78 million (42cps), a benefit of R69 million (37cps) on the reversal of a share trust loan impairment and related tax benefit, and a R27 million (15cps) gain on the repurchase of euro bonds. When set off against the inclusion in headline earnings of R120 million (65cps) in capital gains tax on the sale of Imperial Bank, the net gain of these items (29cps) is only 3% of continuing HEPS.

HEPS of 976 cents from continuing operations increased by 40%, compared to a 17% increase at the interim stage. HEPS in the previous year included a foreign exchange gain of R394 million (212 cents per share), earned on the repatriating of capital from our European operations.

Discontinued operations

Revenue from discontinued operations was R361 million, with an operating loss of R5 million. After fair value adjustments the profit for the year was R59 million.

The winding down of Commercial Vehicle Holdings is virtually complete. Vendor loans to the acquirer of our aviation assets are paid up to date in accordance with the various contractual obligations. Net assets still to be realised amounts to R485 million.

HEPS from discontinued operations was 16 cents compared to 17 cents in the prior year. In view of the fact that discontinued operations are now insignificant, in future the results will be disclosed in total only.

Full details of discontinued operations are disclosed in note 16 to the annual financial statements.

Dividends

A final ordinary dividend of 200 cents per share has been declared, which brings the total ordinary dividend for the year to 350 cents per share (2009: 200 cents per share), an increase of 75% on the prior year. A preference dividend of 783,08 cents per preference share will be paid for the full year.

Review of the financial position

Total assets increased by 2,7% to R34,2 billion. Vehicles for hire increased by R584 million as a result of the delayed de-fleeting because of the FIFA World Cup. Investments in associates decreased following the sale of our 49,9% interest in Imperial Bank.

The decrease in cash during the year also reflects the share buyback of R200 million and the movement of approximately R750 million cash to a longer-dated maturity profile in the investment portfolio of Regent, resulting in a reallocation from cash to investments on the balance sheet.

Working capital was tightly managed at R1 851 million, a net decrease of R36 million compared to a year ago notwithstanding the acquisition of Midas and Goscor.

Net debt (excluding preference shares) to equity is at 39% compared to 50% a year ago and at December 2009, and is below our target range of 60% to 80%.

Two bonds totalling R2 billion mature in August and November 2010 and adequate facilities are available for these redemptions. We will continue to raise long-term debt when appropriate to maintain good liquidity to ensure a smooth debt redemption profile that matches our asset base. Imperial also participates in the commercial paper market as our needs require.

The group has R6,4 billion of unutilised funding facilities.

Review of cash flow

Cash generated by operations (after net capital expenditure on rental assets) is down by 27% to R3 865 million, mainly as a result of the delayed de-fleeting in the car rental fleet because of the FIFA World Cup and the reduction in net working capital being much lower than in the prior year.

Financial ratios and statistics

	2010	2009
EBITDA to revenue (%)*	**8,7**	7,2
Net interest covered by EBITDA (times)*	**7,8**	4,1
Interest cover by operating profit (times)*	**5,5**	2,7
Operating margin (%)*	**6,2**	4,7
Operating profit to operating assets (%)*	**11,1**	8,6
Tax rate (%)*	**31,0**	32,1
Headline earnings on average equity (%)	**17,6**	13,7
Return on invested capital (%)#	**12,9**	11,5
Weighted average cost of capital (%)	**10,5**	10,9
Working capital to revenue (%)#	**5,1**	6,1
Revenue to net operating assets#	**3,0**	3,0
Net debt to equity (including preference shares) (%)	**42,5**	53,9
Net debt to EBITDA (times) (including preference shares)	**1,1**	1,5
Equity to total assets (%)	**34,9**	31,1
Distributions during the year (cents)	**350**	200
Headline earnings per share (cents)	**992**	715
Price earnings ratio (times)	**8,6**	8,2
Earnings yield (%)	**11,6**	12,3
Dividend yield (%)	**4,1**	3,6
Net asset value per share (cents)	**5 529**	4 820

**For continuing operations only*
 # These are based on the average invested capital, working capital and net operating assets during the year

OPERATING PROFIT WAS 34% HIGHER, A SUBSTANTIAL INCREASE IN A MARKET STILL RECOVERING FROM RECESSION. THE GROUP'S OPERATING MARGIN OF 6,2% IMPROVED FROM 4,7% IN 2009, AND 5,3% IN 2008.

The major improvement in working capital in the prior year, when our businesses contracted, could not be repeated, considering the growth experienced in most of the underlying operations in the current year.

Net capital expenditure (other than rental assets) was down from R1 217 million to R905 million.

Cash proceeds from the sale of Imperial Bank Limited totalled R1,4 billion.

A net amount of R415 million was spent on acquiring subsidiaries and businesses. The major acquisitions were Midas group and Uvundlu Investments group (Goscor group). Net acquisition of associates amounted to R271 million including the acquisition of 25% of MiX Telematics and an investment of R150 million in Renault South Africa, our 49% held associate, via a convertible debenture. Cash dividends of R653 million were paid and R200 million incurred on share buybacks to hedge share scheme obligations.

Free cash flow was 119% of total headline earnings for the year showing great strength in converting earnings into cash generation. Free cash flow has been calculated by adjusting the cash flow from operating activities to exclude the expansion capital expenditure on rental assets and deducting replacement capital expenditure on other assets.

Treasury management

The group's treasury activities are directed by the asset and liability committee (Alco) with primary focus on liquidity, interest rate and foreign exchange risk management.

The group's liquidity position remained strong and was enhanced with the R1,4 billion received from the sale of our interest in Imperial Bank Limited. The final payment of R477 million was received on 13 August 2010. Due to the low bank debt position of the group the sale proceeds were used to repay short-term commercial paper. The strong liquidity position also allowed the group to reduce bank facilities further and, as such, reduced the commitment fees payable on such facilities. In addition the Midas and Goscor acquisitions were funded during the period.

During the first half of this financial year, we took advantage of weak international bond markets to repurchase euro 49 million of Imperial Mobility Finance's euro bond when parcels became available on the open market at attractive price levels. These purchases were funded out of cash held overseas and drawing down a small portion of the euro 250 million syndicated loan facility. This brings total purchases to euro 63,7 million, leaving a total of euro 236,3 million outstanding maturing in April 2013.

The interest rate risk of the group remained at modest levels. Two fixed rate interest rate swaps of R500 million each will expire in August and December 2010 resulting in lower interest rates on the floating rate debt portion.

The group's committed foreign exchange exposures are hedged and the strong rand provided the opportunity to lock in favourable exchange rate levels on future motor vehicle import orders up to a year ahead. New South African exchange control regulations came into effect allowing the hedging of certain direct exposures by way of 'rand settled' hedging instruments up to six months at a time. The group used this new ruling to hedge its exposure to import duties and will continue to do so.

Improvements in the group's return on invested capital, and working capital were achieved, reflecting the continued focus by all divisions on these disciplines.

Two bonds mature in the first half of the 2011 financial year, being Imperial Capital Limited's R1 billion bond (IC01) on 31 August 2010 and Imperial Group (Pty) Limited's R1 billion bond (IPL3) on 30 November 2010. The IC01 bond will be repaid using existing bank facilities. The group intends to access the debt capital market shortly. Lead arrangers have been appointed and work is under way to prepare for issuance of five-year and seven-year bonds for a combined total of up to R2 billion in September 2010.

To supplement the group's hedges for share appreciation rights allocated to staff, R200 million of Imperial Holdings Limited shares were purchased during the reporting period.

Imperial Capital

This funding structure was implemented in 2005 when Imperial still had a large leasing book and needed to fund mobility assets including mining and earthmoving equipment. With the unbundling of Eqstra Holdings Limited the future viability of Imperial Capital is being monitored and reviewed. The spread advantage over unsecured Imperial debt has now narrowed to such an extent that we have decided to use the bond maturity in August 2010 to start financing new assets in Imperial Group (Pty) Limited instead. The structure will be maintained for a smaller pool of logistics assets and reviewed when the second bond (IC02) for R500 million matures in May 2012.

Black economic empowerment

Lereko Mobility

Third-party debt for the Lereko BEE transaction of R856 million is due for settlement by Lereko Mobility on 1 October 2010. Lereko Mobility (49% held by Imperial) holds 14 516 617 preferred ordinary shares in Imperial and Eqstra; these will convert to ordinary Imperial and Eqstra shares on 30 September 2010. Lereko Mobility has sold 8 million Imperial and 8 million Eqstra ordinary shares by way of forward sales, and a further small quantity of Imperial and Eqstra shares will still be sold to raise the required funds to settle the third-party debt when it falls due. Lereko Mobility will then hold approximately 6 million Imperial and 6 million Eqstra shares. The agreement regarding vendor finance of R598 million provided in 2005 will continue until 2015, or one year earlier, at the discretion of Imperial and Eqstra. On settlement of the third-party funding, the fair value of the vendor loan will no longer be adjusted through the statement of comprehensive income and the remaining shares will be treated as treasury shares. Although the group will have approximately 8,5 million additional ordinary shares in issue, the saving of the preferred dividend will result in earnings being neutral. From the date of the conversion of the shares to the date of the vendor finance settlement, the dividends accruing on the converted Imperial and Eqstra shares will be for the benefit of Lereko shareholders.

Ukhamba share conversion

In terms of the Ukhamba BEE transaction, 883 090 deferred ordinary shares converted to ordinary shares with effect from 1 July 2010. These shares will be listed on the JSE.

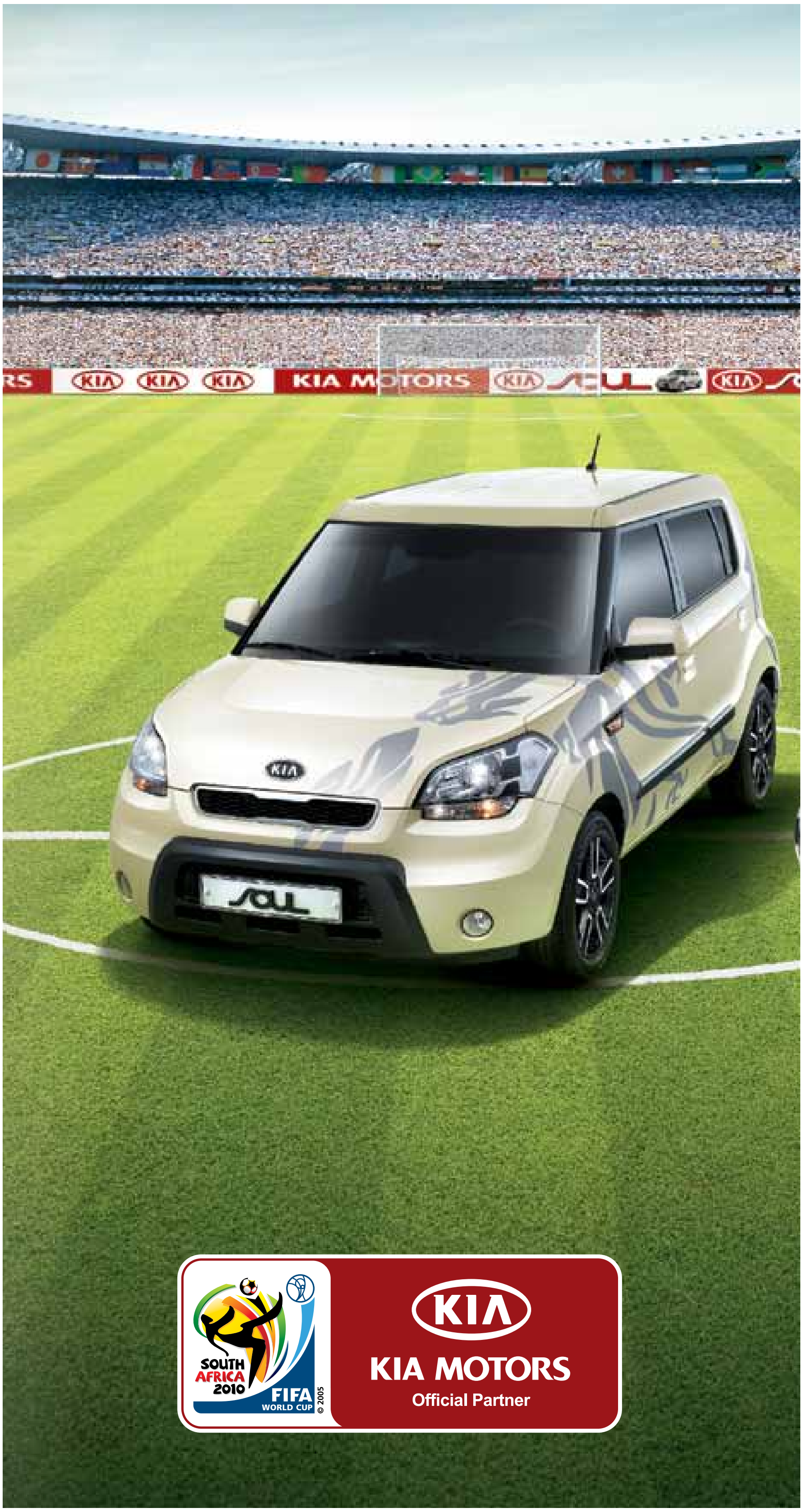
Post year-end announcement

On 15 July 2010 Imperial announced its firm intention to make an offer to acquire 100% of issued shares in JSE-listed CIC Holdings Limited for a total cash consideration of R724 million.

CIC operates within the fast moving consumer goods (FMCG) industry through distributor agreements with blue chip manufacturers, both locally and internationally. Its service offering includes wholesaling, merchandising, warehousing, distribution, debtors administration, staffing and security solutions. The group has facilities in the main centres throughout Namibia, Botswana, Swaziland, Mozambique and South Africa.

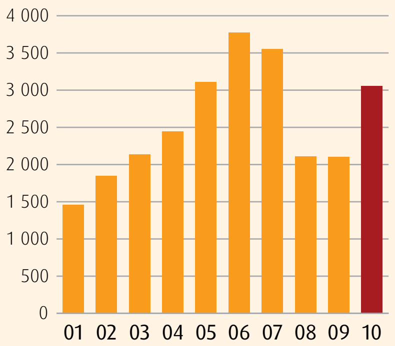
Hafiz Mahomed
Financial director

24 August 2010



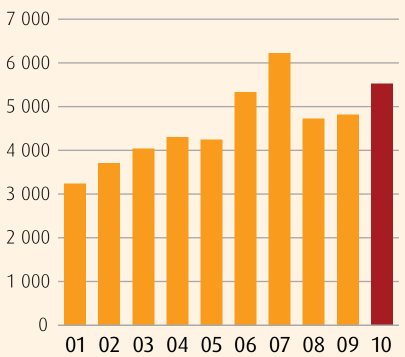
10-YEAR REVIEW

Profit before tax and exceptionals (R million)



2007 to 2010 continuing operations only

Net asset value per share (cents)

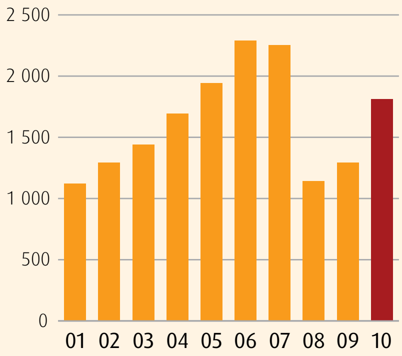


	10 year compound growth	2010 Rm
Income statement – Headline earnings (Note 1)		
Revenue	13	**53 438**
Profit from operations before the following:		**4 858**
Depreciation, amortisation and recoupments		**(1 379)**
Net financing costs		**(597)**
Income from associates and joint ventures		**174**
Profit before taxation and exceptional items	6	**3 056**
Income tax expense		**911**
Profit after taxation	6	**2 145**
Impairment (reversal) of property, plant and equipment, net of taxation		**33**
Profit on disposal of property, plant and equipment, net of taxation		**(80)**
Non-controlling interest		**10**
Taxation on exceptional items		**18**
Exceptional items included in income from associates and joint ventures		**4**
Goodwill, net of taxation		
Non-controlling interest, excluding share of exceptional items		**(241)**
Earnings attributable to preferred ordinary shareholders		**(78)**
Headline earnings attributable to ordinary shareholders	4	**1 811º**
Abridged statement of financial position		
Intangible assets		**1 006**
Investments, loans, associates and joint ventures		**3 211**
Property, plant and equipment		**5 983**
Transport fleet		**3 399**
Leasing assets		
Vehicles for hire		**2 237**
Deferred tax assets		**658**
Other non-current financial assets		**206**
Inventories		**6 809**
Taxation in advance		**126**
Trade and other receivables		**6 165**
Cash resources		**3 199**
Assets classified as held for sale		**747**
Final instalment on sale of Imperial Bank Limited		**477**
Total assets	9	**34 223**
Equity settled interest-bearing debt		
Insurance and investment contracts		**1 093**
Deferred tax liabilities		**656**
Interest-bearing borrowings (Including preference shares)		**8 274**
Other liabilities		**11 992**
Liabilities directly associated with assets classified as held for sale		**262**
Total liabilities		**22 277**
Net assets		**11 946**

See page 34 for notes.

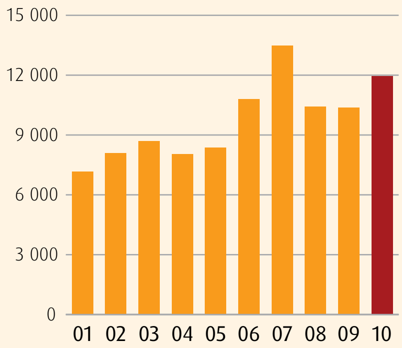
2009 Rm	2008 Rm	Note 1 2007 Rm	2006 Rm	2005 Rm	2004 Rm	2003 Rm	2002 Rm	2001 Rm
52 219	55 927	54 451	54 105	42 605	34 747	32 277	28 122	21 874
4 157	3 728	4 681	5 904	4 898	3 954	3 741	3 364	2 672
(1 237)	(1 086)	(889)	(1 632)	(1 390)	(1 256)	(1 216)	(1 078)	(824)
(923)	(807)	(478)	(782)	(586)	(478)	(555)	(500)	(428)
107	278	236	282	186	228	167	65	42
2 104	2 113	3 550	3 772	3 108	2 448	2 137	1 851	1 462
502	707	1 008	1 234	989	692	606	484	291
1 602	1 406	2 542	2 538	2 119	1 756	1 531	1 367	1 171
(6)	3	(4)	8					
(67)	(58)	(25)	(10)	(5)	(9)	(9)	(4)	(5)
(1)								
	25	1	(1)	22				
4	6	(3)						
					59	58	50	16
(160)	(162)	(207)	(244)	(195)	(112)	(142)	(119)	(60)
(78)	(78)	(52)						
1 294º	1 142º	2 252º	2 291	1 941	1 694	1 438	1 294	1 122
901	897	688	945	622	488	504	606	280
3 470	4 337	5 782	3 810	2 699	2 660	1 989	1 903	1 944
5 976	5 681	4 505	4 231	2 781	2 311	2 180	2 109	1 544
3 483	3 465	2 789	2 570	2 449	4 785	1 881	1 556	1 205
	337	338	6 443	5 074	2 150	4 713	4 532	3 388
1 653	1 286	1 012	896	790	734	735	580	538
645	637	268	426	339	275	247	348	133
203	330	842	718	412				
5 592	6 442	6 227	7 535	5 586	3 729	3 551	2 772	2 538
154	111	(73)	108	128	98	61	90	49
5 633	6 821	6 284	8 248	5 752	4 769	4 480	4 142	3 249
4 655	3 148	2 302	1 630	1 043	1 261	1 298	1 472	1 508
950	4 440	14 570						
33 315	37 932	45 534	37 560	27 675	23 260	21 639	20 110	16 376
			794					
1 356	1 535	1 722	1 331	978	833	566	428	247
652	549	548	941	695	630	531	489	232
10 235	12 040	6 950	10 699	7 562	6 576	6 135	5 901	4 110
10 252	11 035	10 915	13 008	10 084	6 161	5 715	5 201	4 629
459	2 357	11 932						
22 954	27 516	32 067	26 773	19 319	14 200	12 947	12 019	9 218
10 361	10 416	13 467	10 787	8 356	9 060	8 692	8 091	7 158

Headline earnings (R million)



2007 to 2010 continuing operations only

Total shareholders' equity (R million)



	10 year compound growth	2010 Rm
Funded by		
Imperial Holdings' shareholders		**11 140**
Non-controlling interest		**806**
Total shareholders' equity	6	**11 946**
Share performance (cents per share)		
Headline earnings per share*	5	**976º**
Dividends per share#	2	**350**
Net asset value per share	6	**5 529**
Market prices		
– Closing		**8 580**
– High		**10 750**
– Low		**5 650**
Total market capitalisation at closing prices (Rm)		**18 095**
Value of shares traded (Rm)		**22 964**
Value traded as a percentage of average capitalisation (%)		**151**
Number of employees		**35 968**
Key ratios		
Operating margin (%)		**6,2**
Return on average ordinary shareholders' interest (headline) (%)		**17,6**
Total shareholders' equity to total assets (%)		**34,9**
Interest-bearing debt as a % of total shareholders' equity (%)		**42,5**

1 Certain ratios, share performance and market capitalisation numbers are not comparable as the effects of the discontinued operations, unbundling and disposals impact comparability of the prior years.

The 2006 to 2010 numbers are stated in terms of IFRS. The previous years are reported as previously under SA GAAP.

* *Calculated on weighted average number of shares*

\# *Dividend includes capital distributions and notional dividends on which capitalisation share awards were calculated*

º *Continuing operations only*

2009 Rm	2008 Rm	Note 1 2007 Rm	2006 Rm	2005 Rm	2004 Rm	2003 Rm	2002 Rm	2001 Rm
9 774	9 605	12 521	10 002	7 890	8 618	8 199	7 658	6 975
587	811	946	785	466	442	493	433	183
10 361	10 416	13 467	10 787	8 356	9 060	8 692	8 091	7 158
698º	615º	1 216º	1 221	969	836	700	609	528
200	245	560	474	395	315	265	230	190
4 820	4 732	6 223	5 330	4 244	4 307	4 041	3 712	3 235
5 830	5 275	14 150	12 850	10 180	6 712	5 399	5 430	6 750
6 700	14 849	17 693	17 600	10 850	7 150	5 750	7 000	6 850
3 957	4 800	12 250	10 000	6 650	5 250	4 300	4 375	4 950
12 367	11 190	29 661	26 715	20 909	14 676	11 703	11 739	14 553
14 258	23 801	26 823	23 158	10 596	5 738	5 249	5 896	5 036
121	117	95	97	60	44	45	45	39
34 353	41 520	43 792	39 412	32 696	29 528	26 897	27 162	25 036
4,7	5,2	6,9	8,2	8,0	8,3	8,1	8,1	8,4
13,7	10,3	20,0	25,6	23,0	20,3	18,1	17,7	17,5
31,1	27,5	29,6	28,7	30,2	39,0	40,2	40,2	43,7
53,9	85,4	85,4	91,4	78,0	58,7	55,6	54,7	36,4

SHAREHOLDERS' INFORMATION

Distribution of shareholders (listed ordinary shares)

	Number of shareholders	Number of shares ('000)	% of ordinary shares listed
Public shareholders	4 771	149 521	70,9
Non-public shareholders			
– Shareholder holding more than 10%	1	26 893	12,8
– Directors, their associates and employees	35	10 614	5,0
– Treasury stock	1	23 864	11,3
	4 808	210 892	100,0

Spread of holdings (listed ordinary shares)

	Number of shareholders	%	Number of shares ('000)	%
1 – 1 000	3 335	69,4	1 157	0,5
1 001 – 10 000	915	19,0	2 879	1,4
10 001 – 100 000	383	8,0	14 079	6,7
Over 100 000	175	3,6	192 777	91,4
	4 808	100,0	210 892	100,0

Shareholder type

	Number of shares ('000)	% of voting shares
Financial institutions, pension and provident funds	84 024	38,6
Unit trusts	52 209	24,0
Individuals	20 888	9,6
Directors and employees	10 614	4,9
Corporate holdings	19 293	8,9
Listed ordinary shares (net of treasury stock)	187 028	86,0
Deferred ordinary shares	15 896	7,3
Preferred ordinary shares	14 517	6,7
Total voting shares in issue net of treasury stock	217 441	100,0
Treasury stock	23 864	
Total shares in issue	241 305	

Shareholdings of more than 3%

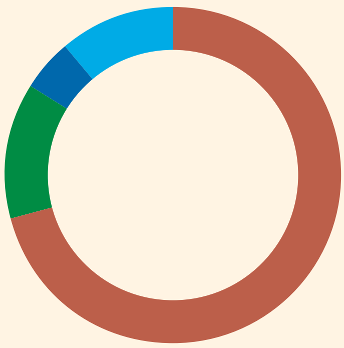
	Share class	Number of shares ('000)	% of issued voting capital
Public Investment Corporation Limited	Ordinary	26 893	12,4
Sanlam Investment Management	Ordinary	12 350	5,7
Lynch Family Holdings	Ordinary	8 963	4,1
Ukhamba Holdings (Proprietary) Limited	Ordinary	6 860	3,2
Ukhamba Holdings (Proprietary) Limited	Deferred ordinary	15 896	7,3
Lereko Mobility (Proprietary) Limited	Preferred ordinary	14 517	6,7

for more information please visit
www.imperial.co.za/ar2010/shareholders/stockslive.asp

Stock exchange performance

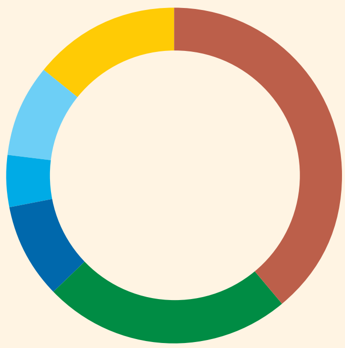
	2010	2009
Number of shares in issue (million)	**211**	212
Number of shares traded (million)	**272**	268
Value of shares traded (Rm)	**22 964**	14 258
Market price (cents per share)		
– Closing price	**8 580**	5 830
– High	**10 750**	6 700
– Low	**5 650**	3 957
Earnings yield (%)	**11,6**	12,3
Price: earnings ratio (based on headline earnings)	**8,6**	8,2

Distribution of shareholders (%)



71% Public shareholders
13% Shareholder holding more than 10%
5% Directors, their associates and employees
11% Treasury stock

Shareholder type (%)



39% Financial institutions, pension and provident funds
24% Unit trusts
9% Individuals
5% Directors and employees
9% Corporate holdings
14% Deferred and preferred ordinary shares

DECLARATION OF DIVIDENDS

Preference shareholders and ordinary shareholders

Notice is hereby given that:

- A preference dividend of 383,2192 cents per preference share has been declared payable to holders of non-redeemable, non-participating preference shares; and
- A final dividend in an amount of 200 cents per ordinary share has been declared payable to ordinary shareholders.

The company has determined the following salient dates for the payment of the preference dividend and ordinary dividend:

	2010
Last day for preference shares and ordinary shares respectively to trade cum-preference dividend and cum-ordinary dividend	Thursday, 16 September
Preference and ordinary shares commence trading ex-preference dividend and ex-ordinary dividend respectively	Friday, 17 September
Record date	Thursday, 23 September
Payment date	Monday, 27 September

Share certificates may not be dematerialised/rematerialised between Friday, 17 September 2010 and Thursday, 23 September 2010, both days inclusive.

On Monday, 27 September 2010, amounts due in respect of the preference dividend and the ordinary dividend will be electronically transferred to the bank accounts of certificated shareholders that utilise this facility. In respect of those who do not, cheques dated 27 September 2010 will be posted on or about that date. Shareholders who have dematerialised their shares will have their accounts, held at their CSDP or broker, credited on Monday, 27 September 2010.

Preferred ordinary shareholders (unlisted)

Notice is hereby further given that a preferred ordinary dividend of 267,5 cents per preferred ordinary share has been declared and is payable to preferred ordinary shareholders recorded in the registers of the company at the close of business on Wednesday, 22 September 2010.

On Thursday, 23 September 2010 the preferred ordinary dividend will be electronically transferred to the bank accounts of preferred ordinary shareholders.

Secondary Tax on Companies (STC)

STC amounting to 10% of the dividend declared, less any STC credits, is due by the company when the dividend is paid.

On behalf of the board

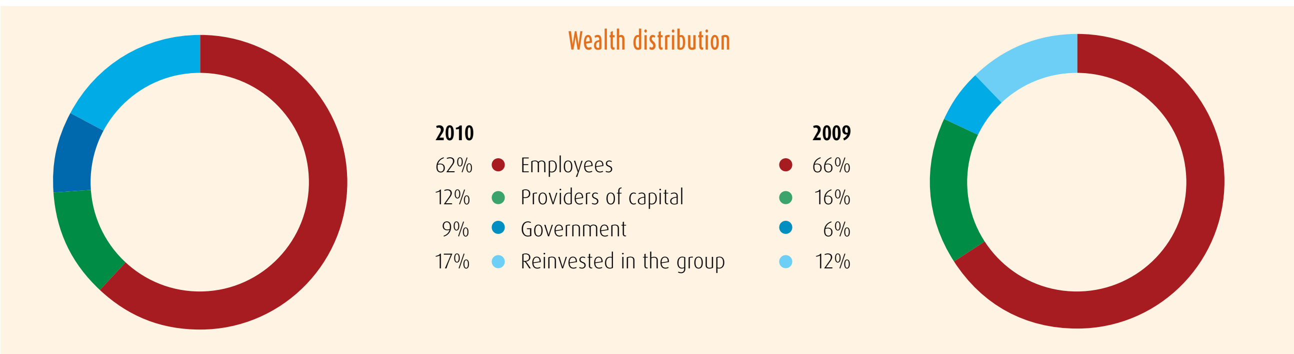
RA Venter
Group company secretary

24 August 2010

VALUE-ADDED STATEMENT

for the year ended 30 June 2010

	2010		2009	
	Rm	%	Rm	%
Revenue	**53 438**		52 219	
Paid to suppliers for materials and services	**41 263**		41 220	
Total wealth created	**12 175**		10 999	
Wealth distribution				
Salaries, wages and other benefits (note 1)	**7 515**	**62**	7 236	66
Providers of capital	**1 450**	**12**	1 688	16
– Net financing costs	**597**	**5**	923	9
– Dividends, share buybacks and cancellations	**853**	**7**	765	7
Government (note 2)	**1 054**	**9**	706	6
Reinvested in the group to maintain and develop operations	**2 156**	**17**	1 369	12
– Depreciation, amortisation and recoupments	**1 328**		1 237	
– Future expansion	**828**		132	
	12 175	**100**	10 999	100
Value-added ratios				
– Number of employees	**35 968**		34 353	
– Revenue per employee (R'000)	**1 468**		1 520	
– Wealth created per employee (R'000)	**339**		320	
Notes				
1. Salaries, wages and other benefits				
Salaries, wages, overtime, commissions, bonuses, allowances	**6 954**		6 640	
Employer contributions	**561**		596	
	7 515		7 236	
2. Central and local governments				
SA normal taxation	**734**		355	
Secondary tax on companies	**65**		80	
Foreign taxation	**116**		136	
Rates and taxes	**71**		58	
Skills development levy	**33**		31	
Unemployment Insurance Fund	**35**		46	
	1 054		706	



SUSTAINABILITY IN BRIEF

AS A MULTINATIONAL GROUP, EACH IMPERIAL DIVISION FACES DIFFERENT CHALLENGES AND THUS HAS DIFFERENT PRIORITIES AND PERSPECTIVES.

IN THIS SECTION

We have again elected to publish only a summary of our sustainability report, given the environmental impact of printing large reports. The full report is available on www.imperial.co.za.

SUSTAINABILITY

CHIEF EXECUTIVE OFFICER'S MESSAGE

for more information please visit
www.imperial.co.za/ar2010/sustainability/ceo_message.asp

Chief executive officer's message

Key to our long-term success is building a business focused on meeting our responsibilities to all stakeholders. This starts with delivering sustainable returns to shareholders to retain their support and fuel our growth. A stable business, in turn, underpins all our activities with other stakeholders – from the training and personal development we offer our people to the community empowerment programmes and environmental initiatives we are undertaking to protect our planet.

Our strategy determines our sustainability initiatives while our values guide our approach. As a multinational group, each Imperial division faces different challenges, and thus has different priorities and perspectives. Equally, stakeholders in the different markets and countries in which we operate also have varying expectations and needs. Developing a group strategy from this diverse base requires close consultation to meet divisional objectives while fulfilling group targets.

Accordingly, a senior management conference on the subject was convened at which key issues affecting the group were identified. While these may overlap with other key issues in the various divisions, they are considered the most important drivers of the group sustainability strategy:

- Energy and climate impacts – carbon output
- Social issues – transformation and skills development
- Health and safety – road safety and HIV
- Waste produced by group operations – discharges to air, landfill and water.

Key issues for Imperial group 2010

In developing a group-wide sustainability strategy and programme integrated into the business of each division, we are initiating a process to identify the key sustainability drivers per division, and assess systems or initiatives in place and aspects to be addressed in taking sustainability forward. As part of this initiative, an initial forum will be established in each division to champion the process:

This is a challenging task, spanning some 36 000 people across five divisions and three continents, with different key performance indicators and operating platforms. We are, however, determined to develop an appropriate framework for assuring and reporting sustainability performance each year to the same high standards as our financial reporting. In time, this will evolve to integrated reporting, as recommended by King III. Given our South African roots, and the pressing needs in our home country, we are prioritising this region.

Highlights of the year

- Imperial Logistics received an Enviro award at the 2009 Logistics Achievers Awards based on a study done with Cardiff University to calculate the extra distance travelled because of uncertainties in the supply chain, and identify where performance gaps occur. This was measurable evidence of an economic benefit with 'green' benefits – taking costs out of the supply chain also reduced emissions.
- Imperial Logistics' Fast 'n Fresh has in partnership with a key retail consumer product client launched a project to create an increasingly sustainable "eco-chain". The project includes a pilot with five new Euro 5 trucks for which high quality imported fuel will be supplied, together with exhaust gas treatment fluid.
- We participated in the Carbon Disclosure Project for the third year. This process has been valuable in crystallising our thinking about both the risks and opportunities of climate change, starting with more efficient use of natural resources. As a result, we have launched a number of energy efficiency initiatives across the group.
- Our Europcar South Africa business has established a baseline for its carbon footprint. This gives us a measurable platform for initiatives focused on using natural resources (primarily fuel) more efficiently to reduce emissions. With a baseline in place, we will now be able to report on annual progress to stakeholders.
- Due to its critical importance for the group and the South African society, we significantly enhanced our people development programmes at all levels in the group. From a strategic perspective, people development is driven at group level by the first of Imperial's nine guiding principles:

  "Imperial is committed to people development. Our people are our brand, and as such, our most important asset. We believe passionately in supporting their growth and continuous learning."

- Imperial Logistics has for many years recognised the effect of HIV/AIDS on the logistics industry and the need to combat the scourge. A decision was taken almost ten years ago that, in order to counter the pandemic most effectively, there should be a concerted national initiative where resources and effort could be pooled for maximum effect. Imperial Logistics was instrumental in launching this initiative for the logistics industry and continues to play a vital role through its sponsorship of wellness clinics along major transport routes. Further progress has also recently been made in respect of treatment of infected employees through ARVs in partnership with transport industry bodies.

In South Africa, where transformation and empowerment are such important elements in the sustainability of most companies, we have made good progress in addressing areas we believe will have the greatest impact on transforming the wider group:

- People development – Our philosophy is that training and developing human talent across our organisation is fundamental to ensuring sustainability and relevance in our industries in the long term. People development initiatives cover the spectrum from technical training through supervisory functions up to executive levels.
- Promotion and attraction – Imperial has established a number of programmes to fast track individuals with potential and to position the group as an employer of choice in its chosen target markets.

Imperial has weathered a difficult time in its own history and its markets. It has made us stronger and even more determined to play our role in building a lasting future. We welcome your feedback on our approach and our progress (contact details below). Together, I believe we can make our world a better one.

Hubert Brody
Chief executive officer

24 August 2010

Key facts at a glance

	2010	2009
People employed	**35 968**	34 353
Staff costs (R million)	**7 515**	7 236
Training expenditure (R million)	**70**	61
Donations to social responsibility causes (R million)	**16**	12
Distance travelled by our road fleet excluding rental vehicles (million kilometres)	**426**	419
Fines paid for traffic offences (R million)	**5,3**	3,0
Employee fatalities in road accidents	**12**	8
Road accidents involving our fleet	**1 211**	1 247
Environmental incidents	**120**	176
Electricity purchased (million kW/h)	**160,3**	171,6
Fuel consumed (million litres)	**231,7**	229,2
Biofuel consumed (million litres)	**0,7**	1,7
CO_2 emissions (tonnes)	**938 838**	946 286

Further information on the scale of the Imperial group appears in the ten-year review on page 32, the value-added statement on page 39, the statement of financial position on page 60, the statement of comprehensive income on page 61 and the employment section on page 138 of the annual report.

Contact details and further information

For further information, please refer to the Imperial website: www.imperial.co.za/sustainability2010/report.pdf for a comprehensive version of our sustainability report. Contact person for sustainability: Rohan Venter, tel: +27 (0)11 372 6500.

CORPORATE GOVERNANCE AND RISK REPORT

THE GROUP IS COMMITTED TO AN OPEN GOVERNANCE PROCESS SUCH THAT ALL STAKEHOLDERS ARE ASSURED THAT ITS DIRECTORS AND MANAGERS AT ALL LEVELS ARE MANAGING THE GROUP RESPONSIBLY.

IN THIS SECTION

CORPORATE GOVERNANCE AND RISK REPORT

CORPORATE GOVERNANCE AND RISK REPORT

Principles of corporate governance and structures

The board is committed to the principles of openness, integrity and accountability, and to providing timely, relevant and meaningful reporting to all stakeholders. The board ensures that the group's business is conducted to high standards of corporate governance, in line with local and internationally accepted corporate practice. These standards are entrenched in the group's established systems of internal control and by its procedures and policies governing corporate conduct, with particular emphasis on the importance of qualitative aspects of corporate governance. The group's operating divisions are autonomous; the group's philosophy is not to regulate every aspect of group behaviour through comprehensive policy documents, but rather to allow each division to formulate its own policies, appropriate to the industry and business environment in which it operates, subject to the guidance of the group executive committee and ultimately the board.

The group is committed to an open governance process such that all stakeholders are assured that its directors and managers at all levels are managing the group responsibly. The board subscribes to these principles of the Code of Corporate Practices and Conduct as set out in the King Report on Corporate Governance III (King III) and aims to apply the principles set in all its businesses unless otherwise indicated.

In accordance with guidance issued by the JSE, the group will have to apply King III from its 2011 financial year. The board is assessing its governance practices and procedures against King III and will make adjustments where necessary. According to our initial assessments, the company already applies all the substantive recommendations in King III.

The principles contained in King II and King III are reflected in the group's corporate governance structures. These are reviewed from time to time to accommodate organisational changes and international developments in the field of corporate governance. It is the policy of the board and management to actively and continuously review and enhance the group's systems of control and governance to ensure the group's business is managed ethically and within prudently determined risk parameters that conform to internationally accepted standards of best practice.

In assessing practices implemented by the group, the board has balanced the following factors:

- Entrepreneurial freedom to take business risks and initiatives leading to satisfactory levels of performance and return on shareholders' investment in the company; and
- Conforming to corporate governance standards, which can impose constraints on divisional management.

The board of directors

Composition and appointment

The company has a unitary board structure with the chairman and majority of directors being non-executive.

Directors are appointed on the basis of skill, experience and their level of contribution to, and impact on, the activities of the group. The board decides on the appointment of directors based on recommendations from the remuneration and nomination committee. New directors are provided with formal induction material to facilitate their understanding of the group.

Currently the board comprises ten non-executive directors and seven executive directors. Seven of the non-executive directors, including the chairman, are independent. The non-executive directors not classified as independent are: Thembisa Dingaan – nominated by Ukhamba Holdings, a large BEE shareholder; Oshy Tugendhaft – a practising attorney who provides legal services to the group; and Valli Moosa – nominated by Lereko Mobility, a large BEE shareholder.

At least one third of non-executive directors retire by rotation each year and stand for re-election at the annual general meeting in accordance with the articles of association. This year, Messrs MJ Leeming, MV Moosa, RJA Sparks and Y Waja are standing for re-election. In addition, the reappointment of directors appointed during the year is submitted to the annual general meeting for confirmation. This year, Mrs T Dingaan and Mr M Swanepoel, who were appointed to the board with effect from 1 November 2009, are being submitted for confirmation.

Responsibilities

The board of directors determines the direction of the group by establishing strategic objectives and key policies. Board meetings are held at least quarterly with additional meetings called when necessary. The quorum for meetings is a majority of directors. In addition to directors, other senior executives are invited to attend meetings as required to ensure comprehensive reporting to the board.

The responsibilities of the board are clearly defined in a written board charter. The board has also adopted, and regularly reviews, a written policy governing the authority delegated to group management and matters retained for decision by the board.

The responsibilities of the board include issues of strategic direction, business plans and annual budgets, major acquisitions and disposals, changes to the board on recommendation from the remuneration and nomination committee and other matters with a material effect on the group or required by statute.

Board members are required to regularly declare any interest they might have in transactions with the group.

All directors are given access to the information needed to carry out their duties and responsibilities fully and effectively. Furthermore, all directors are entitled to seek independent professional advice about the affairs of the group, at the company's expense.

The current members of the board are Thulani Gcabashe (chairman), Osman Arbee, Schalk Engelbrecht, Hubert Brody, Manny de Canha, Thembisa Dingaan, Tak Hiemstra, Phumzile Langeni, Mike Leeming, Roy McAlpine, Hafiz Mahomed, Valli Moosa, Roddy Sparks, Gerhard Riemann, Marius Swanepoel, Oshy Tugendhaft (deputy chairman) and Younaid Waja.

Subsidiary and divisional boards

In accordance with the decentralised nature of the group's operations, many subsidiary and divisional boards manage day-to-day affairs within their areas of responsibility, subject to board-approved authority limits. The Imperial Holdings board ratifies appointments to the boards of major subsidiaries.

Board committees and governance structure

The board has established a number of sub-committees, which operate within defined terms of reference laid down by the board in writing. Members of these committees are suitably qualified and experienced to meaningfully contribute to the workings of the committees on which they serve. All committees report to the board and operate in accordance with written terms of reference approved by the board.

Executive committee

This committee is responsible for:

- Devising group strategy for recommendation to the board of directors and to implement the strategies and policies approved by the board; and
- Managing the day-to-day business and affairs of the group.

The members of this committee comprise executive directors as well as other members and are appointed by the board. The committee consists of not less than four members and meets at least once a month.

The current members are Hubert Brody (chairman), Osman Arbee, Manny de Canha, Berenice Francis, David Gnodde, Tak Hiemstra, Hafiz Mahomed, Moeketsi Mosola and Marius Swanepoel.

Audit committee

The group audit committee consists only of independent non-executive directors, one of whom is appointed as chairman. The quorum is the majority of members. Certain members of executive management, the group internal audit executive and the external auditors are invited to attend meetings. In addition, members of executive management, including those involved in risk management and control, and finance, attend meetings when appropriate. The committee meets at least four times per year.

The role and functions of the committee are determined by its charter and include:

- Approval of the external and internal audit scope and plans;
- Annual consideration of the performance of the group financial director or equivalent appointee;
- Review of the adequacy and effectiveness of the company's internal controls including computerised information system controls and security;
- Reviewing the quality of financial information produced to ensure integrity and reliability;
- Reviewing significant findings and recommendations of the internal and external auditors together with management's responses;
- Review of the effectiveness of risk management processes;
- Reviewing significant cases of employee conflicts of interest, misconduct or fraud;
- Review of compliance with legal, statutory and regulatory matters and any current or pending litigation or regulatory proceedings in which the company is involved, in any way;
- Oversight of the internal audit function;
- Oversight of the external audit function;
- Nomination of auditors and lead audit partner;
- Determination of fees to be paid to the auditor and terms of engagement;
- Determination of nature and extent of any non-audit services which the auditor may provide to the company and approval of any non-audit fees paid or payable to the auditors;
- Consideration and confirmation of the independence of the auditors as contemplated in the act;
- Consideration and confirmation of the independence of the auditors;
- Examination and review of interim results and annual financial statements as well as results publications before submission to the board; and
- Review of trading statements and any other publications or press releases with a financial impact required to be published by the group in terms of legislation or regulations governing its operations.

The committee receives and deals appropriately with any complaints (internal or external) relating either to accounting practices of the company or to the content or auditing of its financial statements, or to any related matter.

The functions of the committee are also performed for each subsidiary company of Imperial Holdings Limited that has not appointed an audit committee as contemplated in section 270 of the act. The committee delegates the performance of operational non-statutory functions to sub-committees referred to as finance and risk review committees.

The finance and risk review committees are properly constituted and report significant issues to the group audit committee. Each finance and risk review committee is chaired by an independent chairman with no operational role in the group.

The external and internal auditors have unrestricted access to all audit committees and finance and risk review committees and attend meetings to report on their findings and to discuss accounting, auditing, internal control and financial reporting matters.

The chairman of the audit committee also attends the group's annual general meeting.

During the year:

- The performance of the group financial director was reviewed and his appointment confirmed for the next year;
- The independence of the auditors was tested and confirmed;
- Audit fees were reviewed and agreed;
- A policy on non-audit services was approved; and
- The appointment of the external auditors, Deloitte and Touche, and of the lead audit partner were reviewed and recommended for approval by shareholders at the annual general meeting.

The current members are Mike Leeming (chairman), Phumzile Langeni, Roddy Sparks and Younaid Waja.

Remuneration and nomination committee

This committee consists of the chairman of the board and other non-executive directors. It meets at least three times a year and the quorum for meetings is the majority of members.

The responsibilities and work of the committee during the year are set out in the remuneration report on pages 54 to 59.

The current members are Thulani Gcabashe (chairman), Phumzile Langeni, Roy McAlpine, Roddy Sparks and Oshy Tugendhaft.

Risk committee

The board is responsible for the total process of risk management in the group. The risk committee sets the group risk framework and strategy and ensures a robust risk management process is in place. The committee is assisted by the group risk executive and divisional risk management sponsors who have been tasked with coordinating the risk management process.

In line with its policy of aligning group corporate governance with international best practice to safeguard the interests of stakeholders, Imperial has implemented an enterprise risk model to identify and assess relevant risks facing the group at strategic, business and process levels.

Risk is not only viewed from a negative perspective. The assessment process also identifies areas of opportunity, for example where effective risk management can be turned into a competitive advantage, or where taking certain risks could result in reward for the group. Any risk taken is considered within the group's risk appetite.

The decentralised structure of the group consists of many business units and therefore overall group risk is spread and minimised to within group tolerance levels. Risk management substantially takes place in the divisions, and responsibility and accountability largely remains in divisional management structures. The risk committee formalises, standardises and monitors this process by guiding management and assessing their effectiveness in implementing the approved risk management framework.

The board determines the level of acceptable risk and requires operations to manage and report accordingly. Material issues and circumstances that could affect the group's reputation and financial affairs constitute unacceptable risk.

Senior management is committed to the established system of internal control for managing risk, which requires transparency and clear accountability.

The system of internal control has been implemented in all key operations and is tailored to suit the specific circumstances of each business unit. It provides reasonable, rather than absolute, assurance that the group's business objectives will be achieved within prescribed risk tolerance levels. The associated risk areas and control processes are monitored and reported on across the group continuously. Internal audit aligns its procedures with the risks identified. Formal feedback is provided at every risk committee meeting.

King III describes risk management as the identification and evaluation of actual and potential areas of risk as they pertain to a company, followed by a procedure of termination, transfer, acceptance (tolerance) or mitigation of each risk. The group's risk management process therefore uses internal controls as a measure to mitigate and control risk.

In reviewing risk management reports and internal control, the board has:
- Considered what the company's risks are and how they have been identified, evaluated and controlled;
- Assessed the effectiveness of the related process of risk management and, particularly, reports of significant failings or weaknesses in the process;
- Considered if the necessary action is being taken timeously to rectify any significant failings or weaknesses; and
- Considered whether results from the review process indicate that more extensive monitoring is required.

Key inherent group risks

Imperial has identified key risk categories that affect the group as a whole in addition to the business and industry-specific risks identified by operating divisions. The risk categories and strategies taken to mitigate these risks include:

Risk	Strategies implemented
Low growth in the economy Impact of adverse trading conditions and reduction of credit facilities and terms to customers by banks	▶ Ongoing management of debtor relationships ▶ Monitoring of credit trends by banks ▶ Focus on internal operations to ensure appropriate risk tolerance given prevailing economic conditions ▶ Focus on financial discipline and review of operational efficiencies
Valuations of assets Effective control of asset values given the inventory holding of new and used assets that are core to the group's business model	▶ Active management and investment in optimising inventory and fleet levels ▶ Regular review and application of latest accounting and business principles ▶ Enhanced governance oversight ▶ Active review and monitoring of the realisable value of assets
Regulatory Ensuring compliance with relevant legislation and regulations	▶ Centralisation of selected specialist areas where compliance risk is high ▶ Enhanced compliance and risk management functions in divisions ▶ Group support and advice on emerging and current legislative landscape as it affects business operations
Currency volatility Managing exposure to currency fluctuations	▶ Established hedging policies with a strong bias towards comprehensive hedging of obligations ▶ Regular reporting by divisions within frameworks defined by asset and liability committee and independent reviews
IT governance	▶ Appropriate disaster recovery and business continuity plans ▶ Decentralisation of systems ▶ Implementation of standardised IT governance framework ▶ Independent system audits and reviews focusing on IT governance
Talent management Key to our success is our people, their commitment and knowledge of the business and industry	▶ Identification of individuals in the group for training and leadership focus ▶ Divisional training initiatives ▶ Established specialist training academies and skills development fund

Risk	Strategies implemented
Transformation Failure to meet transformation goals as a result of external factors such as skills shortages and changes in empowerment structures	▶ Executive appointment to focus and coordinate transformation philosophy ▶ Established transformation committee reporting to the board ▶ Ongoing focus on developing of candidates from designated population groups ▶ Consistent monitoring of BEE initiatives and targets
Dependence on key resources Our business depends on the availability of key resources such as fuel, water and power	▶ Strategic procurement initiatives, particularly focusing on fuel availability ▶ Ongoing review of current resources utilisation in the context of scarce resources ▶ Establishment of environmental policy framework
Acquisition risks Expansion into unknown business sectors or models	▶ Clearly defined expansion areas have been identified ▶ Strong group mandate structure relating to investments ▶ Regular review of acquisition risks and criteria at executive level ▶ Post-acquisition reviews

The board:

- Recognises that it is accountable for the process of risk management and the system of internal control, which is regularly reviewed for effectiveness, and for establishing appropriate risk and control policies and communicating these throughout the group;
- Is satisfied there is an ongoing process for identifying, evaluating and managing the significant risks faced by the group. This process has been in place for the review period and up to the date of approving the annual report and financial statements; and
- Is satisfied there is an effective system of internal control in place to mitigate the significant risks faced by the group to an acceptable level.

The current members of the committee are Younaid Waja (chairman), Harvey Adler, Osman Arbee, Hubert Brody, Berenice Francis, Werner Behrens, Tak Hiemstra, Mike Leeming, Gerald Rudman, David Gnodde and Derek van Heerden.

Sustainability committee

The committee's role has been substantially widened during the year from its previous transformation focus to encompass all aspects of sustainability.

Transformation remains a key area, however, and the committee will continue to guide and assist Imperial in its quest to reflect the South African social fabric while positioning the organisation positively relative to the economy.

The role of the committee is to assist the company to discharge its business sustainability responsibility by implementing practices that are consistent with good corporate citizenship and with particular focus on the following:

- The overall sustainability of Imperial;
- The King III Code of Corporate Governance;
- Broad-based black economic empowerment requirements as described in the Department of Trade and Industry's Combined Generic Scorecard (excluding ownership targets) and associated Codes of Good Practice;
- Imperial's transformation commitments as described in the group transformation strategy document and division-specific BBBEE plans;
- Environmental commitments as described in Imperial's environmental policy framework;
- Corporate social investment (CSI) commitments as described in Imperial's CSI policy; and
- Triple bottom-line reporting requirements as described in the JSE Limited's Socially Responsible Investment (SRI) Index.

The current members are Valli Moosa (chairman), Phumzile Langeni, Oshy Tugendhaft, Thulani Gcabashe, Marius Swanepoel, Manny de Canha, Osman Arbee, Phillip Michaux, Moeketsi Mosola, Rohan Venter and Berenice Francis.

Asset and liability committee

The asset and liability committee (Alco) is responsible for implementing best practice asset and liability risk management policies. Its primary objective is to manage the liquidity, interest rate and exchange risk of the group within an acceptable risk profile.

Liquidity risk is the risk that funding is not available to fund the assets, operations and financial commitments of the group timeously and cost-effectively. This risk is measured by analysing the maturity mismatch gap between assets and liabilities. It is managed by accessing various sources of funding (bonds, commercial paper and bank facilities) across the yield curve and having appropriate terms of repayment from a diverse pool of investors and lenders. In addition, significant standby facilities are arranged to further reduce liquidity risk.

Interest rate risk is the risk that the interest or interest rate-related income earned on assets and paid on liabilities is not properly matched in terms of their repricing profile and, therefore, should there be fluctuations in interest rates, the company could suffer losses as the margin between asset returns and borrowing rates is eroded. Interest rate risk is measured by analysing the repricing profile of assets and liabilities into the future through repricing gap analysis. It is managed by ensuring that the interest rate repricing profile of borrowings is matched to assets, or through interest rate derivatives, to attain an appropriate mix of fixed and floating rate exposures.

Exchange rate risk exists if foreign currency obligations and receivables are not adequately secured to ensure that the local currency equivalent of such monies, once exchanged, is not adversely affected by exchange rate fluctuations. This risk is managed by various means including appropriate forward cover over foreign currency obligations and receivables.

The committee meets at least quarterly and bases its strategies on developments in both the domestic and world economy. In addition to risk management, Alco also approves funding mechanisms and exposure limits for recommendation to the board where required.

The current members of the committee are Hubert Brody (chairman), Tak Hiemstra, Mike Leeming, Hafiz Mahomed, Russell Mumford, Willem Reitsma and Marius Swanepoel.

Meeting attendance

The table details attendance of board and committee meetings during the year.

	Board: Meetings^	Board: Annual strategy meeting	Executive committee	Asset and liability committee	Audit committee	Remuneration and nomination committee	Risk committee	Sustainability committee
Number of meetings during the year	**5**	**1**	**18**	**4**	**4**	**4**	**4**	**4**
Thulani Gcabashe	5	1				4		4
Hubert Brody	5	1	18	4			4	4
Osman Arbee	5	1	17				4	4
Manny de Canha	4	1	17				4	4
Thembisa Dingaan#	3/3	1						
Schalk Engelbrecht	5	1						
Tak Hiemstra	5	1	17	4			4	
Phumzile Langeni	4	1			4	4	4	4
Mike Leeming	4	1		4	4		4	
Hafiz Mahomed	5	1	17	4				
Roy McAlpine	5	1				4		
Valli Moosa	4	1						4
Gerhard Riemann	4	1						
Roddy Sparks	4	1			4	4		
Oshy Tugendhaft	4	1				4		4
Younaid Waja	5	1			4		4	4
Marius Swanepoel#	3/3	1	16	1/2				4
Berenice Francis			18				4	4
David Gnodde			18				2/2	
Moeketsi Mosola			17					2/2

 # Thembisa Dingaan and Marius Swanepoel were appointed to the board on 1 November 2009.
^ Comprised four scheduled and one unscheduled meeting.

Company secretary

The board considers the company secretary qualified to perform his duties in accordance with applicable legislation and fit and proper for the position. All directors have access to the advice and services of the company secretary who ensures compliance with applicable procedures and legislation. The removal of the company secretary is a matter for the board as a whole.

Accountability and audit

Going concern

The group audit committee considers the facts and assumptions used in the assessment of the going-concern status of the group at financial year end. This provides assurance to the directors in confirming their assessment that the annual financial statements are properly prepared on the going-concern basis.

Internal financial controls

The directors acknowledge that they are responsible for instituting internal control systems that provide reasonable assurance on safeguarding assets and preventing their unauthorised use or disposal, as well as maintenance of proper accounting records that give reasonable assurance on the reliability of financial information produced.

Internal audit

The internal audit department's responsibilities are defined in a written charter approved by the board.

Internal audit is an independent, objective assurance and consulting activity established to add value and improve the group's operations. It helps the group accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the adequacy and effectiveness of risk management, control and governance processes.

The internal audit activities of the group are co-ordinated by the group internal audit executive based at the corporate office, who reports to the chief executive and has unrestricted access to the group audit committee and its chairman. The group internal audit executive reports formally at all audit committee meetings during the year. The audit plan for the wider group is approved by the group audit committee. The group internal audit executive also attends and co-ordinates the activities of all divisional financial review committees and attends all divisional and group risk committee meetings to ensure that internal audit work focuses on the risks identified through the relevant processes.

The internal audit function did not identify any significant breakdowns in internal control known to have had a material impact on performance during the past year.

Financial reporting

Imperial Holdings has a comprehensive system for reporting financial results to the board each quarter and to the executive committee monthly. Each division prepares detailed monthly management accounts, budgets and a five-year plan approved by the board. Performance against budget is monitored and variances analysed. Profit and cash flow forecasts to the end of the year are reviewed and include an analysis of material changes. A comprehensive system enables management to monitor trends and measure productive use of capital. Accounting policies are disseminated throughout the group to ensure compliance.

Insider trading

No group director or employee with inside information about the group may deal, directly or indirectly, in Imperial Holdings' securities, which include allocations of and dealings in the group's share incentive schemes (the securities). The board has determined certain closed periods during which directors and other senior management officials of the group may not deal, directly or indirectly, in the securities. In addition, the group has adopted a policy requiring directors, executive committee members, the company secretary and directors of major subsidiaries to obtain permission from designated individuals before trading in the group's securities.

Principles of conduct

Sustainability, business integrity and ethics

The board has adopted a written code of ethics. The group supports free enterprise as the system best able to contribute to the economic welfare of society, and to promote individual liberty. Without satisfactory profits and a strong financial foundation, it would not be possible to fulfil our responsibilities to shareholders, employees, society, and those with whom we do business. However, our corporate actions are not governed solely by economic criteria, but also take into account social, environmental and political considerations.

The group is committed to the principles of sustainable development, striking an optimal balance between economic, environmental and social development. We strive to innovate and adopt best practice, wherever we operate, working in consultation with stakeholders.

Management and employees operate within a framework that requires complying with all applicable laws and maintaining the highest integrity in conducting the group's business.

Employment and labour rights

The group subscribes to the principle of fair labour practices at our workplaces, and our conditions of service comply with applicable laws and industry standards.

Safety, health and environmental stewardship

We report regularly at executive and board level on our safety, health and environmental (SHE) performance. Senior executives and line management are accountable for the group's SHE issues and for allocating adequate financial and human resources within their operations to address these matters. The group works to keep SHE performance at the forefront of workplace concerns.

Our objective is to prevent fatalities, work-related injuries and health impairment of our employees.

We recognise the need for environmental stewardship to minimise consumption of natural resources and waste generation, and to minimise the impact of our operations on the environment.

More detail on the group's principles of conduct, policies and practices appears in the summary sustainability report on pages 40 to 41 and the comprehensive report on the group website: www.imperial.co.za

FAST MOVING FORWARD THINKING

IMPERIAL

IMPERIAL HOLDINGS LIMITED

ANNUAL FINANCIAL STATEMENTS **2010**

IN THIS SECTION

ANNUAL FINANCIAL STATEMENTS

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The directors of the company are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information. The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB) in issue and effective for the group at 30 June 2010, and the AC 500 standards issued by the Accounting Practices Board, and in the manner required by the Companies Act of South Africa. The group's independent external auditors, Deloitte & Touche, have audited the annual financial statements and their unmodified report appears on page 51.

The directors are also responsible for the systems of internal control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the annual financial statements, and to adequately safeguard, verify and maintain accountability for assets, and to prevent and detect material misstatements and losses. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The annual financial statements are prepared on the going concern basis. Nothing has come to the attention of the directors to indicate that the group will not remain a going concern for the foreseeable future.

The annual financial statements set out on pages 52 to 137 were approved by the board of directors and are signed on their behalf by:

TS Gcabashe
Chairman

HR Brody
Chief Executive

AH Mahomed
Financial director

24 August 2010

REPORT OF THE AUDIT COMMITTEE

The audit committee, appointed by the board in respect of the year ended 30 June 2010 comprised Mr MJ Leeming, Ms P Langeni, Mr RJA Sparks and Mr Y Waja (the committee), who are independent non-executive directors of the company. The committee is satisfied that, in respect of the financial year, it has performed all the functions required to be performed by an audit committee as set out in the Companies Act, 1973 and the committee's terms of reference and as more fully set out in the Corporate Governance Report on pages 42 to 48.

The committee has satisfied itself that the external auditors, Deloitte & Touche, are independent of the group, having given due consideration to the parameters enumerated in section 270A (5) (a) to (d) of the Companies Act, 1973 and that the appointment of Mr MJ Comber as the designated auditor and IFRS advisor is in compliance with the Auditing Profession Act, 2005 and the Listings Requirements of the JSE Limited.

The committee has also considered and satisfied itself that the financial director, Mr AH Mahomed, has the appropriate expertise and experience to fulfil his role.

MJ Leeming
Chairman of the committee

24 August 2010

CERTIFICATE BY COMPANY SECRETARY

In my capacity as company secretary, I hereby confirm that, for the year ended 30 June 2010, the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act, No 61 of 1973, as amended and that all such returns are true, correct and up to date.

RA Venter
Company secretary

24 August 2010

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF IMPERIAL HOLDINGS LIMITED

We have audited the annual financial statements and group annual financial statements of Imperial Holdings Limited, which comprise the directors' report, the statement of financial position and the consolidated statement of financial position as at 30 June 2010, the statement of comprehensive income and the consolidated statement of comprehensive income, the statement of changes in equity and the consolidated statement of changes in equity, the statement of cash flows and the consolidated statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes as set out on pages 52 to 137.

Directors' responsibility for the annual financial statements

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of 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.

Auditor's responsibility

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the consolidated and separate financial position of Imperial Holdings Limited as at 30 June 2010, and its consolidated and separate financial performance and the consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

Deloitte & Touche

Deloitte & Touche
Registered Auditors

Per MJ Comber
Partner

24 August 2010

Buildings 1 and 2, Deloitte Place
The Woodlands Office Park Woodlands Drive
Sandton

National Executive

GG Gelink (Chief Executive), AE Swiegers (Chief Operating Officer), GM Pinnock (Audit), DL Kennedy (Tax & Legal and Risk Advisory), L Geeringh (Consulting), L Bam (Corporate Finance), CR Beukman (Finance), TJ Brown (Clients & Markets), NT Mtoba (Chairman of the Board), MJ Comber (Deputy Chairman of the Board)

A full list of partners and directors is available on request.

DIRECTORS' REPORT

for the year ended 30 June 2010

Nature of business

The nature of the business and operations is dealt with on pages 1 to 27.

Financial performance

The net attributable profit for the year amounted to R2 021 million (2009: R1 518 million). The headline earnings per share for the year was 992 cents (2009: 715 cents).

The results for the year are set out in the statement of comprehensive income on page 61 of this report.

Share capital

The authorised and issued share capital is detailed in note 17 to the annual financial statements on page 88.

The number of shares in issue on 30 June 2010 and movements during the year were as follows:

	Company	Treasury shares	Net
Ordinary shares			
Balance at beginning of year	212 129 870	(23 864 456)	188 265 414
Deferred ordinary shares converted to ordinary shares	886 269		886 269
Ordinary shares purchased in terms of general authority*		(2 123 775)	(2 123 775)
Ordinary shares transferred from treasury shares and cancelled*	(2 123 775)	2 123 775	
Balance at end of year	210 892 364	(23 864 456)	187 027 908

**The company purchased 2 123 775 ordinary shares as a hedge against the company's obligation to deliver shares in terms of the Share Appreciation Rights Scheme and Deferred Bonus Plan (Share Schemes). As this purchase together with existing treasury stock would otherwise have exceeded the maximum allowable in terms of the Companies Act, 1973 an equal number of shares were cancelled. Upon vesting of the shares in terms of the rules of the Share Schemes, the shares held in treasury for this purpose will be utilised for settlement of the company's obligations.*

	Company	Treasury shares	Net
Preferred ordinary shares			
Preferred ordinary shares in issue	14 516 617		14 516 617

These shares will convert to ordinary shares and be listed on 30 September 2010 in terms of the Lereko Mobility Black Economic Empowerment transaction.

Deferred ordinary shares

The movement in the number of deferred ordinary shares was as follows:

	Company	Treasury shares	Net
Balance at beginning of year	16 781 968		16 781 968
Converted into ordinary shares	(886 269)		(886 269)
Balance at end of year	15 895 699		15 895 699
Total issued share capital	**241 304 680**	**(23 864 456)**	**217 440 224**
Non-redeemable, non participating preference shares			
Balance at beginning and end of year	4 540 041		4 540 041

The preference shares are classified as interest-bearing debt in the statement of financial position due to the cumulative nature of their dividend rights.

Directors and company secretary

The names of the directors and secretary who presently hold office are set out on the inside back cover of this report.

In accordance with the articles of association Messrs MJ Leeming, MV Moosa, RJA Sparks and Y Waja retire by rotation at the forthcoming annual general meeting but, being eligible, offer themselves for re-election. In addition, the appointments of Mrs. T Dingaan and Mr. M Swanepoel, who were appointed on 3 November 2009, are to be confirmed at the forthcoming annual general meeting.

The aggregate interest of the directors in the issued ordinary share capital of the company is disclosed in note 17 to the annual financial statements on page 91.

Imperial Holdings Share Appreciation Rights, Deferred Bonus and Conditional Share Plan Schemes

Details of the rights granted in terms of the schemes are set out in note 17 to the annual financial statements on page 89.

Dividends
Details of the dividends declared are set out in note 33 to the annual financial statements on page 100.

Subsidiaries
Details of the company's principal subsidiaries and new business combinations are reflected in Annexure A to the annual financial statements on page 124.

The attributable interest of the company in the aggregate income and losses of its subsidiaries after taxation for the year under review was as follows:

	2010 Rm	2009 Rm
Income	**1 718**	1 884
Losses	**171**	722

Changes to holdings in material subsidiaries, businesses, associates and joint ventures were as follows:

Acquired by the group	**Nature of business**	**Percentage interest**
e-Logics (Pty) Limited	Logistics	50,1
Midas Group (Pty) Limited	After-market parts distribution	75
Uvundlu Investments (Pty) Limited t/a Goscor	Industrial equipment distribution	65
MiX Telematics Limited	Vehicle tracking and related services	25,4
Provaart Logistics BV	Inland waterway chartering	55
Disposals by the group		
Flagstone Reinsurance Africa Limited	Reinsurance	35
Mobility Motors Sweden AB	Nissan dealerships	100
Imperial Bank Limited	Specialist bank	49,9
Fuellogic (Pty) Limited	Logistics	46,5

Special resolutions
The company passed the following special resolution at its annual general meeting held on 3 November 2009:

- Granting to the directors of the company general authority for the acquisition by the company or any subsidiary, of ordinary shares in the company.

None of the subsidiaries of the company passed any special resolutions, the nature of which might be significant to members in their appreciation of the state of affairs of the group.

Events after the reporting period
In terms of the Ukhamba Black Economic Empowerment transaction 883 090 deferred ordinary shares have converted to ordinary shares. These shares were listed on the JSE Limited on 7 September 2010.

On 15 July 2010 the company announced its firm intention to make an offer to acquire 100% of the issued shares in CIC Holdings Limited, a company listed on the JSE Limited, for a total cash consideration of R724 million.

Accounting policies
The principal accounting policies of Imperial Holdings Limited and the disclosures made in the annual financial statements conform to International Financial Reporting Standards.

The accounting policies are outlined in note 1 and 2 commencing on page 68, with the changes in note 3 on page 79.

REMUNERATION REPORT

Role of the remuneration and nomination committee and terms of reference

The remuneration and nomination committee (the committee) is responsible for considering and making recommendations to the board on:

- Significant changes in personnel policy;
- Approval of remuneration and benefits of executive directors;
- Significant changes to the group pension and provident funds and medical aid schemes;
- Share incentive schemes and allocations under the schemes;
- Executive succession;
- Increases to non-executive directors' fees; and
- Candidates for appointment to the board.

Membership of the committee

The members of the committee during the year were TS Gcabashe (chairman), P Langeni, JR McAlpine, RJA Sparks and A Tugendhaft, all of whom are non-executive directors.

The committee had four meetings during the past financial year. The chief executive officer and group financial director attend committee meetings and assist the committee in its deliberations, except when issues relating to their own remuneration are discussed. No director is able to decide his or her own remuneration.

Remuneration policy

Principles of executive remuneration

Imperial's remuneration policy is formulated to attract and retain high-calibre executives and motivate them to develop and implement the company's business strategy in order to optimise long-term shareholder value. It is the intention that this policy should conform to best practice standards. The policy is framed around the following key principles:

- Total rewards are set at levels that are responsible and competitive within the relevant market;
- Total incentive-based rewards are earned through the achievement of demanding growth and return targets consistent with shareholder interests over the short-, medium-, and long-term;
- Incentive plans, performance measures and targets are structured to operate soundly throughout the business cycle; and
- The design of long-term incentive schemes is prudent and does not expose shareholders to unreasonable financial risk.

Elements of executive remuneration

Executive directors' remuneration comprises the following four principal elements:

- Base salary;
- Annual incentive bonus;
- Share incentive schemes; and
- Benefits.

The committee seeks to ensure an appropriate balance between the fixed and performance-related elements of executive directors' remuneration and between those aspects of the package linked to short-term financial performance and those linked to longer-term shareholder value creation. The policy relating to each component of remuneration is summarised below:

Base salary

The base salary of each executive director is subject to annual review and is set to be responsible and competitive with reference to external market practice in similar companies, which are comparable in terms of size, market sector, business complexity, and international scope. Company performance, individual performance and changes in responsibilities are also taken into account when determining annual base salaries.

Annual incentive bonus

All executive directors are eligible to receive a performance related annual bonus. The bonus is non-contractual and not pensionable. The committee reviews bonuses annually and determines the level of the bonus based on performance criteria set at the start of the performance period. The criteria include targets relating to headline earnings per share (HEPS) and divisional operating profit growth, return on invested capital (ROIC), Black Economic Empowerment and certain discretionary elements.

Share incentive schemes

Three long-term incentive plans were approved by shareholders on 18 April 2008. Participation in the schemes by executive directors and other senior executives is based on criteria set by the committee. The schemes embody the following elements:

The Share Appreciation Rights Scheme (SAR)

Selected participants will receive annual grants of SARs, which are conditional rights to receive Imperial shares equal to the value of the difference between the exercise price and the grant price. Vesting of rights is subject to performance conditions. The performance conditions and performance period are determined by the board on an annual basis in respect of each new grant of rights.

The targets and measuring terms relating to each issue are detailed in the letter of grant. After vesting, the rights will become exercisable. Upon exercise by a participant the relevant employer company will settle the value of the difference between the exercise price and the grant price by delivering Imperial shares that will be purchased on the open market, alternatively, as a fall back provision only, by settling the value in cash.

The Conditional Share Plan (CSP)
The CSP will be utilised in exceptional circumstances only. Employees will receive grants of conditional awards. Vesting of the conditional awards is subject to performance conditions. The performance conditions for the CSP will be based on individual targets set by the board. If the performance conditions are satisfied, the conditional awards will vest. If the performance conditions are not met, the conditional awards will lapse. No allocations have been made in terms of this scheme.

The Deferred Bonus Plan (DBP)
Qualifying senior employees are permitted to use a portion of the after-tax component of their annual bonus to acquire Imperial shares (bonus shares) which are held in escrow. A simultaneous conditional matching award of Imperial shares is made to the participant on the condition that the participant remains in the employ of the group and retains the bonus shares over a fixed three year period. The participant remains the owner of the bonus shares for the duration of the three year period and will enjoy all shareholder rights in respect of the bonus shares. Bonus shares can be withdrawn from escrow at any stage, but the matching award is forfeited to the extent of the bonus shares withdrawn from escrow during the period. Bonus shares are matched by delivering an equal number of matching Imperial shares that will be purchased on the open market, alternatively, as a fall back provision only, by settling the value in cash.

Eligibility
Any senior employee with significant managerial or other responsibility, including any director holding salaried employment or office in the group, is eligible to participate in the SAR, CSP and DBP.

A total of 17 645 806 share appreciation rights remain unexercised in terms of the SAR scheme at an average price of R58,43 per share. A total of 709 504 DBP rights have to date been allocated of which 386 474 have been taken up. No rights have to date been allocated in terms of the CSP.

Retirement schemes
Executive directors participate in contributory retirement schemes established by the group.

Other benefits
Executive directors are remunerated on a cost to company basis and as part of their package are entitled to a car allowance or a fully expensed car, provident fund contributions, medical insurance, death and disability insurance, and reimbursement of reasonable business expenses. The provision of these benefits is considered to be market competitive for executive positions.

Other matters affecting remuneration of directors

External appointments
Executive directors are not permitted to hold external directorships or offices without the approval of the board, other than those of a personal nature.

Non-executive directors
Fees payable to non-executive directors are proposed by the executive committee, reviewed by the remuneration and nomination committee and recommended to the board, which in turn makes recommendations to shareholders with reference to the fees paid by comparable companies, responsibilities taken by the non-executive directors and the importance attached to the retention and attraction of high-calibre individuals.

Directors' fees for the past year
For the past financial year, each of the non-executive directors received directors' fees at the rate of R154 000 per annum (2009: R143 000). The chairman received R385 000 (2009: R357 500) and the deputy chairman R273 000 (2009: R253 400). Non-executive directors who serve on the group committees each received fees per annum as follows: audit committee member R81 000 (2009: R74 750), audit committee chairman R161 250 (2009: R150 000), remuneration and nomination committee R57 000 (2009: R52 800), risk committee R57 000 (2009: R52 800), asset and liability committee R57 000 (2009: R52 800) and transformation committee R57 000 (2009: R52 800).

Unless otherwise stated, the chairmen of committees received a chairman's fee of one and a half times a member's fee in addition to their member's fee.

Increase in directors' fees

At the annual general meeting on 3 November 2010, members will be requested to approve the following increases in non-executive directors' remuneration:

– Board	from R154 000	to R173 250
– Asset and liability committee	from R57 000	to R61 000
– Audit committee	from R81 000	to R91 000
– Risk committee	from R57 000	to R63 000
– Remuneration and nomination committee	from R57 000	to R61 000
– Transformation committee	from R57 000	to R61 000

The chairman of the board will receive a chairman's fee of twice a normal member's fee in addition to his member's fee and the deputy chairman will receive a fee of R173 250 in addition to his member's fee. Chairmen of committees receive a chairman's fee of one and a half times a normal member's fee in addition to their member's fee except for the audit committee chairman who receives a fee of R181 500.

In arriving at the proposed fees, cognisance was taken of market trends and the increased responsibilities of non-executive directors in terms of new corporate governance and JSE requirements.

Directors' remuneration

The table below provides an analysis of the emoluments paid to executive and non-executive directors of the company for the year ended 30 June 2010.

Name	Salary R'000	Bonus R'000	Retirement and medical contributions R'000	Other benefits (Note 1) R'000	Directors' fees R'000	Subsidiaries/ associates and sub-committee fees R'000	2010 Total R'000	2009 Total R'000
Non-executive								
T Dingaan (Note 2, 4)					**77**	**175**	**252**	
S Engelbrecht					**154**		**154**	143
TS Gcabashe					**385**	**200**	**585**	543
P Langeni					**154**	**247**	**401**	347
MJ Leeming					**154**	**399**	**553**	578
JR McAlpine					**154**	**197**	**351**	408
V Moosa					**154**	**143**	**297**	275
MV Sisulu (Resigned)								413
RJA Sparks					**154**	**225**	**379**	286
A Tugendhaft					**273**	**114**	**387**	433
Y Waja					**154**	**423**	**577**	536
					1 813	**2 123**	**3 936**	3 962
Executive								
OS Arbee	**3 110**	**3 300**	**513**	**136**			**7 059**	5 537
HR Brody	**4 525**	**3 950**	**735**	**71**			**9 281**	8 058
MP de Canha	**3 266**	**3 500**	**528**	**227**			**7 521**	5 644
RL Hiemstra	**3 139**	**3 150**	**515**	**118**			**6 922**	6 000
AH Mahomed	**4 079**	**3 850**	**665**	**203**			**8 797**	7 582
GW Riemann (Note 3)	**4 703**	**5 685**	**1 568**	**547**	**307**		**12 810**	11 329
M Swanepoel (Note 4)	**2 806**	**3 000**	**550**	**181**			**6 537**	
N Hoosen (Resigned)								6 620
	25 628	**26 435**	**5 074**	**1 483**	**307**		**58 927**	50 770
Total	**25 628**	**26 435**	**5 074**	**1 483**	**2 120**	**2 123**	**62 863**	
June 2009	22 707	15 677	5 183	6 846	2 112	2 207		54 732

Notes

1. *Other benefits – These include the fringe benefit value of company cars and motor car allowances.*
2. *Includes R175 000 paid by Ukhamba Holdings in respect of chairman's fees.*
3. *Overseas based – GW Riemann is employed in Germany and his salary is paid in euros, based on the market conditions in that country.*
4. *Appointed in November 2009.*

Directors' service contracts

Directors' contracts are all terminable on one month's notice, with the exception of those of GW Riemann, who is employed on a fixed-term contract that terminates on 30 June 2012, and RL Hiemstra who has a 24 month notice period.

Non-executive directors' appointments are made in terms of the company's articles of association and are initially confirmed at the first annual general meeting of shareholders following their appointment, and thereafter by rotation.

Incentive schemes

Executive directors participate in the incentive schemes, designed to recognise the contributions of senior staff to the growth in the company's equity. Within limits imposed by shareholders, rights are allocated to directors and senior staff. The equity linked compensation benefits for executive directors are set out below.

Participation in bonus rights scheme

	Commencement date	Number of shares	Price on commencement date	Expiry date
OS Arbee	26 June 2007	20 000	150.08	June 2011
HR Brody	26 June 2007	20 000	150.08	June 2011
MP de Canha	26 June 2007	20 000	150.08	June 2011
RL Hiemstra	26 June 2007	20 000	150.08	June 2011
AH Mahomed	26 June 2007	20 000	150.08	June 2011

Participation in the share appreciation rights scheme

	Commencement date	Price on commencement date (R)	Number of rights*	Number of rights remaining	Vesting date
OS Arbee	5 June 2008	49,46	369 031	369 031	15 September 2011
	18 June 2009	55,32	91 507	91 507	15 September 2012
	2 June 2010	96,71	56 333	56 333	16 September 2013
HR Brody	5 June 2008	49,46	529 904	529 904	15 September 2011
	18 June 2009	55,32	154 700	154 700	15 September 2012
	2 June 2010	96,71	92 540	92 540	16 September 2013
MP de Canha	5 June 2008	49,46	369 033	369 033	15 September 2011
	18 June 2009	55,32	100 186	100 186	15 September 2012
	2 June 2010	96,71	60 275	60 275	16 September 2013
RL Hiemstra	5 June 2008	49,46	369 031	369 031	15 September 2011
	18 June 2009	55,32	93 590	93 590	15 September 2012
	2 June 2010	96,71	56 306	56 306	16 September 2013
AH Mahomed	5 June 2008	49,46	506 850	506 850	15 September 2011
	18 June 2009	55,32	143 761	143 761	15 September 2012
	2 June 2010	96,71	85 996	85 996	16 September 2013
M Swanepoel	5 June 2008	49,46	369 032	369 032	15 September 2011
	18 June 2009	55,32	83 578	83 578	15 September 2012
	2 June 2010	96,71	53 323	53 323	16 September 2013

**The number of rights that will eventually vest is subject to the achievement of performance conditions linked to headline earnings per share HEPS targets relative to a peer group selected from the Indi 25 index and ROIC targets relative to weighted cost of capital, and could be fewer than the number granted.*

Participation in the deferred bonus plan

	Allocation date	Number of rights allocated	Number of shares committed to the plan+	Balance available to be taken up	Vesting date
OS Arbee	5 June 2008	30 969	8 447		15 September 2011
			2 219	20 303	15 September 2012
	18 June 2009	10 545	10 545		15 September 2012
	2 June 2010	6 961		6 961	16 September 2013
HR Brody	5 June 2008	45 096	18 732		15 September 2011
			8 106	18 258	15 September 2012
	18 June 2009	15 280	15 280		15 September 2012
	2 June 2010	9 858		9 858	16 September 2013
MP de Canha	5 June 2008	30 967	16 253		15 September 2011
			2 788	11 926	15 September 2012
	18 June 2009	11 545	11 545		15 September 2012
	2 June 2010	7 448		7 448	16 September 2013
RL Hiemstra	5 June 2008	30 969	13 773		15 September 2011
			8 074	9 122	15 September 2012
	18 June 2009	10 785	10 785		15 September 2012
	2 June 2010	6 958		6 958	16 September 2013
AH Mahomed	5 June 2008	43 150	18 456		15 September 2011
			8 243	16 451	15 September 2012
	18 June 2009	14 200	14 200		15 September 2012
	2 June 2010	9 161		9 161	16 September 2013
M Swanepoel	5 June 2008	30 968	19 925		15 September 2011
			6 636	4 407	15 September 2012
	18 June 2009	9 631	9 631		15 September 2012
	2 June 2010	6 589		6 589	16 September 2013

+The number of shares committed to the plan will depend on the amount of after tax bonus committed by each executive and the share price prevailing when bonus shares are acquired.

Loans granted for the purchase of shares in terms of the Imperial Executive Share Purchase Trust Scheme

	Loan balance (R) 2010*	Loan balance (R) 2009	Number of shares 2009
OS Arbee	–	26 244 861	150 000
HR Brody	–	26 244 861	150 000
MP de Canha	–	26 244 861	150 000
RL Hiemstra	–	26 244 861	150 000
AH Mahomed	–	22 781 313	138 600

**The loan balances in terms of this scheme were settled in November 2009 from the proceeds of the sale of all the scheme shares owned by executives and from the proceeds of the vesting and exercise of SAR awards.*

Benefits received on loans from the share trusts with a lower rate of interest being charged during the year

	2010 R'000	2009 R'000
OS Arbee	**2 680**	
HR Brody	**2 680**	
MP de Canha	**2 680**	
RL Hiemstra	**2 680**	
AH Mahomed	**1 245**	974

The net gains on share schemes exercises by directors*

	2010 R'000	2009 R'000
OS Arbee	**3 376**	
HR Brody	**3 376**	
MP de Canha	**3 376**	
RL Hiemstra	**3 376**	
AH Mahomed	**1 856**	

**These gains were fully utilised to settle the taxation obligations arising from the SAR awards that vested.*

Vesting of share appreciation rights

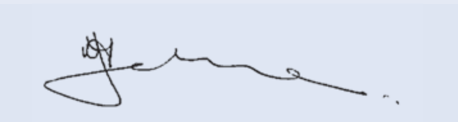
	Number of rights	Price on commencement (R)	Number of rights vested#	Rights remaining
OS Arbee	500 000	55,32	500 000	
HR Brody	500 000	55,32	500 000	
MP de Canha	500 000	55,32	500 000	
RL Hiemstra	500 000	55,32	500 000	
AH Mahomed	500 000	55,32	420 800	

#All rights to gains in terms of this allocation were ceded to the Imperial Executive Share Purchase Trust and were applied towards the outstanding loan balances owing by the directors in terms of that scheme. Vesting occurred in November 2009.

Approval

This directors' remuneration report has been approved by the board of directors of Imperial.

Signed on behalf of the board of directors



TS Gcabashe
Chairman of the committee

24 August 2010

GROUP STATEMENT OF FINANCIAL POSITION

at 30 June

	Notes	2010 Rm	Restated 2009 Rm
ASSETS			
Intangible assets	4	**1 006**	901
Investments in associates and joint ventures	5	**1 190**	2 334
Property, plant and equipment	6	**5 983**	5 976
Transport fleet	7	**3 399**	3 483
Vehicles for hire	9	**2 237**	1 653
Deferred tax assets	10	**658**	645
Other investments and loans	11	**2 021**	1 136
Other non-current financial assets	12	**206**	203
Inventories	13	**6 809**	5 592
Taxation in advance		**126**	154
Trade and other receivables	14	**6 165**	5 633
Cash resources	15	**3 199**	4 655
Assets classified as held for sale	16	**747**	950
Final instalment on sale of Imperial Bank Limited		**477**	
Total assets		**34 223**	33 315
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	17	**10**	10
Shares repurchased	18	**(1 816)**	(1 816)
Other reserves	19a	**433**	280
Retained earnings		**12 513**	11 300
Attributable to Imperial Holdings' shareholders		**11 140**	9 774
Non-controlling interest		**806**	587
Total shareholders' equity		**11 946**	10 361
Liabilities			
Non-redeemable, non-participating preference shares	20	**441**	441
Retirement benefit obligations	21	**222**	256
Interest-bearing borrowings	22	**4 709**	7 655
Insurance and investment contracts	23	**1 093**	1 356
Deferred tax liabilities	10	**656**	652
Other non-current financial liabilities	24	**312**	157
Provisions for liabilities and other charges	25	**1 042**	996
Trade and other payables	26	**10 081**	8 342
Current tax liabilities		**335**	501
Current portion of interest-bearing borrowings	22	**3 124**	2 139
Liabilities directly associated with assets classified as held for sale	16	**262**	459
Total liabilities		**22 277**	22 954
Total equity and liabilities		**34 223**	33 315

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June

	Notes	2010 Rm	Restated 2009 Rm
CONTINUING OPERATIONS			
Revenue	27	**53 438**	52 219
Net operating expenses	28	**(48 771)**	(48 454)
Profit from operations before depreciation and recoupments		**4 667**	3 765
Depreciation, amortisation and recoupments	29	**(1 379)**	(1 312)
Operating profit		**3 288**	2 453
Recoupments from sale of properties, net of impairments	29	**51**	75
Foreign exchange gains		**49**	400
Fair value losses on foreign exchange derivatives		**(38)**	(8)
Impairment reversals of share scheme loans		**24**	
Gain on early settlement of European bond		**27**	
Fair value gain on Lereko call option		**78**	
Exceptional items	30	**58**	(431)
Profit before net financing costs		**3 537**	2 489
Finance cost including fair value gains and losses	31	**(761)**	(1 095)
Finance income	31	**164**	172
Income from associates and joint ventures	5	**174**	107
Profit before taxation		**3 114**	1 673
Income tax expense	32	**911**	502
Profit from continuing operations		**2 203**	1 171
DISCONTINUED OPERATIONS		**59**	508
– Trading profit from operations	16	**29**	24
– Fair value profit on discontinuation	16	**30**	484
Net profit for the year		**2 262**	1 679
OTHER COMPREHENSIVE INCOME (LOSS)		**61**	(614)
Exchange losses arising on translation of foreign operations		**(184)**	(566)
Cash flow hedges		**22**	(163)
Fair value gain (loss) on Lereko call option		**244**	(6)
Fair value gains on available for sale financial assets		**15**	150
Share of other comprehensive income of associates and joint ventures		**(37)**	(9)
Income tax relating to components of other comprehensive income		**1**	(20)
Total comprehensive income for the year		**2 323**	1 065
Net profit attributable to:			
Equity holders of Imperial Holdings Limited		**2 021**	1 518
Non-controlling interest – continuing operations		**241**	160
Non-controlling interest – discontinued operations	16		1
		2 262	1 679
Total comprehensive income attributable to:			
Equity holders of Imperial Holdings Limited		**2 085**	940
Non-controlling interest – continuing operations		**238**	124
Non-controlling interest – discontinued operations			1
		2 323	1 065
Dividends per share (cents)	33		
– Ordinary shares		**350**	200
– Preferred ordinary shares		**535**	535
Earnings per share (cents)	34		
– Basic			
Continuing operations		**1 015**	503
Discontinued operations		**32**	273
Total		**1 047**	776
– Diluted			
Continuing operations		**962**	486
Discontinued operations		**29**	244
Total		**991**	730
Preferred ordinary shares (cents)			
– Basic		**535**	535

GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June

	Share capital Rm	Shares repur-chased Rm	Other reserves: Share-based payment reserve Rm	Hedging reserve Rm	Statutory reserve Rm	Trans-lation reserve Rm	Premium on purchase of non-controlling interest Rm	Valuation reserve Rm	Retained earnings Rm	Attributable to Imperial Holdings' share-holders Rm	Non-controlling interest Rm	Total Rm
Balance at 30 June 2008	10	(1 816)	(64)	38	304	757		238	10 138	9 605	811	**10 416**
Net attributable profit for the year									1 518	1 518	161	**1 679**
Exchange losses arising on translation of foreign operations						(552)				(552)	(14)	**(566)**
Movement in hedge accounting reserve				(141)						(141)	(22)	**(163)**
Devaluation of Lereko Mobility call option								(6)		(6)		**(6)**
Realisation of reserves on disposal of assets								121		121		**121**
Total comprehensive income for the year				(141)		(552)		115	1 518	940	125	**1 065**
Transferred to translation reserve						5			(5)			
Transfer of reserves on disposal of assets								(261)	261			
Net decrease in non-controlling interest											(273)	**(273)**
Share option hedging cost			(137)							(137)		**(137)**
Movement in share-based equity reserve			55							55		**55**
Statutory reserves					(77)				77			
Dividend of 245 cents per ordinary share in September 2008									(461)	(461)		**(461)**
Dividend of 267,5 cents per preferred ordinary share in September 2008									(39)	(39)		**(39)**
Dividend of 80 cents per ordinary share in March 2009									(150)	(150)		**(150)**
Dividend of 267,5 cents per preferred ordinary share in March 2009									(39)	(39)		**(39)**
Non-controlling interest share of dividends											(76)	**(76)**
Balance at 30 June 2009	**10**	**(1 816)**	**(146)**	**(103)**	**227**	**210**		**92**	**11 300**	**9 774**	**587**	**10 361**
Net attributable profit for the year									**2 021**	**2 021**	**241**	**2 262**
Exchange losses arising on translation of foreign operations						**(177)**				**(177)**	**(7)**	**(184)**
Movement in hedge accounting reserve				**18**						**18**	**4**	**22**
Revaluation of Lereko Mobility call option								**244**		**244**		**244**
Net unrealised losses on investments								**(21)**		**(21)**		**(21)**
Total comprehensive income for the year				**18**		**(177)**		**223**	**2 021**	**2 085**	**238**	**2 323**
Statutory reserves					**38**				**(38)**			
Non-controlling interest arising on business combinations and disposals											**69**	**69**
Net decrease in non-controlling interest							**(26)**			**(26)**	**(3)**	**(29)**
Share-based equity reserve utilisation			**(57)**							**(57)**		**(57)**
Movement in share-based equity reserve			**134**							**134**	**(2)**	**132**
Purchase and cancellation of 2 123 775 ordinary shares									**(200)**	**(200)**		**(200)**
Dividend of 120 cents per ordinary share in September 2009									**(214)**	**(214)**		**(214)**
Dividend of 267,5 cents per preferred ordinary share in September 2009									**(39)**	**(39)**		**(39)**
Dividend of 150 cents per ordinary share in March 2010									**(278)**	**(278)**		**(278)**
Dividend of 267,5 cents per preferred ordinary share in March 2010									**(39)**	**(39)**		**(39)**
Non-controlling interest share of dividends											**(83)**	**(83)**
Balance at 30 June 2010	**10**	**(1 816)**	**(69)**	**(85)**	**265**	**33**	**(26)**	**315**	**12 513**	**11 140**	**806**	**11 946**

GROUP STATEMENT OF CASH FLOWS

for the year ended 30 June

	Notes	2010 Rm	Restated 2009 Rm
Cash flows from operating activities			
Cash receipts from customers		**53 617**	55 552
Cash paid to suppliers and employees		**(48 864)**	(49 799)
Cash generated by operations before net capital expenditure on rental assets*	35a	**4 753**	5 753
Expansion capital expenditure – rental assets#		**(521)**	
Net replacement capital expenditure – rental assets#		**(367)**	(460)
– Expenditure		**(1 489)**	(1 396)
– Proceeds		**1 122**	936
Cash generated by operations^		**3 865**	5 293
Net financing costs		**(658)**	(961)
Taxation paid		**(1 075)**	(739)
		2 132	3 593
Cash flows from investing activities			
Proceeds from discontinued operations			1 340
Sale of Tourvest	35c		1 003
Sale of Safair Lease Finance			337
(Expenditure) proceeds from continuing operations			
Acquisition of subsidiaries and businesses	35b	**(389)**	(351)
Disposal of subsidiaries and businesses	35c	**(26)**	11
Expansion capital expenditure – excluding rental assets		**(442)**	(640)
– Property, plant and equipment		**(149)**	(321)
– Transport fleet		**(293)**	(319)
Net replacement capital expenditure – excluding rental assets	35d	**(463)**	(577)
– Intangible assets		**(31)**	(68)
– Property, plant and equipment		**(234)**	(379)
– Transport fleet		**(198)**	(130)
Proceeds from the sale of Imperial Bank Limited		**1 374**	
Net movement in other associates and joint ventures		**(271)**	(226)
Net movement in investments, loans and other non-current financial instruments		**(778)**	967
		(995)	524
Cash flows from financing activities			
Hedge cost premium paid		**(5)**	(137)
Purchase of ordinary shares for hedging of share scheme		**(200)**	
Dividends paid		**(653)**	(765)
Decrease in interest-bearing borrowings		**(697)**	(137)
Change in non-controlling interest		**(29)**	(107)
		(1 584)	(1 146)
Net (decrease) increase in cash and cash equivalents		**(447)**	2 971
Cash and cash equivalents at beginning of year		**2 631**	(340)
Cash and cash equivalents at end of year	35e	**2 184**	2 631
Analysis of cash generated by operations			
* Cash generated by operations before capital expenditure on rental assets			
– Continuing operations		**4 443**	5 187
– Discontinued operations		**310**	566
		4 753	5 753
# Net capital expenditure on rental assets			
– Continuing operations		**(955)**	(538)
– Discontinued operations		**67**	78
		(888)	(460)
^ Cash generated by operations			
– Continuing operations		**3 488**	4 649
– Discontinued operations		**377**	644
		3 865	5 293

SEGMENT INFORMATION – FINANCIAL POSITION

at 30 June

	Group 2010 Rm	Restated Group 2009 Rm	Logistics 2010 Rm	Logistics 2009 Rm	Car Rental and Tourism 2010 Rm	Car Rental and Tourism 2009 Rm
BUSINESS SEGMENTATION – CONTINUING OPERATIONS						
Assets						
Intangible assets	**1 006**	901	**536**	633	**29**	80
Investments, loans, associates and joint ventures	**2 362**	2 991	**88**	118	**9**	5
Property, plant and equipment	**5 983**	5 976	**1 680**	1 755	**310**	208
Transport fleet	**3 399**	3 483	**3 452**	3 540		
Vehicles for hire	**2 237**	1 653			**1 894**	1 396
Other non-current financial assets	**206**	203				
Inventories	**6 809**	5 592	**87**	83	**343**	277
Trade and other receivables	**6 165**	5 633	**3 490**	3 070	**250**	170
Cash in financial services businesses	**1 339**	2 245				
Operating assets	**29 506**	28 677	**9 333**	9 199	**2 835**	2 136
Deferred tax assets	**658**	645				
Loans to associates and other investments	**849**	479				
Taxation in advance	**126**	154				
Cash and cash equivalents	**1 860**	2 410				
Assets classified as held for sale	**747**	950				
Final instalment on sale of Imperial Bank Limited	**477**					
Total assets per statement of financial position	**34 223**	33 315				
Liabilities						
Retirement benefit obligations	**222**	256	**222**	256		
Insurance and investment contracts	**1 093**	1 356				
Trade and other payables and provisions	**11 123**	9 338	**3 687**	3 261	**499**	358
Other non-current financial liabilities	**312**	157	**19**	22		
Non-interest-bearing liabilities	**12 750**	11 107	**3 928**	3 539	**499**	358
Non-redeemable, non-participating preference shares	**441**	441				
Interest-bearing borrowings	**7 833**	9 794				
Deferred tax liabilities	**656**	652				
Current tax liabilities	**335**	501				
Liabilities directly associated with assets classified as held for sale	**262**	459				
Total liabilities per statement of financial position	**22 277**	22 954				
GEOGRAPHIC SEGMENTATION – CONTINUING OPERATIONS						
Operating assets	**29 506**	28 677	**9 333**	9 199	**2 835**	2 136
– South Africa	**24 795**	23 277	**6 383**	6 078	**2 782**	2 098
– Rest of Africa	**755**	1 009	**285**	220	**53**	38
– Rest of world	**3 956**	4 391	**2 665**	2 901		
Non-interest-bearing liabilities	**12 750**	11 107	**3 928**	3 539	**499**	358
– South Africa	**10 805**	8 836	**2 595**	2 270	**469**	337
– Rest of Africa	**279**	593	**58**	49	**30**	21
– Rest of world	**1 666**	1 678	**1 275**	1 220		
Interest-bearing borrowings	**7 833**	9 794	**2 235**	2 614	**1 278**	743
– South Africa	**4 861**	5 815	**1 624**	1 444	**1 287**	738
– Rest of Africa	**219**	189	**126**	85	**(9)**	5
– Rest of world	**2 753**	3 790	**485**	1 085		
Gross capital expenditure	**3 511**	3 063	**1 003**	997	**1 852**	1 110
– South Africa	**3 160**	2 566	**710**	544	**1 826**	1 101
– Rest of Africa	**129**	77	**101**	64	**26**	9
– Rest of world	**222**	420	**192**	389		
Gross capital expenditure	**3 511**	3 063	**1 003**	997	**1 852**	1 110
Less: Proceeds on disposal	**(1 651)**	(1 308)	**(345)**	(299)	**(854)**	(708)
Net capital expenditure	**1 860**	1 755	**658**	698	**998**	402

*Automotive Retail was previously labelled Motor Vehicle Dealerships.

	Distributor-ships 2010 Rm	Distributor-ships 2009 Rm	Automotive Retail* 2010 Rm	Automotive Retail* 2009 Rm	Insurance 2010 Rm	Insurance 2009 Rm	Head office and eliminations 2010 Rm	Head office and eliminations 2009 Rm
	287	11	127	143	25	32	2	2
	131	181	(11)	7	1 925	1 092	220	1 588
	2 091	1 992	1 731	1 770	120	110	51	141
							(53)	(57)
	376	259					(33)	(2)
		8			206	203		(8)
	4 578	3 147	1 826	2 116			(25)	(31)
	1 484	1 058	708	896	321	398	(88)	41
					1 294	2 245	45	
	8 947	6 656	4 381	4 932	3 891	4 080	119	1 674
					1 089	1 346	4	10
	3 878	2 708	1 707	1 658	1 154	1 162	198	191
						1	293	134
	3 878	2 708	1 707	1 658	2 243	2 509	495	335
	8 947	6 656	4 381	4 932	3 891	4 080	119	1 674
	8 208	6 001	3 854	4 251	3 529	3 388	39	1 461
	56	58			362	692	(1)	1
	683	597	527	681			81	212
	3 878	2 708	1 707	1 658	2 243	2 509	495	335
	3 731	2 569	1 454	1 343	2 093	2 012	463	305
	32	26			150	497	9	
	115	113	253	315			23	30
	2 415	1 592	1 023	1 534		6	882	3 305
	1 892	1 150	946	1 396		6	(888)	1 081
	102	98						1
	421	344	77	138			1 770	2 223
	516	545	239	297	37	81	(136)	33
	503	536	222	274	36	78	(137)	33
		1			1	3	1	
	13	8	17	23				
	516	545	239	297	37	81	(136)	33
	(226)	(188)	(158)	(78)	(10)	(32)	(58)	(3)
	290	357	81	219	27	49	(194)	30

SEGMENT INFORMATION – INCOME STATEMENT

for the year ended 30 June

	Continuing operations 2010 Rm	Continuing operations 2009 Rm	**Logistics 2010 Rm**	Logistics 2009 R m	**Car Rental and Tourism 2010 Rm**	Car Rental and Tourism 2009 Rm
BUSINESS SEGMENTATION – CONTINUING OPERATIONS						
Revenue						
– Sales of goods	**30 433**	27 784	**855**	814	**998**	853
– Rendering of services	**20 474**	21 675	**15 673**	16 960	**1 905**	1 726
– Gross premiums received	**2 471**	2 667				
– Other	**60**	93	**59**	87	**1**	1
	53 438	52 219	**16 587**	17 861	**2 904**	2 580
Inter-segment revenue			**99**	16	**37**	38
	53 438	52 219	**16 686**	17 877	**2 941**	2 618
Operating expenses	**49 082**	48 606	**14 921**	16 102	**2 163**	1 928
Investment income	**(214)**	(290)		(3)	**(13)**	
Fair value (gains) losses on investments	**(97)**	138				
Depreciation and amortisation	**1 396**	1 323	**725**	735	**397**	354
Recoupments (excluding properties) net of impairments	**(17)**	(11)	**(21)**	(15)	**(1)**	
Operating profit	**3 288**	2 453	**1 061**	1 058	**395**	336
Recoupments from sale of properties net of impairments	**51**	75	**31**	24		34
Foreign exchange gains (losses)	**49**	400	**2**	1	**(1)**	
Fair value (losses) gains on foreign exchange derivatives	**(38)**	(8)				
Impairment reversals of share scheme loans	**24**					
Gain on early settlement of European bond	**27**					
Fair value gain on Lereko call option	**78**					
Profit before net financing costs and exceptional items	**3 479**	2 920	**1 094**	1 083	**394**	370
Net financing costs including fair value gains and losses	**(597)**	(923)	**(195)**	(188)	**(88)**	(91)
Income from associates and joint ventures	**174**	107	**18**	21	**1**	1
Profit before taxation and exceptional items	**3 056**	2 104	**917**	916	**307**	280
GEOGRAPHIC SEGMENTATION – CONTINUING OPERATIONS						
Revenue	**53 438**	52 219	**16 686**	17 877	**2 941**	2 618
– South Africa	**41 838**	37 640	**9 783**	9 346	**2 769**	2 456
– Rest of Africa	**1 106**	1 392	**525**	485	**172**	162
– Rest of world	**10 494**	13 187	**6 378**	8 046		
Operating profit	**3 288**	2 453	**1 061**	1 058	**395**	336
– South Africa	**2 730**	1 859	**702**	692	**350**	312
– Rest of Africa	**182**	186	**61**	46	**45**	24
– Rest of world	**376**	408	**298**	320		
Net financing costs	**597**	923	**195**	188	**88**	91
– South Africa	**501**	813	**177**	172	**82**	89
– Rest of Africa	**27**	20	**13**	11	**6**	2
– Rest of world	**69**	90	**5**	5		

**Automotive Retail was previously labelled Motor Vehicle Dealerships.*

Operational segment reporting

For management purposes, the group is organised into five major operating divisions – logistics, car rental and tourism, distributorships, automotive retail and insurance. These divisions are the basis on which the group reports to the chief operating decision maker.

The principal services and products of each of these divisions are as follows:

Logistics – provides complete logistics solutions including transportation, warehousing, inland waterway shipping, container handling and related value-added services.

Car rental and tourism – vehicle rental operations span the domestic corporate and leisure sectors as well as inbound tourists, with extensive support services. Tourism operations include inbound tour operations and niche tourism services.

Distributorships – this segment imports and distributes a range of passenger, commercial vehicles, automotive products, industrial equipment, motorcycles and light aircraft.

Automotive retail – consists of a large network of motor vehicle and commercial vehicle dealerships in South Africa and representing most of the major original equipment manufacturers (OEMs). Also manufactures and sells caravans and canopies.

Insurance – the insurance operations are focused on a range of short-, medium- and long-term insurance and assurance products that are predominantly associated with the automotive market.

Distributor-ships 2010 Rm	Distributor-ships 2009 Rm	Automotive Retail* 2010 Rm	Automotive Retail* 2009 Rm	Insurance 2010 Rm	Insurance 2009 Rm	Head office and eliminations 2010 Rm	Head office and eliminations 2009 Rm
15 148	11 664	13 453	14 451			(21)	2
1 322	1 214	1 395	1 596	87	40	92	139
				2 471	2 667		
		1			5	(1)	
16 470	12 878	14 849	16 047	2 558	2 712	70	141
902	234	694	644	136	135	(1 868)	(1 067)
17 372	13 112	15 543	16 691	2 694	2 847	(1 798)	(926)
16 103	12 505	15 097	16 307	2 488	2 640	(1 690)	(876)
(33)	(4)			(216)	(278)	48	(5)
2				(99)	138		
186	119	94	102	28	33	(34)	(20)
4	1	1	3		(1)		1
1 110	491	351	279	493	315	(122)	(26)
		(1)	51	6	9	15	(43)
6	15		(1)	(1)	2	43	383
3	(6)				(1)	(41)	(1)
						24	
						27	
					1	78	(1)
1 119	500	350	329	498	326	24	312
(165)	(188)	(134)	(185)		3	(15)	(274)
(8)	(5)	(10)	(2)	8	(1)	165	93
946	307	206	142	506	328	174	131
17 372	13 112	15 543	16 691	2 694	2 847	(1 798)	(926)
14 795	10 520	13 838	14 015	2 464	2 232	(1 811)	(929)
178	131			230	615	1	(1)
2 399	2 461	1 705	2 676			12	4
1 110	491	351	279	493	315	(122)	(26)
1 074	438	328	250	414	194	(138)	(27)
(3)	(5)			79	121		
39	58	23	29			16	1
165	188	134	185		(3)	15	274
141	154	131	170		(3)	(30)	231
7	8					1	(1)
17	26	3	15			44	44

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2010

1. Accounting policies

The principal accounting policies adopted and the methods of computation used in the preparation of these consolidated financial statements are set out below and are consistent in all material respects with those applied during the previous year, except for those changes which have occurred as a result of the adoption of new and amended International Financial Reporting Standards (IFRS) standards, interpretations and circulars as disclosed in note 3.

1.1 Basis of preparation

The consolidated financial statements are stated in rands and are prepared in accordance with the recognition and measurement criteria of IFRS and its interpretations adopted by the International Accounting Standards Board (IASB) in issue and effective for the group at 30 June 2010 and the AC 500 standards as issued by the Accounting Practices Board. The consolidated financial statements are prepared on the historical-cost basis, modified by the restatement of certain financial instruments to fair value and insurance liabilities in accordance with actuarial valuations.

Insurance

Detailed accounting policies and other disclosures, specifically covering insurance companies, are outlined in Annexure C.

Consolidation

The consolidated financial statements incorporate the financial statements of the company and all its subsidiaries. Subsidiary undertakings, which are those companies in which the group, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to exercise control over the operations, have been consolidated, except when the subsidiaries are held exclusively with a view to their subsequent disposal which is highly probable and are accounted for as assets held for sale. Where the group's interest in subsidiary undertakings is less than 100%, the share attributable to outside shareholders is reflected as non-controlling interests.

On acquisition, the asset and liability and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. The excess of the aggregate of: the consideration transferred, the non-controlling interest and the acquisition date fair value of previously held equity interest over the fair value of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is below the fair values of the identifiable net assets acquired (i.e. bargain purchase), then the difference is credited to profit and loss in the period of acquisition. Any premium or bargain purchase amounts that arise from increases in the ownership interest of existing subsidiaries are recognised directly in equity. Any surplus or deficit amounts from decreases in the ownership in an existing subsidiary that do not result in a loss of control are recognised directly in equity.

The consideration transferred includes the fair value of the acquisition date asset or liability resulting from a contingent consideration arrangement.

Acquisition related costs are expensed in the periods in which the costs are incurred and the services are received.

The interest of non-controlling interest shareholders is stated at the non-controlling interest's proportion of the fair values of the asset and liability recognised. Subsequent profits or losses and each component of other comprehensive income are attributed to non-controlling interests, even if it results in the non-controlling interest having a deficit balance.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition, or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group.

All intercompany transactions, balances and unrealised surpluses and deficits have been eliminated.

Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments has been identified collectively as the group executive committee who make the strategic decisions.

Segment revenue reflects both sales to external parties and intergroup transactions across segments. The segment result is presented as segment profit before exceptional items including net finance costs and income from associates and joint ventures.

Segment operating asset and liability are only those items that can be specifically identified within a particular segment.

Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in rands, which is the functional currency of the company, and the presentation currency for the consolidated financial statements.

Statements of comprehensive income having a different functional currency are translated into South African currency at the weighted average exchange rates for the year and the statements of financial position are translated at the exchange rates ruling on the statement of financial position date. All resulting exchange differences are classified as a foreign currency translation reserve and reflected as part of shareholders' equity.

On disposal of foreign entities, such translation differences are recognised in the statement of comprehensive income as part of the gain or loss on sale.

Transactions in currencies other than rands are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary asset and liability that are denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date. Gains and losses arising on translation are included in net profit or loss for the period.

In order to hedge its exposure to certain foreign exchange risks, the group enters into forward contracts (see below for details of the group's accounting policies in respect of such derivative financial instruments).

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as asset and liability of the foreign operation and are translated at the closing rate.

1.2 *Investment in associates*

Investments in associates are accounted for using the equity method of accounting, except when the investments are held exclusively with a view to their subsequent disposal which is highly probable and are then accounted for as assets held for sale. Associates are undertakings over which the group has the power to exercise significant influence, but which it does not control.

Equity accounting involves recognising in the statement of comprehensive income the group's share of the associates' profit or loss for the year. The group's share of the associates' other comprehensive income is recognised in other comprehensive income. The group's interest in the associate is carried in the statement of financial position at an amount that reflects its share of the net assets of the associate, less any impairment in the value of the investments.

Losses of the associates in excess of the group's interest in those associates are not recognised. Any excess of the cost of acquisition over the group's share of the fair values of the identifiable net assets of the associate at the date of acquisition is recognised as goodwill and included in the investment in associate. Any deficiency of the cost of acquisition below the group's share of the fair values of the identifiable net assets of the associate at the date of acquisition (i.e. bargain purchase) is credited to profit and loss in the period of acquisition.

Where a group entity transacts with an associate of the group, unrealised profits and losses are eliminated to the extent of the group's interest in the relevant associate.

Losses may provide evidence of a potential impairment of the investment, in which case appropriate provision is made for impairment.

1.3 *Joint ventures*

A joint venture is a contractual arrangement whereby the group and other parties undertake an economic activity which is subject to joint control.

The group's interest in jointly controlled entities is accounted for using the equity method of accounting as described in note 1.2 above, except when the investments are held exclusively with a view to their subsequent disposal which is highly probable and are then accounted for as assets held for sale.

1.4 *Goodwill*

Goodwill arising on consolidation represents the excess of the cost of acquisition over the group's interest in the fair value of the net identifiable assets, liabilities and contingent liabilities of a subsidiary, associate or joint venture at the date of acquisition. Goodwill is recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Cash-generating units represent the business operations from which the goodwill was originally generated.

On disposal of a subsidiary, associate or joint venture, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill written off to reserves under SA GAAP prior 26 June 2000 has not been reinstated and is not included in determining any subsequent profit or loss on disposal.

1.5 *Other intangible assets*

Expenditure on acquired patents, trademarks, licences and computer software is capitalised and amortised using the straight-line basis over their useful lives, generally between two and eight years. Intangible assets are not revalued. The carrying amount of each intangible asset is reviewed annually and adjusted for impairment, where it is considered necessary.

1. Accounting policies (continued)

1.6 Impairment of tangible and intangible assets excluding goodwill

At each statement of financial position date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss, or whether an impairment loss recognised in a previous period has reversed or decreased. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired, the necessary impairment is raised.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

1.7 Property, plant and equipment, leasing assets, transport fleet and vehicles for hire

Land is reflected at cost and is not depreciated. New property investments and developments are reflected at cost which includes holding and direct development costs incurred until the property is available for occupation.

Cost also includes the estimated costs of dismantling and removing the assets and where appropriate cost is split into significant components. Major improvements to leasehold properties are capitalised and written off over the period of the leases. Where land and buildings are held as portfolio properties and benefits are shared with policyholders, such property is fair valued through the statement of comprehensive income.

All other assets are recorded at historical cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on the straight-line basis to write off the cost of each component of an asset to its residual value over its estimated useful life as follows:

Buildings	20 years
Equipment and furniture	3 to 10 years
Leasing assets	3 to 10 years
Motor vehicles	3 to 5 years
Transport fleet	3 to 12 years
Vehicles for hire	2 to 5 years

The depreciation methods, estimated remaining useful lives and residual values are reviewed at least annually.

Where significant components of an asset have different useful lives to the asset itself, these components are depreciated over their estimated useful lives.

When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Where a reversal of a previously recognised impairment loss is recognised, the depreciation charge for the asset is adjusted to allocate the asset's revised carrying amount, less residual value, on a systematic basis over its remaining useful life.

Vehicles for hire are transferred to inventories at their carrying amount when they cease to be rented and become held for sale.

Gains and losses on disposal are determined by reference to their carrying amount.

1.8 Capitalised borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

1.9 Inventories

Inventories are stated at the lower of cost or net realisable value, due recognition having been made for obsolescence and redundancy. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Cost is determined as follows:

Vehicles and aircraft	Specific cost
Caravans, spares and accessories	Weighted average cost
Fuel, oil and merchandise	First in, first out

Work in progress includes direct costs and a proportion of overheads, but excludes interest expense.

1.10 *Financial instruments*

Financial instruments are initially measured at fair value plus transaction costs, where applicable, when the group becomes a party to the contractual provisions of the contract. Subsequent to initial recognition, these instruments are measured as set out below.

Equity and debt security instruments

Equity and debt security instruments are initially recognised at cost on trade date.

At subsequent reporting dates, debt securities that the group has the intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost, excluding those held-to-maturity debt securities designated as fair value through profit and loss at initial recognition, less any impairment losses recognised to reflect irrecoverable amounts. Premiums or discounts arising on acquisition are amortised on the yield-to-maturity basis and are included in the statement of comprehensive income.

Equity and debt security instruments other than held-to-maturity debt securities are classified as either fair value through profit and loss or available for sale, and are measured at subsequent reporting dates at fair value.

Where equity and debt security instruments are held for trading purposes, gains and losses arising from changes in fair value are included in the statement of comprehensive income for the period.

For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the statement of comprehensive income for the period.

Loans receivable

Loans are recognised at the date that the amount is advanced.

At subsequent reporting dates they are measured at amortised cost, less any impairment losses recognised to reflect irrecoverable amounts.

Trade and other receivables

Trade and other receivables originated by the group are stated at nominal value as reduced by appropriate allowances for doubtful debts.

Cash and cash equivalents

Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at the statement of financial position date.

Loans payable

Interest-bearing loans are initially recorded on the day that the loans are advanced at the net proceeds received.

At subsequent reporting dates, interest-bearing borrowings are measured at amortised cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on the accrual basis in the statement of comprehensive income using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Where interest-bearing loans have interest rate swaps changing the interest rate from fixed to variable or vice versa, they are treated as hedged items and carried at fair value. Gains and losses arising from changes in fair value are included in the statement of comprehensive income for the period.

Trade payables

Trade payables are stated at their nominal value.

Derivative instruments

Derivative financial instruments are initially recognised at fair value at the date the derivative contract is entered into, and subsequently measured at fair value at each statement of financial position date. The group uses derivative financial instruments primarily relating to foreign currency protection and to alter interest rate profiles.

The group designates certain derivatives as hedging instruments and they are classified as:
- fair value hedge: a hedge to cover exposure to changes in fair value of recognised asset and liability ;
- cash flow hedge: hedges a particular risk associated with a recognised asset or liability or a highly probable forecast transaction; and
- hedges of a net investment in a foreign operation.

Foreign currency forward contracts (FECs) and currency options are used to hedge foreign currency fluctuations relating to certain firm commitments and forecast transactions.

Interest rate swap agreements (IRS) and forward rate agreements (FRAs) can swap interest rates from either fixed to variable or from variable to fixed and are used to alter interest rate profiles.

1. Accounting policies (continued)

1.10 Financial instruments *(continued)*

Derivative instruments (continued)

Any gains or losses on fair value hedges are included in the statement of comprehensive income for the period.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and any ineffective portion is recognised immediately in the statement of comprehensive income.

Where there is a cash flow hedge and the firm commitment or forecast transaction that it is hedging results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in the statement of comprehensive income in the same period in which the hedged item affects the statement of comprehensive income.

Derivatives embedded in other financial instruments or non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value with fair value gains or losses reported in the statement of comprehensive income.

Fair value calculations

Investments are fair valued based on regulated exchange-quoted ruling bid prices at the close of business on the last trading day on or before the statement of financial position date. Fair values for unquoted equity instruments are estimated using applicable fair value models. If a quoted bid price is not available for dated instruments, the fair value is determined using pricing models or discounted cash flow techniques. Any instrument that does not have a quoted market price in an active market and whose fair value cannot be reliably measured is stated at its cost, including transaction costs, less any provisions for impairment.

All other financial assets' and liabilities' fair values are calculated by present valuing the best estimate of the future cash flows using the risk-free rate of interest plus an appropriate risk premium.

The fair value for any hedged items is calculated by discounting the future cash flows. The discount factor used is arrived at by establishing the current risk-free rate applicable for that item and adjusted for the credit spread over the risk-free rate on issue date.

Derecognition

The group derecognises a financial asset when its contractual rights to the cash flow from the financial asset expire, or if it transfers the asset together with its contractual rights to receive the cash flows of the financial assets.

The group derecognises a financial liability when the obligation specified in the contract is discharged or cancelled or expires.

1.11 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The group as lessor

Finance leases

Amounts due under finance leases are treated as instalment credit agreements.

Operating leases

Rental income is recognised in the statement of comprehensive income over the period of the lease term on the straight-line basis.

Assets leased out under operating leases are included under the appropriate category of asset in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar property, plant and equipment.

The group as lessee

Finance leases

Assets held under finance leases are recognised as assets of the group at their fair value at the date of acquisition. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the statement of comprehensive income over the term of the relevant lease.

Operating leases

Operating lease costs are recognised in the statement of comprehensive income over the lease term on the straight-line basis. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

1.12 Share-based payments

The group operates equity-settled share-based compensation plans for senior employees and executives.

Equity-settled share-based payments are measured at fair value at the date of grant using the Black-Scholes option-pricing model. The fair value determined at the grant date of the equity-settled share-based payments is expensed on the straight-line basis over the vesting period with a corresponding entry to equity. The expense takes into account the best estimate of the number of shares that are expected to vest. Non-market conditions such as time-based vesting conditions and non-market performance conditions are included in the assumptions for the number of options that are expected to vest. At each statement of financial position date, the entity revises its estimates on the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.

1.13 *Retirement benefit obligations*

The group operates a number of retirement schemes around the world. These schemes have been designed and are administered in accordance with the local conditions and practices in the countries concerned and include both defined contribution and defined benefit schemes with the major component being defined contribution schemes. The pension costs relating to these schemes are assessed in accordance with the advice of qualified actuaries and the defined benefit schemes are reviewed at least on a triennial basis or in accordance with local practice and regulations. In the intervening years, the actuary reviews the continuing appropriateness of the assumptions applied. The actuarial assumptions used to calculate the projected benefit obligations of the group's defined benefit retirement schemes vary according to the economic conditions of the countries in which they operate.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of the value of plan assets or 10% of the defined benefit obligation are charged or credited to income over the employees' expected average remaining working lives.

1.14 *Provisions*

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Leave pay provision

This is determined based on the outstanding number of days' leave due to employees applied to the total cost of their employment.

Bonus provision

Within the group there are various formulas to calculate bonuses payable to employees. Based on this, the different operations make an estimate of the total amount due.

Warranty and after-sales services

The group sells vehicles on which it will incur warranty and after-sales costs and an estimate is made based on past experience.

Insurance claims

The group has short-term insurance and life assurance operations on which claims settlements are made on insurance policies. The group raises the necessary provisions based on the facts of the claims and past experience.

Other provisions

The group is involved in different industries and locations that require many different provisions. These include, amongst others, onerous contracts, decommissioning and restructuring costs and long-service payments.

1.15 *Taxation*

The charge for current tax is based on the results for the year as adjusted for items which are non-assessable or disallowable. It is calculated using tax rates that have been substantively enacted at the statement of financial position date.

Deferred tax is accounted for using the statement of financial position liability method in respect of temporary differences arising from differences between the carrying amounts of asset and liability in the financial statements and the corresponding tax basis used in the computation of taxable profit.

In principle, deferred tax liabilities are recognised for all temporary differences arising from depreciation on property, plant and equipment, revaluations of certain non-current assets and provisions. Deferred tax assets are raised only to the extent that their recoverability is probable. Deferred tax assets relating to the carry-forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax asset and liability are offset when they relate to income taxes levied by the same taxation authority and the group is able to and intends to settle its current tax asset and liability on a net basis.

1.16 *Revenue recognition*

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.

Where there are guaranteed buyback arrangements in terms of which significant risks and rewards of ownership have not transferred to the purchaser, the transaction is accounted for as a lease.

Revenue arising from the rendering of services is recognised on the accrual basis in accordance with the substance of the agreement.

1. Accounting policies (continued)

1.16 Revenue recognition *(continued)*

Revenue from vehicle maintenance plans is recognised only to the extent of the value of parts and services provided, with the balance being recognised at the end of the vehicle maintenance plan.

The group reflects premium income relating to insurance business gross of reinsurance. Premiums are accounted for at the commencement of the risk. Premiums on investment contracts are excluded from the statement of comprehensive income.

Where the group acts as agent and is remunerated on a commission basis, the commission is included in revenue. Where the group acts as principal, the total value of business handled is included in revenue.

1.17 Interest and dividend income in financial services businesses

Interest income is accrued on the time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

1.18 Government grants and assistance

Government grants represent assistance by government in the form of transfers of resources in return for compliance with conditions related to operating activities. Government assistance is action by government designed to provide an economic benefit specific to an entity or range of entities qualifying under certain criteria. Government includes government agencies and similar bodies whether local, national or international.

When the conditions attaching to government grants have been complied with and they will be received, they are recognised in profit or loss on a systematic basis over the periods necessary to match them with the related costs. When they are for expenses or losses already incurred, they are recognised in profit or loss immediately. The unrecognised portion at the statement of financial position date is presented as deferred income.

No value is recognised where government provides general industry assistance.

Where the government grants target-specific assets, the government grants are deducted from the cost of the asset, hence reducing its cost.

1.19 Exceptional items

Exceptional items cover those amounts which are not considered to be of an operating/trading nature and generally include re-measurements due to:

- impairments of goodwill and non-financial assets;
- gains and losses on the measurement to fair value less costs to sell of disposal groups constituting discontinued operations;
- gains and losses on the measurement to fair value less costs to sell of non-current assets or disposal groups classified as held for sale;
- recycling through profit or loss of foreign currency translation reserves upon disposal of entities whose functional currencies are different to the group's presentation currency; and
- recycling through profit and loss of fair value gains and losses previously recognised directly in equity upon the disposal of available-for-sale financial assets and realisation of hedges of a net investment in a foreign operation.

1.20 Significant accounting judgements and estimates

The preparation of the group annual financial statements requires the group's management to make judgements, estimates and assumptions that affect the reported amounts of asset and liability and the disclosure of contingent asset and liability at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions, and in some cases actuarial techniques. Actual results could differ from those estimates.

The following accounting policies have been identified as involving particularly complex or subjective decisions or assessments:

Residual values and useful lives

The group depreciates its assets over their estimated useful lives taking into account residual values, which, following the adoption of IAS 16 – Property, plant and equipment, are reassessed on an annual basis.

The actual lives and residual values of these assets can vary depending on a variety of factors.

Technological innovation, product life cycles and maintenance programmes all impact the useful lives and residual values of the assets. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Insurance companies

Details of the significant accounting judgements and estimates are given in Annexure C.

Income taxes
The group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated taxes based on estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the statement of financial position date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the group operates could limit the ability of the group to obtain tax deductions in future periods.

Contingent liabilities
Management applies its judgement to the fact patterns and advice it receives from its attorney, advocates and other advisors in assessing if an obligation is probable, more likely than not, or remote. This judgement application is used to determine whether the obligation is recognised as a liability or disclosed as a contingent liability.

Revenue recognition
Revenue from vehicle maintenance plans is recognised only to the extent of the value of parts and services provided, with the balance recognised at the end of the plan.

Statement of financial position presentation based on liquidity
Management believes that the statement of financial position format based on liquidity provides information that is reliable and is more relevant compared to a current and non-current presentation. The nature of the group's operations is such that some asset categories on the statement of financial position are held as trading at the same time they qualify as fleet assets.

Discontinued operations and non-current assets classified as held for sale
Management classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Management classifies a component of the group as a discontinued operation that either has been disposed of or is classified as held for sale and:
- represents a separate major line of business or geographical area of operation;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale as a discontinued operation.

A non-current asset classified as held for sale (or disposal group) is measured at the lower of its carrying amount and fair value less costs to sell.

Provision for bad debts
Provision is made for bad debts based on management's estimate of the prospect of recovering the debt. Where management has determined that a debt is no longer recoverable, the amount is written off.

Provision for inventory
Inventory is counted at least once a year and any shortages and obsolete stock identified are written off immediately. An allowance is made for slow moving and obsolete inventory based on historical trends.

Fair value of financial instruments
Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

Asset impairments
The group periodically evaluates its assets for impairment, including identifiable intangibles, whenever events, such as losses being incurred, or changes in circumstances such as changes in the market, indicate that the carrying amount of the asset may not be recoverable. Our judgements regarding the existence of impairment indicators are based on market conditions and operational performance of the different businesses. Future events could cause management to conclude that impairment indicators exist. In order to assess if there is any impairment, we estimate the future cash flows expected to result from the use of the asset(s) and its eventual disposition. Considerable management judgement is necessary to estimate discounted future cash flows, including appropriate bases for making judgements and estimates.

1. Accounting policies (continued)

1.20 Significant accounting judgements and estimates *(continued)*

Asset impairments *(continued)*

The calculation of appropriate discount rates (weighted average cost of capital) is a sensitive input into valuations. While every effort is made to make use of independent information and apply consistent methodology, actual circumstances or outcomes could vary significantly from such estimates, including changes in the economic and business environment.

The variances could result in changes in useful lives or impairment. These changes can have either a positive or negative impact on our estimates of impairment and can result in additional charges.

Lereko Mobility (Pty) Limited (Lereko)

With the unbundling of the leasing and capital equipment division to create Eqstra Holdings Limited (Eqstra) the vendor finance receivable is now split between Imperial and Eqstra.

The amount of vendor finance recoverable by Imperial and Eqstra will be settled by the delivery of their own shares.

On the basis that risk of recoverability will now be shared between Imperial and Eqstra, the equity-accounted treatment will be maintained.

2. Impact of new issued standards and interpretations

The following new or revised IFRS standards and IFRICs have been issued with effective dates applicable to future annual financial statements of the group:

IFRS 1 – First time adoption of International Financial Reporting Standards

The amendments to this IFRS will include limited exemptions from comparative IFRS 7 disclosures, the amendments relating to oil and gas assets and determining whether an arrangement contains a lease, the accounting policy changes in the year of adoption, the revaluation basis as deemed cost, the use of deemed cost for operations subject to rate regulation.

The amendments should have no significant impact on the group's results, and first become applicable for the financial years ending 30 June 2011 and 30 June 2012.

IFRS 2 – Share-based payments

The amendment to this IFRS clarifies the treatment of group cash-settled share-based payment transactions.

The amendment should have no significant impact on the group's results, and first becomes applicable for the financial year ending 30 June 2011.

IFRS 3 – Business combinations

There are consequential amendments to this IFRS, resulting from the annual improvement project and IFRS 9 – Financial instruments. These include transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS, measurement of non-controlling interests, un-replaced and voluntarily replaced share-based payment awards.

The amendment should have no significant impact on the group's results, and first becomes applicable for the financial year ending 30 June 2011 and the amendments resulting from IFRS 9 – Financial instruments are applicable for the financial year ending 30 June 2014.

IFRS 4 – Insurance contracts

There are consequential amendments to this IFRS, resulting from the annual improvement project and IFRS 9 – Financial instruments.

The amendment should have no significant impact on the group's results, and first becomes applicable for the financial year ending 30 June 2011 and the amendments resulting from IFRS 9 – Financial instruments are applicable for the financial year ending 30 June 2014.

IFRS 5 – Non-current assets held for sale and discontinued operations

There are consequential amendments to this IFRS, resulting from the annual improvement project.

The amendment should have no significant impact on the group's results, and first becomes applicable for the financial year ending 30 June 2011.

IFRS 7 – Financial instruments: Disclosures

There are consequential amendments to this IFRS, resulting from the annual improvement project relating to the clarification of disclosures, and from IFRS 9 – Financial instruments.

The amendment should have no significant impact on the group's results, and first becomes applicable for the financial year ending 30 June 2012 and the amendments resulting from IFRS 9 – Financial instruments are applicable for the financial year ending 30 June 2014.

IFRS 8 – Operating segments

There are consequential amendments to this IFRS, resulting from the annual improvement project.

The amendment should have no significant impact on the group's results, and first becomes applicable for the financial year ending 30 June 2011.

IFRS 9 – Financial instruments
IFRS 9 is a new statement with the objective of reducing the number of classification categories of financial instruments and aligning the measurement of financial instruments with how entities manage financial instruments.

The group is currently assessing the impact of the standard on its results, financial position and cash flows. The standard first becomes applicable for the financial year ending 30 June 2014.

IAS 1 – Presentation of financial statements
There are consequential amendments to this statement, resulting from the annual improvement project and IFRS 9 – Financial instruments.

The amendment should have no significant impact on the group's results, and first becomes applicable for the financial years ending 30 June 2011 and 30 June 2012 and the amendments resulting from IFRS 9 – Financial instruments are applicable for the financial year ending 30 June 2014.

IAS 2 – Inventories
There are consequential amendments to this statement resulting from the annual improvement project and IFRS 9 – Financial instruments.

The amendment should have no significant impact on the group's results, and first becomes applicable for the financial year ending 30 June 2011 and the amendments resulting from IFRS 9 – Financial instruments are applicable for the financial year ending 30 June 2014.

IAS 7 – Statement of cash flows
There are consequential amendments to this statement, resulting from the annual improvement project.

The amendments should have no significant impact on the group's results, and first become applicable for the financial year ending 30 June 2011.

IAS 8 – Accounting policies, changes in accounting policies and errors
There are consequential amendments to this statement resulting from IFRS 9 – Financial instruments.

The amendment should have no significant impact on the group's results, and first becomes applicable when it applies IFRS 9 – Financial instruments from the financial year ending 30 June 2014.

IAS 12 – Income taxes
There are consequential amendments to this statement resulting from IFRS 9 – Financial instruments.

The amendment should have no significant impact on the group's results, and first becomes applicable when it applies IFRS 9 – Financial instruments from the financial year ending 30 June 2014.

IAS 17 – Leases
There are consequential amendments to this statement, resulting from the annual improvement project. The amendments clarify that in assessing whether land and buildings are held under a finance or operating lease, they are assessed separately.

The amendment should have no significant impact on the group's results, and first becomes applicable for the financial year ending 30 June 2011.

IAS 18 – Revenue
There are consequential amendments to the appendix to this statement, resulting from the annual improvement project clarifying the determination whether an entity is acting as principal or agent, and IFRS 9 – Financial instruments.

The amendments should have no significant impact on the group's results, and first become applicable for the financial year ending 30 June 2011 and the amendments resulting from IFRS 9 – Financial instruments are applicable for the financial year ending 30 June 2014.

IAS 21 – The effects of change in foreign exchange rates
There are consequential amendments to this statement, resulting from IFRS 9 – Financial instruments.

The amendment should have no significant impact on the group's results, and first becomes applicable when it applies IFRS 9 – Financial instruments from the financial year ending 30 June 2014.

IAS 24 – Related parties
There were amendments to simplify the definitions, clarify intended meaning and eliminate inconsistencies.

The amendment should have no significant impact on the group's results, and first becomes applicable for the financial year ending 30 June 2012 and must be applied retrospectively.

IAS 27 – Consolidated and separate financial statements
There are consequential amendments to this statement, resulting from the annual improvement project and IFRS 9 – Financial instruments.

The amendment should have no significant impact on the group's results, and first becomes applicable for the financial year ending 30 June 2011 and the amendments resulting from IFRS 9 – Financial instruments are applicable for the financial year ending 30 June 2014.

2. Impact of new issued standards and interpretations (continued)

IAS 28 – Investments in associates

There are consequential amendments to this statement, resulting from IFRS 9 – Financial instruments.

The amendment should have no significant impact on the group's results, and first becomes applicable when it applies IFRS 9 – Financial instruments from the financial year ending 30 June 2014.

IAS 31 – Investments in joint ventures

There are consequential amendments to this statement, resulting from IFRS 9 – Financial instruments.

The amendment should have no significant impact on the group's results, and first becomes applicable when it applies IFRS 9 – Financial instruments from the financial year ending 30 June 2014.

IAS 32 – Financial instruments presentation

This standard has been amended in relation to the classification of rights issues and IFRS 9 – Financial instruments.

The amendment should have no significant impact on the group's results, and first becomes applicable for the financial year ending 30 June 2011 and the amendments resulting from IFRS 9 – Financial instruments are applicable for the financial year ending 30 June 2014.

IAS 34 – Interim financial reporting

There are consequential amendments to this statement, resulting from the annual improvement project.

The amendments first become applicable to the group for the financial year ending 30 June 2011, and are not expected to have any significant impact on the group.

IAS 36 – Impairment of assets

There are consequential amendments to this statement, resulting from the annual improvement project clarifying the allocation of goodwill to cash-generating units, and IFRS 9 – Financial instruments.

The amendment should have no significant impact on the group's results, and first becomes applicable for the financial year ending 30 June 2011 and the amendments resulting from IFRS 9 – Financial instruments are applicable for the financial year ending 30 June 2014.

IAS 39 – Financial instruments: Recognition and measurement

There are consequential amendments to this statement, resulting from the annual improvement project clarifying exposures qualifying for hedge accounting and IFRS 9 – Financial instruments.

The amendment should have no significant impact on the group's results, and first becomes applicable for the financial year ending 30 June 2011 and the amendments resulting from IFRS 9 – Financial instruments are applicable for the financial year ending 30 June 2014.

IFRIC 10 – Interim financial reporting and impairment

There are consequential amendments to this interpretation, resulting from IFRS 9 – Financial instruments.

The amendment should have no significant impact on the group's results, and first becomes applicable when it applies IFRS 9 – Financial instruments from the financial year ending 30 June 2014.

IFRIC 12 – Service concession arrangements

There are consequential amendments to this interpretation, resulting from IFRS 9 – Financial instruments.

The amendment should have no significant impact on the group's results, and first becomes applicable when it applies IFRS 9 – Financial instruments for the financial year ending 30 June 2014.

IFRIC 13 – Customer loyalty programmes

There are consequential amendments to this interpretation, resulting from the annual improvement project, relating to the fair value of award credits.

The interpretation should have no significant impact on the group's results, and first becomes applicable for the financial year ending 30 June 2011.

IFRIC 14 – The limit on a defined benefit asset, minimum funding requirements and their interaction

This interpretation has been amended in relation to the voluntary prepaid contributions.

The interpretation should have no significant impact on the group's results, and first becomes applicable for the financial year ending 30 June 2012.

IFRIC 19 – Extinguishing financial liabilities with equity instruments

This new interpretation was issued in November 2009 providing guidance on where liabilities are extinguished with equity.

The interpretation should have no significant impact on the group's results, and first becomes applicable for the financial year ending 30 June 2011.

3. Restatement of comparatives and the adoption of new and revised standards

Reclassification of car rental cash flows

Net capital expenditure for car rental assets has been reclassified from investing activities to operating activities in the statement of cash flows. This is to comply with amendments to IAS 16 – Property, plant and equipment and IAS 7 – Statement of cash flows.

Reclassification of group statement of comprehensive income (Income statement)

The statement of comprehensive income as published last year has not changed but has been updated to include the other comprehensive income, resulting from changes to IAS 1 – Presentation of financial statements.

Re-presentation of the group statement of financial position (Balance sheet) – Imperial Bank Limited

At the interim reporting stage all the conditions precedent to the sale of the holding of 49,9% of Imperial Bank Limited had not been fulfilled, in that the approval for the sale in terms of section 37 of the Banks Act had not been obtained as had been anticipated by then. Consequently in the interim report, the investment in Imperial Bank Limited was reclassified under "Investments in associates and joint ventures", from its previous presentation as "Associate held for sale" with the comparative disclosure on the statement of financial position being re-presented and our share of Imperial Bank Limited's earnings being equity accounted. Subsequent to this all approvals were obtained and the transaction was concluded on 8 February 2010.

None of the changes above have impacted the 30 June 2008 statement of financial position and it has not been re-presented.

Business combinations and associates and joint ventures

The group adopted accounting standards and interpretations that became applicable during the current reporting period.

Of the amendments included in the Improvements to IFRS the following standards have had an impact on the group's accounting policies and methods:

- IFRS 3 – Business combinations;
- IAS 27 – Consolidated and separate financial statements;
- IAS 28 – Investments in associates.

The adoption of the above standards impacts the group as follows:

(1) The premium paid on the buy-out of non-controlling interests is recognised in equity;
(2) Transaction related costs for new acquisitions are expensed in the statement of comprehensive income;
(3) Adjustments to warranty payments provisions are recognised in the statement of comprehensive income;
(4) Non-controlling interests share in accumulated losses above the equity they contributed.

Amendments to these standards as noted under items 1 to 4 listed above have been applied prospectively and have had no material impact on the statement of comprehensive income and the statement of financial position.

Financial instruments and operating segments

The adoption of the revised IAS 32 – Financial instruments presentation, IFRS 7 – Financial instruments: Disclosure and IFRS 8 – Operating segments introduced changes to the presentation of the financial statements with no impact on the group's accounting policies or methods of computations.

Headline earnings per share

Circular 3/2009 – Headline earnings became applicable to Imperial on 1 July 2009. The impact of the adoption of the circular in the current reporting period resulted in the profit on the sale of rental assets and the impairment of such assets being included in headline earnings.

There was no change to the prior year numbers as a result of this amendment.

	Goodwill Rm	Computer software Rm	Other intangibles Rm	Total Rm
4. Intangible assets				
For the year ended 30 June 2010				
– Cost	**1 390**	**275**	**115**	**1 780**
– Accumulated impairment and amortisation	**507**	**224**	**43**	**774**
	883	**51**	**72**	**1 006**
Net book value at beginning of year	**759**	**75**	**67**	**901**
Net acquisition of subsidiaries and businesses	**284**		**7**	**291**
Additions		**32**	**3**	**35**
Proceeds on disposal		**(4)**		**(4)**
Impairment charge	**(108)**	**(2)**		**(110)**
Amortisation		**(44)**	**(5)**	**(49)**
Loss on disposal		**(3)**		**(3)**
Currency adjustments	**(52)**	**(3)**		**(55)**
Net book value at end of year	**883**	**51**	**72**	**1 006**
For the year ended 30 June 2009				
– Cost	1 158	264	105	1 527
– Accumulated impairment and amortisation	399	189	38	626
	759	75	67	901
Net book value at beginning of year	770	46	81	897
Net acquisition (disposal) of subsidiaries and businesses	213	(1)	2	214
Additions		63	6	69
Proceeds on disposal		(1)		(1)
Impairment (charge) reversals	(194)	2		(192)
Amortisation		(44)	(5)	(49)
Currency adjustments	(30)	(7)		(37)
Reclassification		17	(17)	
Net book value at end of year	759	75	67	901

Goodwill impairment testing

Goodwill is allocated to cash-generating units (CGUs) that are measured individually for the purposes of impairment testing.

A CGU represents the business operation from which goodwill was originally generated. The recoverable amount of a CGU is determined as being the higher of value in use, or the fair value less costs to sell.

Value in use

Value in use is calculated using discounted cash flows. Cash flow projections are based on three to five year forecast information approved by senior management. Cash flows beyond the initial period are extrapolated using average growth rates.

Discount and growth rates are used that are relevant to the particular industry and geographic location in which a CGU operates.

Fair value less costs to sell

Fair value less costs to sell is calculated with reference to publicly traded market prices.

Goodwill was tested for impairment and where the recoverable amount is less than the carrying value of the CGU, goodwill is then impaired.

4. **Intangible assets** (continued)

CGUs that are significant in relation to the group's total goodwill carrying amount are outlined below.

The remainder of the goodwill carrying amount is made up of numerous CGUs spanning all of the group's segments.

Significant cash-generating unit (CGU)	Carrying amount 2010 Rm	Basis for determining recoverable amount	Discount rate applied to cash flow %	Growth rate used to extrapolate cash flows %
Imperial Logistics International GmbH	262	Value in use	10,50	
Midas Group (Pty) Limited	185	Value in use	10,94	2,0
Beekman Super Canopies (Pty) Limited	76	Value in use	10,10	2,0
Rijnaarde BV	56	Value in use	10,50	2,0
Uvundlu Investments (Pty) Limited	53	New acquisition		

	2010 Rm	2009 Rm
5. Investments in associates and joint ventures		
Listed shares at cost	176	
Unlisted shares at cost	220	770
Share of post-acquisition reserves (net of impairments)	75	1 183
Goodwill written off	(22)	(22)
Carrying value of shares	449	1 931
Indebtedness by associates and joint ventures	354	338
Call option (Lereko Mobility)	387	65
	1 190	2 334
Valuation of shares		
Listed shares at market value	200	
Unlisted shares at directors' valuation	268	1 931
Unrecognised share of losses of associates and joint ventures exceeding the group's interest in the associate		
Cumulative unrecognised losses at beginning of year	221	115
Current period (recognised) unrecognised losses	(1)	106
Cumulative unrecognised losses at end of year	220	221

Details of the group's principal associates and joint ventures are reflected in Annexure B.

The directors' valuation has been established by reference to the group's share of the net assets of the associates and joint ventures.

The group's effective share of the abridged statement of financial position and the abridged statement of comprehensive income items in respect of associates and joint ventures are as follows:

	Associates Rm	Joint ventures Rm	Total 2010 Rm	Total 2009 Rm
Abridged income statement				
Revenue	2 469	485	2 954	2 987
Profit before net financing costs	335	(5)	330	279
Net finance cost	(50)	(9)	(59)	(80)
Income from associates and joint ventures	18		18	31
Profit before taxation	303	(14)	289	230
Income tax expense	(113)	(2)	(115)	(123)
Net profit for the year	190	(16)	174	107
Abridged statement of financial position				
Total assets	2 312	248	2 560	28 326
Capital and reserves, including non-controlling interest	409	34	443	1 862
Interest-bearing borrowings	1 429	87	1 516	24 722
Non-interest-bearing liabilities	474	127	601	1 742
Total equity and liabilities	2 312	248	2 560	28 326

	Land, buildings and leasehold improvements Rm	Equipment and furniture Rm	Motor vehicles Rm	Aircraft Rm	Total Rm
6. Property, plant and equipment					
For the year ended 30 June 2010					
– Cost	**5 475**	**2 253**	**271**	**51**	**8 050**
– Accumulated depreciation and impairment	**572**	**1 373**	**113**	**9**	**2 067**
	4 903	**880**	**158**	**42**	**5 983**
Net book value at beginning of year	**4 801**	**932**	**214**	**29**	**5 976**
Net acquisition of subsidiaries and businesses	**16**	**20**	**17**		**53**
Additions	**350**	**276**	**101**	**17**	**744**
Proceeds on disposal	**(201)**	**(39)**	**(121)**		**(361)**
Depreciation	**(50)**	**(269)**	**(53)**	**(4)**	**(376)**
Impairment charge	**(31)**				**(31)**
Profit (loss) on disposal	**82**	**(1)**	**2**		**83**
Currency adjustments	**(64)**	**(39)**	**(2)**		**(105)**
Net book value at end of year	**4 903**	**880**	**158**	**42**	**5 983**
For the year ended 30 June 2009					
– Cost	5 454	2 481	370	38	8 343
– Accumulated depreciation and impairment	653	1 549	156	9	2 367
	4 801	932	214	29	5 976
Net book value at beginning of year	4 589	922	170		5 681
Reclassified from leasing assets			58	29	87
Net acquisition of subsidiaries and businesses	64	38	5		107
Additions	469	356	209	5	1 039
Proceeds on disposal	(148)	(43)	(147)	(1)	(339)
Depreciation	(62)	(283)	(77)	(3)	(425)
Impairment reversals	11	2			13
Profit on disposal	75				75
Currency adjustments	(197)	(60)	(4)	(1)	(262)
Net book value at end of year	4 801	932	214	29	5 976

A schedule of land and buildings is available for inspection by members or their authorised agents at the registered office of the company.

Certain property, plant and equipment has been encumbered as security for interest-bearing borrowings (note 22).

	2010 Rm	2009 Rm
The total value of property, plant and equipment held under capitalised finance leases included above	**133**	112

		2010 Rm	2009 Rm
7.	**Transport fleet**		
	– Cost	**6 039**	6 515
	– Accumulated depreciation and impairment	**2 640**	3 032
		3 399	3 483
	Net book value at beginning of year	**3 483**	3 465
	Net acquisition of subsidiaries and businesses	**14**	201
	Additions	**722**	660
	Proceeds on disposal	**(231)**	(211)
	Depreciation	**(495)**	(500)
	Impairment charge	**(6)**	(7)
	Profit on disposal	**18**	11
	Currency adjustments	**(106)**	(136)
	Net book value at end of year	**3 399**	3 483
	The total value of transport assets held under capitalised finance leases included above	**52**	50
	Certain transport fleet assets have been encumbered as security for interest-bearing borrowings (note 22).		
8.	**Leasing assets**		
	Net book value at beginning of year		337
	Reclassified to property, plant and equipment		(87)
	Reclassified to vehicles for hire		(121)
	Reclassified to inventory		(129)
	Net book value at end of year		
9.	**Vehicles for hire**		
	– Cost	**2 722**	2 291
	– Accumulated depreciation and impairment	**485**	638
		2 237	1 653
	Net book value at beginning of year	**1 653**	1 286
	Reclassified from leasing assets		121
	Net acquisition of subsidiaries and businesses	**104**	58
	Additions	**2 010**	1 295
	Disposals	**(1 055)**	(757)
	Depreciation	**(476)**	(349)
	Profit on disposal	**1**	
	Currency adjustments		(1)
	Net book value at end of year	**2 237**	1 653

Certain vehicles for hire have been encumbered as security for interest-bearing borrowings (note 22).

		2010 Rm	2009 Rm
10.	**Deferred taxation**		
	Movement of deferred tax (assets) and liabilities		
	Net balance at beginning of year	**7**	(88)
	Transferred through the statement of comprehensive income		
	– Current	**(3)**	17
	– (Over) under provisions in prior years	**(11)**	8
	– Capital gains	**10**	
	Deferred tax recognised in other comprehensive income	**(1)**	20
	Arising on acquisitions and disposals	**1**	49
	Currency adjustments	**(5)**	11
	Reclassified from assets held for sale		(10)
	Net balance at end of year	**(2)**	7
	Analysis of deferred tax (assets) and liabilities		
	– Property, plant and equipment	**51**	75
	– Transport fleet	**548**	508
	– Vehicles for hire	**65**	58
	– Inventories	**(99)**	(65)
	– Taxation losses	**(253)**	(229)
	– Provisions	**(255)**	(279)
	– Capital gains	**148**	138
	– Other	**(207)**	(199)
		(2)	7
	Deferred tax comprises		
	– Assets	**(658)**	(645)
	– Liabilities	**656**	652
		(2)	7
	Unused tax losses available for offset against future profits	**(1 302)**	(1 417)
	Deferred tax asset recognised in respect of such losses	**904**	818
	Remaining tax losses not recognised as deferred tax assets due to unpredictability of future profit streams	**(398)**	(599)

	2010 Rm	2009 Rm
11. Other investments and loans		
Investments		
Listed at market value	**1 082**	735
Unlisted at fair value	**831**	106
	1 913	841
The above are categorised as follows:		
– Held for trading	**1 907**	832
– Designated at fair value through profit and loss	**1 153**	420
– Classified as held for trading		412
– Fixed and negotiable deposits designated at fair value through profit and loss	**754**	
– Available for sale	**6**	9
	1 913	841
A schedule of investments is available for inspection by members or their authorised agents at the registered office of the company.		
Loans		
Share incentive trust receivables – at amortised cost less impairments		177
Other loans – at amortised cost	**108**	118
	108	295
Total other investments and loans	**2 021**	1 136
Collateral held over the share incentive trust receivable		
Fair value of collateral held		177
Shares in Imperial Holdings and Eqstra Holdings were held as collateral over the receivable.		
Maturity analysis of the share incentive trust receivable		
– Maturing within one year		132
– Maturing after one year but within five years		45
		177
Maturity analysis of other loans		
– Maturing within one year	**26**	10
– Maturing after one year but within five years	**78**	103
– Maturing after five years	**4**	5
	108	118
Maturity analysis of total loans		
– Maturing within one year	**26**	142
– Maturing after one year but within five years	**78**	148
– Maturing after five years	**4**	5
	108	295
Effective interest rates		
Share incentive trust receivables		10,7%
Other loans	**5,0% – 10,0%**	5,8% – 12,0%
12. Other non-current financial assets		
Reinsurance debtors – held at amortised cost	**206**	203

		2010 Rm	2009 Rm
13.	**Inventories**		
	New vehicles	**3 247**	2 702
	Used vehicles	**2 310**	1 820
	New and used aircraft	**119**	205
	Spares, accessories and finished goods	**965**	726
	Fuel and oil	**57**	45
	Merchandise	**63**	45
	Work in progress	**48**	49
		6 809	5 592
	Inventories carried at net realisable value included above	**2 944**	2 606
	Net amount of inventory writedown expensed in the statement of comprehensive income	**104**	103
	Certain inventories have been encumbered as security for interest-bearing borrowings (note 22).		
14.	**Trade and other receivables**		
	Trade	**6 020**	5 296
	Prepayments and other	**129**	315
	Derivative financial instruments – hedging instruments	**16**	22
		6 165	5 633
15.	**Cash resources**		
	Deposits and funds at call	**2 010**	3 883
	Cash on hand and at bank	**1 189**	772
		3 199	4 655
	Effective interest rates	**1,5% – 6,0%**	1,0% – 9,0%

		Total 2010 Rm	Total 2009 Rm	**Tourvest 2010 Rm**	Tourvest 2009 Rm	**Commercial vehicles 2010 Rm**	Commercial vehicles 2009 Rm	**Aviation 2010 Rm**	Aviation 2009 Rm
16.	**Discontinued operations**								
	The results of the discontinued operations for the year:								
	Revenue	**361**	2 064		466	**115**	1 005	**246**	593
	Operating profit	**(5)**	133		10	**5**	66	**(10)**	57
	Impairment reversals of share scheme loans	**2**						**2**	
	(Loss) profit before net financing cost	**(3)**	133		10	**5**	66	**(8)**	57
	Net finance cost	**(25)**	(99)		(7)	**(7)**	(28)	**(18)**	(64)
	Loss from associates and joint ventures		(20)						(20)
	(Loss) profit before taxation	**(28)**	14		3	**(2)**	38	**(26)**	(27)
	Taxation	**57**	10				(10)	**57**	20
	Trading profit (loss) after taxation	**29**	24		3	**(2)**	28	**31**	(7)
	Fair value profit (loss) on discontinuation	**30**	484		529			**30**	(45)
	– Gross amount	**30**	571		575			**30**	(4)
	– Taxation		(87)		(46)				(41)
	Net profit (loss) for the year	**59**	508		532	**(2)**	28	**61**	(52)
	Non-controlling interest		(1)		(1)				
	Attributable to shareholders of Imperial Holdings Limited	**59**	507		531	**(2)**	28	**61**	(52)

	Total 2010 Rm	Total 2009 Rm	Commercial vehicles 2010 Rm	Commercial vehicles 2009 Rm	Aviation 2010 Rm	Aviation 2009 Rm
16. Discontinued operations (continued)						
The major classes of assets and liabilities of the discontinued operations classified as held for sale are as follows:						
Assets						
Investments in associates and joint ventures	**10**	10	**10**	10		
Property, plant and equipment	**14**	21	**11**	14	**3**	7
Leasing assets	**202**	258			**202**	258
Inventories	**72**	165	**56**	155	**16**	10
Trade and other receivables	**127**	312	**30**	68	**97**	244
Operating assets	**425**	766	**107**	247	**318**	519
Deferred tax assets	**20**	16				
Other non-current financial assets	**291**	160				
Cash resources	**11**	8				
Assets classified as held for sale	**747**	950				
Liabilities						
Deferred tax liabilities		59				59
Interest-bearing borrowings		15				15
Provisions for liabilities and other charges	**211**	223	**70**	116	**141**	107
Payables	**51**	162	**16**	93	**35**	69
Liabilities directly associated with assets classified as held for sale	**262**	459	**86**	209	**176**	250
Net assets attributable to shareholders of Imperial Holdings Limited	**485**	491				

Tourvest

Tourism Investment Corporation Limited, a company previously listed on the JSE Limited in which the group held a 66% interest, was sold in 2009.

Commercial vehicles

Commercial Vehicle Holdings relinquished its distribution rights for International and DAF trucks due to our conclusion that this business model led to mispricing and overstocking. This led to the decision to discontinue this line of business.

Aviation

This business, including Safair, Safair Lease Finance, Naturelink and the Air Contractors Group, was considered by the board as capital-intensive and not giving the required returns. Air Contractors and the Safair Group have been sold and Naturelink is being wound down.

Future disclosure

The trading assets of discontinued operations have been substantially realised.

Discontinued operations contribute an insignificant portion of the company's revenue and earnings. In future the results for discontinued operations will no longer be shown separately. The statement of comprehensive income and the statement of cash flows will be shown in total with no further distinction between continuing and discontinued operations. Should there be a significant fair value or other adjustment relating to discontinued operations, this will be disclosed separately.

This will result in one headline earnings per share and one earnings per share figure for the year.

		2010 Rm	2009 Rm
17.	**Share capital**		
	Authorised share capital		
	394 999 000 (2009: 394 999 000) ordinary shares of 4 cents each	**15**	15
	50 000 000 (2009: 50 000 000) deferred ordinary shares of 4 cents each	**2**	2
	15 000 000 (2009: 15 000 000) preferred ordinary shares of 4 cents each	**1**	1
	1 000 (2009: 1 000) redeemable preference shares of 4 cents each		
	40 000 000 (2009: 40 000 000) non-redeemable, non-participating preference shares of 4 cents each	**2**	2
		20	20
	Issued share capital		
	210 892 364 (2009: 212 129 870) ordinary shares of 4 cents each	**8**	8
	15 895 699 (2009: 16 781 968) deferred ordinary shares of 4 cents each	**1**	1
	14 516 617 (2009: 14 516 617) preferred ordinary shares of 4 cents each	**1**	1
	4 540 041 (2009: 4 540 041) non-redeemable, non-participating preference shares of 4 cents each (see note 20)		
		10	10

Directors' authority to issue ordinary shares and non-redeemable preference shares

The directors have been given general authority until the next annual general meeting to issue not more than five million ordinary shares and to issue not more than five million non-redeemable, non-participating preference shares at their discretion.

Deferred ordinary shares

The deferred ordinary shares convert to ordinary shares when certain predetermined growth rates in headline earnings are achieved during the period July 2004 to June 2018.

To the extent that the deferred ordinary shares have not converted by 2018 then 500 000 deferred ordinary shares will convert annually until the converted deferred ordinary shares equate to 10,1% of total ordinary shares in issue net of treasury shares.

The salient features of the conversion are:

During the first seven years:

- Base headline earnings hurdles established to calculate the number of deferred ordinary shares converted have been amended with the unbundling of the Leasing and Capital Equipment division (Eqstra Holdings Limited).
- With effect from the financial period ended 30 June 2008 the base headline hurdle for Imperial has been revised to R2 178 million.
- The amount will be escalated annually at a compound growth rate of 13% until 2011.
- A portion of earnings in excess of the base headline earnings hurdles would equate to the notional value that is attributed to Ukhamba Holdings, the holders of the deferred ordinary shares.
- The portion attributable to Ukhamba will be calculated as follows:
  - Earnings within a 13% to 15% growth rate on the previous year's base headline earnings hurdle: 25% attributed to Ukhamba.
  - Earnings within a 15% to 17% growth rate on the previous year's base headline earnings hurdle: 50% attributed to Ukhamba.
  - Earnings in excess of 17% growth rate on the previous year's base headline earnings hurdle: 75% attributed to Ukhamba.
- At the end of each financial year, the amount calculated as value attributed to Ukhamba will be translated into a number of ordinary shares based on a five-month volume-weighted average share price.
- It will be this number of shares that will become ordinary shares on an annual basis.
- The maximum number of deferred ordinary shares that can convert in any one year is 2,5% of the weighted number of ordinary shares in issue.
- Earnings within a 10% to 13% growth rate on the previous year's base headline earnings hurdle will give rise to a minimum of 1 million ordinary shares being converted, reduced by the ratio of the current ordinary shares in issue net of treasury shares over the ordinary shares in issue net of treasury shares at the start date of the transaction.

During the next seven years:
- To the extent that there remain deferred ordinary shares that have not converted into ordinary shares then the remaining deferred ordinary shares will convert on a non-cumulative basis as follows:
- If headline earnings per share growth over the previous financial year equals or exceeds:
  10% then 500 000 deferred ordinary shares will convert into ordinary shares.
  11% then 750 000 deferred ordinary shares will convert into ordinary shares.
  12% then 1 000 000 deferred ordinary shares will convert into ordinary shares.
  13% then 1 250 000 deferred ordinary shares will convert into ordinary shares.
  If headline earnings per share growth over the previous financial year is lower than 10% there will be no conversion of deferred ordinary shares into ordinary shares.

Thereafter:
- To the extent that there are deferred ordinary shares that have not converted into ordinary shares, 500 000 of the remaining deferred ordinary shares will convert annually until the converted deferred ordinary shares equate to 10,1% of the total ordinary shares in issue net of treasury shares.

To the end of the current financial year 6 859 690 (2009: 5 973 421) deferred ordinary shares were converted into ordinary shares.

Based on the minimum conversion for the period ended 30 June 2010, 883 090 shares will convert in July 2010.

Preferred ordinary shares
On 27 June 2005, 14 516 617 preferred ordinary shares were issued to Lereko Mobility at a total premium of R805 393 660.

The salient terms and conditions of the preferred ordinary shares are as follows:
- Although not listed, they will rank *pari passu* in all respects with all ordinary shares in respect of voting.
- They will automatically convert into ordinary shares on 30 September 2010 on a one for one basis.
- Upon conversion, they will rank *pari passu* in all respects with ordinary shares and be listed on the JSE Limited.
- They confer on the holders the right to receive a cumulative fixed annual dividend or capital distribution of 535 cents per annum payable in equal instalments of 267,5 cents on 31 March and 30 September of each year from and including 30 September 2005, up to and including 30 September 2010.

Group share schemes

	Number of shares	
Total rights authorised and currently allocated in terms of group share schemes	**2010**	2009
Imperial Holdings Share Incentive Trust		138 600
Imperial Executive Share Purchase Scheme		2 773 000
Share Option Scheme		23 000
Imperial Bonus Rights Scheme	**209 000**	272 800
Share Appreciation Rights Scheme	**17 645 806**	15 313 524
Deferred Bonus Plan	**323 030**	417 865
Total shares currently allocated in terms of group share schemes	**18 177 836**	18 938 789
Share scheme details are as follows:		
Imperial Holdings Share Incentive Trust		
Shares allocated at beginning of year	**138 600**	138 600
Shares settled by participants	**(138 600)**	
Shares still to be settled by participants		138 600
Imperial Executive Share Purchase Scheme		
Shares still to be settled at beginning of year	**2 773 000**	3 307 000
Shares settled during the year	**(2 773 000)**	
Shares transferred on unbundling		(534 000)
Shares still to be settled by participants		2 773 000

	2010 Number of shares	2010 Weighted average exercise price (Rand)	2009 Number of shares	2009 Weighted average exercise price (Rand)
17. Share capital (continued)				
Share Option Scheme				
Options balance at beginning of year	**23 000**	**55,62**	183 050	41,15
Options exercised during the year	**(13 000)**	**56,10**	(118 150)	36,88
Options forfeited during the year	**(10 000)**	**55,00**	(41 900)	40,08
Unexercised options at end of year			23 000	55,62
Imperial Bonus Rights Scheme				
Rights to ordinary shares balance at beginning of year	**272 800**	**150,08**	876 900	116,28
Rights to ordinary shares forfeited during the year	**(63 800)**	**150,08**	(604 100)	105,11
Ordinary shares still available under the scheme	**209 000**	**150,08**	272 800	150,08
Share Appreciation Rights Scheme				
Rights balance at beginning of year	**15 313 524**	**51,11**	11 328 556	49,48
Rights granted in 2009 and not previously reported	**2 517 873**	**55,32**		
Rights allocated during the year	**2 806 842**	**96,71**	4 405 183	55,32
Rights exercised during the year	**(2 420 800)**	**55,32**		
Rights forfeited during the year	**(571 633)**	**51,22**	(420 215)	49,48
Unexercised rights at end of year	**17 645 806**	**58,43**	15 313 524	51,11
Deferred Bonus Plan				
Rights granted at beginning of year	**417 865**		482 064	
Rights exercised during the year	**(203 480)**		(182 994)	
Rights forfeited during the year	**(28 228)**		(36 546)	
Prior year rights carried forward	**186 157**		262 524	
Rights allocated during the year	**136 873**		155 341	
Unexercised rights at end of year	**323 030**		417 865	

Grant date	**Number of rights**	**Average exercise price (Rand)**	**Expiry date**
Bonus Rights Scheme – details of rights by year of grant			
July 2007	209 000	150,08	June 2011
Share Appreciation Rights Scheme – details of rights still unexercised by year of grant			
June 2008	10 507 211	49,48	May 2015
June 2009	4 331 753	55,32	June 2016
June 2010	2 806 842	96,71	June 2017
Total unexercised rights at end of year	17 645 806		
Total weighted average price		58,43	

Upon exercise by participants the group will settle the value of the difference between the exercise and grant price by delivering shares, alternatively as a fall-back provision, only by settling the value in cash.

No dilution is expected as it is intended to acquire the necessary shares in the market and appropriate hedges have been established.

Deferred Bonus Plan – details of rights still unexercised by year of grant#

Grant date	Number of rights	Expiry date
June 2008	186 157	September 2012
June 2009		September 2013
June 2010	136 873	September 2014
Total unexercised rights at end of year	323 030	

Deferred Bonus Plan – details of rights taken up#

Rights taken up	Number of rights	Vesting date
July 2008	191 777	September 2011
August 2009	67 584	September 2012
August 2009	127 113	September 2012

#Rights entitle participants to invest a portion of their after-tax bonus in Imperial shares, which, if held for three years, will be matched by the company on a one-for-one basis by the allocation of an equal number of Imperial shares for no consideration.

Directors' interests in issued share capital

At year-end the aggregate shareholdings of the directors in the issued ordinary share capital of the company was as detailed below.

	2010		2009	
Director	**Beneficial number of shares**	**Non-beneficial number of shares**	Beneficial number of shares	Non-beneficial number of shares
Non-executive				
MJ Leeming		**928**		928
RJA Sparks	**40 000**		40 000	
Y Waja	**927**		927	
	40 927	**928**	40 927	928
Executive				
OS Arbee	**21 547**		158 783	
HR Brody	**45 118**		193 732	
MP de Canha	**1 046 904**		1 115 571	
RL Hiemstra	**32 633**		193 773	
AH Mahomed	**40 899**		157 056	
M Swanepoel	**36 192**			
	1 223 293		1 818 915	
	1 264 220	**928**	1 859 842	928

As a result of the implementation of the Lereko Mobility BEE transaction MV Moosa being a shareholder of Lereko Mobility holds a beneficial interest in 1 331 145 (2009: 1 331 145) preferred ordinary shares.

	2010 Rm	2009 Rm
18. Shares repurchased		
23 864 456 (2009: 23 864 456) ordinary shares at an average of R76,09 (2009: R76,09) each	**(1 816)**	(1 816)
2 123 775 ordinary shares at R94,20 each were purchased to hedge share scheme obligations	**(200)**	
2 123 775 ordinary shares at R94,20 each were cancelled during the year	**200**	
23 864 456 (2009: 23 864 456) ordinary shares at an average of R76,09 (2009: R76,09) each	**(1 816)**	(1 816)

		2010 Rm	2009 Rm
19a.	**Other reserves**		
	Share-based payment reserve	**(69)**	(146)
	Hedging reserve	**(85)**	(103)
	Statutory reserve	**265**	227
	Translation reserve	**33**	210
	Premium on purchase of non-controlling interest	**(26)**	
	Valuation reserve	**315**	92
		433	280

Refer to the statement of changes in equity for detailed analysis of the movements in other reserves.

The fair values for the share-based payment reserves were calculated using a Black-Scholes pricing model.

The inputs into the model established at the grant dates and which have not changed were as follows:

Bonus rights scheme – July 2007

Volatility (%)	**32,50**
Weighted average share price (Rand)	**141,49**
Weighted average exercise price (Rand)	**150,08**
Expected life (years)	**4**
Average risk-free rate (%)	**10,26**
Expected dividend yield (%)	**4,50**

Share appreciation rights scheme – June 2008

Volatility (%)	**35,00**
Weighted average share price (Rand)	**50,90**
Weighted average exercise price (Rand)	**49,48**
Expected life (years)	**3,28**
Average risk-free rate (%)	**12,37**
Expected dividend yield (%)	**5,68**

Deferred bonus plan – June 2008

Volatility (%)	**35,00**
Weighted average share price (Rand)	**50,90**
Weighted average exercise price (Rand)	
Expected life (years)	**3,28**
Average risk-free rate (%)	**12,37**
Expected dividend yield (%)	**5,68**

Share appreciation rights scheme – June 2009

Volatility (%)	**40,00**
Weighted average share price (Rand)	**55,32**
Weighted average exercise price (Rand)	**55,32**
Expected life (years)	**3,25**
Average risk-free rate (%)	**8,35**
Expected dividend yield (%)	**2,76**

Deferred bonus plan – June 2009

Volatility (%)	**40,00**
Weighted average share price (Rand)	**55,32**
Weighted average exercise price (Rand)	
Expected life (years)	**3,25**
Average risk-free rate (%)	**8,35**
Expected dividend yield (%)	**2,76**

Share appreciation rights scheme – June 2010

Volatility (%)	**33,00**
Weighted average share price (Rand)	**96,71**
Weighted average exercise price (Rand)	**96,71**
Expected life (years)	**3,29**
Average risk-free rate (%)	**7,44**
Expected dividend yield (%)	**2,76**

	2010 Rm	2009 Rm
Deferred bonus plan – June 2010		
Volatility (%)	**33,00**	
Weighted average share price (Rand)	**96,71**	
Weighted average exercise price (Rand)		
Expected life (years)	**3,29**	
Average risk-free rate (%)	**7,44**	
Expected dividend yield (%)	**2,76**	

The volatilities were determined by calculating the historical volatility of the company's share price over the previous five years. The expected life is determined by the rules of the schemes which dictate the expiry date.

The current year's movement raised in the statement of comprehensive income amounted to R134 million (2009: R55 million).

Lereko transaction
Imperial entered into a Black Economic Empowerment transaction with Lereko Mobility (Pty) Limited. The substance of this transaction was to grant the Lereko Consortium a call option over the delivery of a variable number of shares on 15 June 2015. This would be determined by the amount by which the value of 14 516 617 Imperial Holdings Limited ordinary shares exceeded the settlement of the funding.

The Monte Carlo simulation method was used to value this call option evaluating 100 000 potential outcomes for the call option granted on 15 June 2005 and vesting on 15 June 2015. The start price was R96,85.

19b. Translation reserve

	2010 Rm	2009 Rm
Balance at beginning of year	**210**	757
Movements in translation reserve		
Intangible assets	**(55)**	(37)
Investments, loans, associates and joint ventures	**(29)**	(15)
Property, plant and equipment	**(105)**	(262)
Transport fleet	**(106)**	(136)
Vehicles for hire		(1)
Deferred taxation	**5**	(11)
Inventories	**(16)**	(164)
Current taxation	**7**	13
Trade and other receivables	**(165)**	(255)
Cash resources	**(69)**	(169)
Non-controlling interest	**7**	14
Retirement benefit obligations	**35**	34
Interest-bearing borrowings	**136**	148
Insurance and investment contracts	**6**	2
Other non-current financial liabilities	**8**	
Provisions for liabilities and charges	**20**	40
Trade and other payables	**144**	247
	33	205
Direct transfer from retained earnings		5
Balance at end of year	**33**	210

20. Non-redeemable, non-participating preference shares

	2010 Rm	2009 Rm
Non-redeemable, non-participating preference shares at cost	**441**	441

4 540 041 preference shares were issued during the 2007 financial year and are listed on the JSE Limited under specialist securities – preference shares sector.

These shares are entitled to a preference dividend being 75% of the prime interest rate. The company is obligated to pay any arrear dividends within five years from the proceeds raised by issuing new ordinary shares within six months prior to such payment. Because of the cumulative nature of these preference shares they are classified as debt with no repayment terms.

The coupon is payable semi-annually on 1 April and 1 October and annually this amounts to R36 million (2009: R49 million) based on current rates of interest.

	2010 Rm	2009 Rm
21. Retirement benefit obligations		
Defined contribution plans		
The group provides retirement benefits through independent funds under the control of trustees and all contributions to those funds are charged to the statement of comprehensive income. The large majority of South African employees, other than those employees required by legislation to be members of various industry funds, are members of the Imperial Group Pension Fund and the Imperial Group Provident Fund which are governed by the Pensions Funds Act, 1956.		
Total cost charged to the statement of comprehensive income	**347**	350
Defined benefit plans		
Imperial Logistics International GmbH, a subsidiary located in Germany, operates a number of unfunded defined benefit plans for its employees in Europe. Under the plans the employees are entitled to retirement benefits which are dependent on seniority, length of service and level of pay.		
The benefit obligations in Europe are provided for based on actuarial valuations prepared using the projected unit credit method, with the following assumptions:		
– Discount rate	**4,50%**	6,00%
– Projected pension payment increase	**2,00%**	2,25%
– Projected salary and other contribution increase	**2,00%**	2,00%
– Fluctuation rate (depends on the age of male or female)	**0% – 8,00%**	0% – 8,00%
The latest actuarial valuation was performed in June 2010. In the opinion of the actuary, the provision for the defined benefit obligations is adequate. The next valuation will be conducted in June 2011.		
The amounts, included in staff costs, recognised in the statement of comprehensive income in respect of the plans are as follows:		
Current service cost	**2**	4
Actuarial profit	**(1)**	
Expected return on plan assets	**(1)**	(1)
Interest costs	**13**	15
	13	18
The amount included in the statement of financial position arising from the group's obligations is as follows:		
Unfunded obligations	**222**	256
Movements in the liability in the current year were as follows:		
Balance at beginning of year	**256**	286
Payments to retired employees	**(9)**	(14)
Plan assets transfers	**(3)**	
Currency adjustments	**(35)**	(34)
Amounts charged to income	**13**	18
Balance at end of year	**222**	256

	2010 Rm	2009 Rm	2008 Rm	2007 Rm	2006 Rm
Present value of net liability of defined benefit obligation	**246**	232	269	226	219
(Deficit) surplus	**(24)**	24	17	4	(1)
Net liability recognised on the statement of financial position	**222**	256	286	230	218
In addition the following net experience adjustments were incurred	**(7)**	1	(11)		

		2010 Rm	2009 Rm
22.	**Interest-bearing borrowings**		
	Long-term		
	– Loans secured by mortgage bonds over fixed property	58	57
	– Liabilities under capitalised finance leases	144	163
	– Instalment sale creditors secured by assets	66	89
	– Corporate bonds	6 448	7 301
	– *Listed on the Bond Exchange of South Africa*		
	– Held at fair value – IC 02 – maturing in May 2012	522	510
	– Held at amortised cost – IPL 3 – maturing in November 2010	1 008	1 007
	– Held at amortised cost – IPL 4 – maturing in March 2014	1 530	1 528
	– Held at amortised cost – IC 01 – maturing in August 2010	1 018	1 029
	– *Listed on the gilt edged and fixed interest market of the London Stock Exchange*		
	– Held at amortised cost – Eurobond – maturing in April 2013	798	1 441
	– Held at fair value – Eurobond – maturing in April 2013	1 572	1 786
	– Unsecured loans	102	160
		6 818	7 770
	Short-term		
	– Unsecured loans, call borrowings and bank overdrafts	1 015	688
	– Commercial paper		1 336
		1 015	2 024
	Total borrowings	7 833	9 794
	Less: Current portion of interest-bearing borrowings	3 124	2 139
	Long-term borrowings	4 709	7 655
	The above are categorised as follows:		
	– Designated as fair value through profit and loss	2 094	2 296
	– Amortised cost	5 739	7 498
		7 833	9 794

Interest rate analysis	**Current year Effective rates**	2010 Rm	2009 Rm
Fixed			
– Mortgage bonds, capitalised finance leases and instalment sale creditors	5,0 % – 12,0%	118	143
– Capitalised finance leases	16,0%	53	57
– Corporate bonds – IPL 3	10,1%	1 008	1 007
– Corporate bonds – IPL 4	9,0%	1 530	1 528
– Corporate bonds – IC 01	8,5%	1 018	1 029
– Eurobond	4,9%	798	1 441
– Unsecured loans	2,0% – 6,0%	110	154
– Unsecured loans	1,0% – 2,0%	51	125
– Unsecured loans	10,0% – 11,0%	2	7
– Commercial paper			1 336
Variable linked			
– Mortgage bonds, capitalised finance leases and instalment sale creditors	3,0% – 10,0%	98	110
– Corporate bond – IC 02	7,0% – 8,4%	522	510
– Eurobond	6,7% – 8,9%	1 572	1 786
– Unsecured loans	9,0% – 10,0%	57	51
– Unsecured loans	3,0% – 4,0%	9	13
– Unsecured loans	4,0% – 10,0%	392	324
– Call borrowings	6,8% – 9,9%	460	133
– Bank overdrafts	3,5% – 5,0%	35	40
		7 833	9 794

See note 39 for interest rate swap arrangements.

	Capitalised finance leases	More than five years Rm	One to five years Rm	Less than one year Rm	2010 Rm	2009 Rm
22.	**Interest-bearing borrowings** (continued)					
	Total minimum lease payments	83	101	60	244	276
	Less: Amounts representing finance charges	58	26	16	100	113
	Present value of minimum lease payments	25	75	44	144	163

Summary of long-term borrowings by currency and year of redemption or repayment	2015 and onwards Rm	2014 Rm	2013 Rm	2012 Rm	2011 Rm	2010 Rm	2009 Rm
SA rand	4	1 565	16	580	2 729	4 894	5 865
British pounds	21				53	74	139
Euro	56	18	2 410	39	121	2 644	3 639
Australian dollar					221	221	151
	81	1 583	2 426	619	3 124	7 833	9 794

	Debt secured		Net book value of assets encumbered	
Details of encumbered assets	2010 Rm	2009 Rm	2010 Rm	2009 Rm
Property, plant and equipment	147	138	100	102
Transport fleet	956	902	1 747	1 204
Vehicles for hire	706	809	1 373	1 198
Inventories	221	151	235	169
	2 030	2 000	3 455	2 673

The above totals include fleets financed through Imperial Capital Limited which has a security structure for the lenders to that entity.

		2010 Rm	2009 Rm
	Borrowing facilities		
	Total facilities established	7 744	11 420
	Less: Utilised for guarantees and letters of credit	40	54
		7 704	11 366
	Less: Total borrowings, excluding commercial paper issues, corporate bonds and loans from non-controlling interest	1 346	1 157
	Unutilised borrowing capacity	6 358	10 209
	In terms of the articles of association the borrowing powers of the group are unlimited.		
23.	**Insurance and investment contracts**		
	Long-term insurance funds	559	525
	Short-term insurance funds	534	831
		1 093	1 356
	See Annexure C for further details.		
24.	**Other non-current financial liabilities**		
	Cross currency and interest swap instruments	256	108
	Contingent consideration	39	49
	Loans	17	
		312	157

		Leave pay Rm	Bonuses Rm	Insurance claims Rm	Other Rm	Total Rm
25.	**Provisions for liabilities and other charges**					
	For the year ended 30 June 2010					
	Balance at beginning of year	**240**	**166**	**231**	**359**	**996**
	Amounts raised	**219**	**204**	**139**	**254**	**816**
	Unused amounts reversed	**(4)**	**(3)**		**(29)**	**(36)**
	Charged to income	**215**	**201**	**139**	**225**	**780**
	Amounts utilised	**(187)**	**(135)**	**(202)**	**(187)**	**(711)**
	Net (disposals) acquisitions of subsidiaries and businesses	**(4)**			**1**	**(3)**
	Currency adjustments	**(1)**		**(1)**	**(18)**	**(20)**
	Balance at end of year	**263**	**232**	**167**	**380**	**1 042**
	Payable in less than one year					**991**
	Payable in one to five years					**43**
	Payable in more than five years					**8**
						1 042
	For the year ended 30 June 2009					
	Balance at beginning of year	246	143	225	291	905
	Amounts raised	182	136	175	274	767
	Unused amounts reversed	(7)	(2)		(37)	(46)
	Charged to income	175	134	175	237	721
	Amounts utilised	(175)	(117)	(169)	(187)	(648)
	Net acquisitions of subsidiaries and businesses	7	7		44	58
	Currency adjustments	(13)	(1)		(26)	(40)
	Balance at end of year	240	166	231	359	996
	Payable in less than one year					908
	Payable in one to five years					22
	Payable in more than five years					66
						996

		2010 Rm	2009 Rm
26.	**Trade and other payables**		
	Trade payables and accruals	**8 833**	7 379
	Deferred income	**1 129**	844
	Derivative financial instruments	**119**	119
		10 081	8 342

	2010 Rm	2009 Rm
27. Revenue		
27.1 An analysis of the group's revenue is as follows:		
Sales of goods	**30 433**	27 784
Rendering of services	**20 474**	21 675
Gross premiums received	**2 471**	2 667
Other	**60**	93
	53 438	52 219
Revenue includes:		
27.2 Intergroup revenue received by subsidiaries from the group's associates and joint ventures		
– Sales of goods	**72**	72
– Rendering of services	**143**	77
– Gross premiums received		24
	215	173
Revenue excludes:		
27.3 Revenue between subsidiaries		
– Sales of goods	**1 428**	779
– Rendering of services	**326**	236
– Gross premiums received	**136**	131
	1 890	1 146
28. Net operating expenses		
Purchase of goods	**27 836**	24 115
Changes in inventories, before acquisition and disposal of subsidiaries and businesses	**(1 217)**	850
Cost of outside services	**7 092**	8 164
Reinsurance, claims and premium costs	**1 933**	2 114
Financial services – interest paid	**6**	8
Staff costs	**7 381**	7 181
Staff share-based payment	**134**	55
Other operating income	**(732)**	(647)
Other operating costs	**6 338**	6 614
	48 771	48 454
The above costs includes		
Auditors' remuneration		
– Audit fees	**37**	39
– Consulting services	**4**	7
	41	46
The above costs include:		
Rental and operating lease charges		
– Property	**672**	543
– Plant and equipment	**56**	72
– Vehicles	**14**	21
– Transport fleet	**83**	85
– Other	**15**	12
	840	733
Additional lease charges contingent upon turnover		
– Property	**2**	59

	2010 Rm	2009 Rm
28. Net operating expenses (continued)		
Net operating expenses include:		
Consultancy and other technical fees	**22**	38
Impairment charge (impairment reversal) of assets other than goodwill and property	**8**	(8)
Investment income	**(214)**	(290)
Interest income	**(195)**	(266)
Analysis of dividends received by investment type		
– Fair value through profit and loss investments		
– Designated	**(19)**	(1)
– Classified (held for trading)		(23)
Analysis of fair value (gains) losses on investments		
– Fair value (gains) losses through profit and loss	**(97)**	138
– Designated	**(97)**	12
– Classified (held for trading)		126
29. Depreciation, amortisation and recoupments		
Intangible assets	**49**	49
Property, plant and equipment	**376**	425
Transport fleet	**495**	500
Vehicles for hire	**476**	349
	1 396	1 323
Loss on disposal of intangible assets	**3**	
Profit on disposal of plant and equipment	**(1)**	
Profit on disposal of transport fleet	**(18)**	(11)
Profit on disposal of vehicles for hire	**(1)**	
	1 379	1 312
Recoupments from the sale of properties includes impairments	**31**	
30. Exceptional items		
Impairment of goodwill	**(108)**	(194)
Profit on disposal of associate – Imperial Bank Limited	**131**	
Profit on disposal of other investments in associates and joint ventures	**22**	
Profit (loss) on disposal of investments in subsidiaries	**13**	(20)
Loss on sale of Eqstra Holdings Limited shares		(217)
Gross exceptional items	**58**	(431)
Taxation expense	**(147)**	
Net exceptional items	**(89)**	(431)
Attributable to non-controlling interest	**(10)**	
Attributable to Imperial Holdings' shareholders	**(99)**	(431)
31. Financing cost		
Non-financial services businesses		
Interest paid on financial liabilities not at fair value through profit and loss	**618**	792
Capitalised to property, plant and equipment	**(8)**	(11)
Interest paid on financial liabilities designated as fair value through profit and loss	**187**	253
Foreign exchange gains on monetary items	**(222)**	(216)
Fair value losses arising from interest-bearing borrowings and interest swap instruments	**186**	277
	761	1 095
Finance income on financial assets not fair valued through profit and loss	**(164)**	(172)
	597	923

		2010 Rm	2009 Rm
32.	**Income tax expense**		
	South African normal taxation		
	– Current	**622**	348
	– Prior year over provisions	**(42)**	(94)
		580	254
	Foreign taxation		
	– Current	**133**	153
	– Prior year over provisions	**(17)**	(17)
		116	136
	Deferred		
	– Current	**(3)**	17
	– Prior year (over) under provisions	**(11)**	8
		(14)	25
	Secondary and withholding taxation	**65**	80
	Capital gains		
	– Current	**154**	7
	– Deferred	**10**	
		164	7
	Income tax expense	**911**	502
	Reconciliation of tax rates:	**%**	%
	Profit before taxation, excluding income from associates and joint ventures – effective tax rate	**31,0**	32,1
	Income tax effect of :		
	– Foreign tax differential	**0,1**	0,5
	– Taxation assets recognised (not recognised)	**1,9**	(2,3)
	– Disallowable charges/capital losses	**(3,9)**	(11,9)
	– Exempt/capital income	**4,3**	8,5
	– Secondary tax on companies	**(2,2)**	(5,1)
	– Capital gains	**(5,6)**	(0,4)
	– Prior year over provision	**2,4**	6,6
		28,0	28,0
33.	**Dividends**		
	Ordinary shares		
	Interim		
	– In the current year a dividend of 150 cents per share was paid on 29 March 2010	**284**	
	– In the prior year a dividend of 80 cents per share was paid on 30 March 2009		150
	Final		
	– A dividend of 200 cents per share is payable on 27 September 2010	**374**	
	– In the prior year a dividend of 120 cents per share was paid on 28 September 2009		226
	Preferred ordinary shares		
	Interim		
	– In the current year a dividend of 267,5 cents per share was paid on 25 March 2010	**39**	
	– In the prior year a dividend of 267,5 cents per share was paid on 27 March 2009		39
	Final		
	– A dividend of 267,5 cents per share is payable on 23 September 2010	**39**	
	– In the prior year, a dividend of 267,5 cents per share was paid on 25 September 2009		39
	Secondary tax on companies (STC) is payable by the company at a rate of 10% upon payment of these dividends, less any STC credits available.		

34. Earnings per share

Ordinary shares

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of Imperial Holdings by the weighted average number of ordinary shares in issue during the year.

	Continuing operations Rm	Discontinued operations Rm	Total Rm
30 June 2010			
Net profit attributable to equity holders of Imperial Holdings	1 962	59	2 021
Attributable to preferred ordinary shareholders	78		78
Attributable to ordinary shareholders	1 884	59	1 943
Weighted average number of ordinary shares (million)	185,7	185,7	185,7
Basic earnings per share (cents)	1 015	32	1 047
For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted for deferred and preferred ordinary shares.			
Weighted average number of ordinary shares (million)	185,7	185,7	185,7
Adjusted for deferred and preferred ordinary shares (million)	18,3	18,3	18,3
Weighted average number of ordinary shares for diluted earnings (million)	204,0	204,0	204,0
Diluted earnings per share (cents)	962	29	991
Headline earnings and diluted headline earnings per share is calculated as follows:			
Net profit attributable to ordinary shareholders	1 884	59	1 943
Impairment of property, plant and equipment	39		39
Profit on disposal of property, plant and equipment	(99)	1	(98)
Exceptional items	(58)	(30)	(88)
Exceptional items included in income from associates and joint ventures	4		4
Taxation	31		31
– Exceptional items	18		18
– Profit on disposal of property, plant and equipment	19		19
– Impairment charge of assets	(6)		(6)
Non-controlling interest (sale of associate)	10		10
Headline earnings	1 811	30	1 841
Add back earnings attributable to preferred ordinary shareholders	78		78
Diluted headline earnings	1 889	30	1 919
Weighted average number of ordinary shares (million)	185,7	185,7	185,7
Headline basic earnings per share (cents)	976	16	992
Weighted average number of ordinary shares for diluted earnings (million)	204,0	204,0	204,0
Headline diluted earnings per share (cents)	926	15	941
Preferred ordinary shares			
Fixed amount attributable to preferred ordinary shares (cents)	535		535

34. Earnings per share (continued)

	Continuing operations Rm	Discontinued operations Rm	Total Rm
Ordinary shares			
30 June 2009			
Net profit attributable to equity holders of Imperial Holdings	1 011	507	1 518
Attributable to preferred ordinary shareholders	78		78
Attributable to ordinary shareholders	933	507	1 440
Weighted average number of ordinary shares (million)	185,5	185,5	185,5
Basic earnings per share (cents)	503	273	776
For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted for deferred and preferred ordinary shares.			
Weighted average number of ordinary shares (million)	185,5	185,5	185,5
Adjusted for deferred and preferred ordinary shares (million)	22,5	22,5	22,5
Weighted average number of ordinary shares for diluted earnings (million)	208,0	208,0	208,0
Diluted earnings per share (cents)	486	244	730
Headline earnings and diluted headline earnings per share is calculated as follows:			
Net profit attributable to ordinary shareholders	933	507	1 440
Impairment reversal of assets	(8)		(8)
Profit on disposal of property, plant and equipment	(86)	15	(71)
Exceptional items	431	(571)	(140)
Exceptional items included in income from associates and joint ventures	4		4
Taxation	21	83	104
– Exceptional items		87	87
– Impairment reversals of assets	2		2
– Profit on disposal of property, plant and equipment	19	(4)	15
Non-controlling interest (profit on disposal of property, plant and equipment)	(1)	(1)	(2)
Headline earnings	1 294	33	1 327
Add back earnings attributable to preferred ordinary shareholders	78		78
Diluted headline earnings	1 372	33	1 405
Weighted average number of ordinary shares (million)	185,5	185,5	185,5
Headline basic earnings per share (cents)	698	17	715
Weighted average number of ordinary shares for diluted earnings (million)	208,0	208,0	208,0
Headline diluted earnings per share (cents)	660	15	675
Preferred ordinary shares			
Fixed amount attributable to preferred ordinary shares (cents)	535		535

	2010 Rm	2009 Rm
35. Notes to the statement of cash flows		
(a) Cash generated by operations before net capital expenditure on rental assets		
Profit before net financing costs	**3 564**	3 193
Continuing operations	**3 537**	2 489
Discontinued operations	**27**	704
Adjustments for non-cash and other movements		
Amortisation of intangible assets, net of recoupments	**52**	49
Depreciation of property, plant and equipment	**376**	425
Depreciation of transport fleet, net of recoupments	**477**	489
Depreciation of vehicles for hire, net of recoupments	**475**	349
Depreciation of property, plant and equipment – discontinued operations	**1**	27
Depreciation of leasing assets, net of recoupments – discontinued operations		19
Exceptional items – continuing and discontinued operations	**(88)**	(140)
Profit on disposal of property, plant and equipment	**(83)**	(75)
Fair value (gains) losses on investments	**(97)**	138
Impairment of tangible and intangible assets	**39**	(8)
Foreign exchange gains	**(14)**	
Fair value adjustments	**5**	(24)
Impairment reversal – Share trust loan	**(26)**	
Impairment of non-current financial assets	**44**	
Fair value gain on early settlement of European bond	**(27)**	
Fair value gain on the Lereko call option	**(78)**	
Recognition of share-based payments	**134**	55
Net movement in insurance funds	**(257)**	(177)
Increase in retirement benefit obligations	**1**	4
Cash generated by operations before changes in working capital	**4 498**	4 324
Working capital movements		
(Increase) decrease in inventories	**(875)**	1 445
(Increase) decrease in accounts receivable	**(182)**	1 633
Increase (decrease) in accounts payable	**1 312**	(1 649)
Cash generated by operations before net capital expenditure on rental assets	**4 753**	5 753
(b) Acquisition of subsidiaries and businesses		
Goodwill	**290**	173
Other intangible assets	**7**	3
Investment in associates and joint ventures	**1**	
Property, plant and equipment	**57**	109
Transport fleet	**14**	203
Vehicles for hire	**104**	58
Deferred taxation	**(1)**	(45)
Other investments and loans		4
Inventories	**287**	7
Trade and other receivables	**348**	197
Cash resources	**133**	57
Non-controlling interest	**(108)**	(28)
Interest-bearing borrowings	**(79)**	(181)
Other non-current financial liabilities	**(5)**	
Provisions for liabilities and other charges	**(10)**	(59)
Trade and other payables	**(440)**	(117)
Taxation (liability) asset	**(17)**	27
Net assets arising on acquisition	**581**	408
Contingent consideration	**(59)**	
Less: Cash resources acquired	**(133)**	(57)
Cash flow on acquisition	**389**	351

	2010 Rm	2009 Rm
35. Notes to the statement of cash flows (continued)		
(c) Disposal of subsidiaries and businesses		
Other intangible assets		7
Goodwill	**6**	471
Investment in associates and joint ventures	**25**	
Property, plant and equipment	**4**	279
Transport fleet		2
Other investments and loans	**3**	49
Inventories	**23**	236
Taxation liability	**(5)**	(14)
Trade and other receivables	**18**	480
Cash resources	**77**	58
Non-controlling interest	**(39)**	(248)
Interest-bearing borrowings	**(24)**	(203)
Deferred taxation		(1)
Provisions for liabilities and other charges	**(13)**	(26)
Trade and other payables	**(37)**	(573)
	38	517
Less: Cash resources disposed	**(77)**	(58)
Profit on disposal of subsidiaries	**13**	555
Proceeds on disposal	**(26)**	1 014
– Discontinued operations		1 003
– Continued operations	**(26)**	11
(d) Net replacement capital expenditure – excluding rental assets		
Expenditure		
– Intangible assets	**(35)**	(69)
– Property, plant and equipment	**(394)**	(570)
– Transport fleet	**(429)**	(341)
	(858)	(980)
Proceeds on disposal		
– Intangible assets	**4**	1
– Property, plant and equipment	**160**	191
– Transport fleet	**231**	211
	395	403
Net expenditure		
– Intangible assets	**(31)**	(68)
– Property, plant and equipment	**(234)**	(379)
– Transport fleet	**(198)**	(130)
	(463)	(577)
(e) Cash and cash equivalents		
Cash resources	**3 199**	4 655
Short-term loans and overdrafts	**(1 015)**	(2 024)
	2 184	2 631

	2010 Rm	2009 Rm
36. Commitments		
Capital expenditure commitments to be incurred		
Contracted	**476**	514
Authorised by directors but not contracted	**406**	30
	882	544

The expenditure is substantially for the replacement of transport vehicles and the construction of buildings to be used by the group. Expenditure will be financed from proceeds on disposals and existing facilities.

	More than five years Rm	One to five years Rm	Less than one year Rm	2010 Rm	2009 Rm
Operating lease payables					
Property	**555**	**902**	**383**	**1 840**	2 122
Vehicles		**168**	**157**	**325**	123
Plant and equipment	**46**	**32**	**19**	**97**	12
	601	**1 102**	**559**	**2 262**	2 257
Operating lease receivables					
Property	**3**	**60**	**57**	**120**	164
Vehicles		**69**	**37**	**106**	
	3	**129**	**94**	**226**	164

	2010 Rm	2009 Rm
37. Contingent liabilities		
In prior years subsidiaries have entered into buy-back agreements. The maximum exposure was R89 million		89
A subsidiary company has guaranteed loans provided to a Driver Empowerment Scheme for a maximum of R39 million. The guarantee is no longer applicable in the current year		39
The company has issued a guarantee to the debenture and preference share funders of Lereko Mobility (Pty) Limited amounting to R78 million	**78**	78
A subsidiary has pledged assets relating to the funders of discontinued operations amounting to R29 million	**29**	29
A subsidiary has contingent liabilities in respect of suretyships issued to creditors amounting to R10 million	**10**	13
Subsidiary companies have received summons for claims amounting to R84 million. The group and its legal advisors believe that these claims are unlikely to succeed	**84**	8

Except for the above claims, there is no current or pending litigation that is considered likely to have a material adverse effect on the group.

38. Related party transactions

The company has no holding company. Subsidiaries, associates, joint ventures, and the group pension and provident funds are considered to be related parties. During the year the company and its subsidiaries, in the ordinary course of business, entered into various sale and purchase transactions with associates and joint ventures. These transactions occurred under terms that are no less favourable than those arranged with third parties.

Interest of directors in contracts

The directors have confirmed that they were not interested in any transaction of any significance with the company or any of its subsidiaries. Accordingly, a conflict of interest with regard to directors' interest in contracts does not exist.

Subsidiaries

Details of interests in principal subsidiaries and new business combinations are disclosed in Annexure A.

Shareholders

The principal shareholders of the company are detailed in the analysis of shareholders schedule on page 36 of the annual report. A director has shareholdings in certain subsidiaries and receives dividends.

Associates and joint ventures

Details of investments in principal associates and joint ventures are disclosed in Annexure B.

Details of revenue derived from associates and joint venture are outlined in note 27.2.

	2010 Rm	2009 Rm
Purchase of goods and services from associates and joint ventures	**831**	403
Management fees received from associates and joint ventures		1

Key management personnel

Key management personnel are directors and those executives having authority and responsibility for planning, directing and controlling the activities of the group.

The group has many different operations, retail outlets and service centres where the group staff may be transacting.

Often these transactions are minor and are difficult to monitor. Key management have to report any transactions with the group in excess of R100 000. The total value of goods and services supplied to or from key management on an arm's length basis amounted to R44 million (2009: R19 million).

The group received insurance premiums on an arm's length basis from the group pension and provident funds to the amount of R54 million (2009: R49 million).

The group pays for legal services on an arm's length basis from a firm of attorneys in which a director of the company has an interest, amounting to R11 million (2009: R13 million).

	2010 Rm	2009 Rm
Key management personnel remuneration comprises:		
Non-executive directors' fees	**4**	3
Short-term employee benefits	**663**	569
Long-term employee benefits	**46**	43
Termination benefits	**2**	6
	715	621
Number of key management personnel	**526**	505

The net gains on share options amounted to R15 million (2009: RNil).

39. Financial instruments

Financial risk factors

The group's treasury activities are aligned to the company's decentralised business model and the asset and liability committee's (Alco) strategies. The Alco is a board sub-committee responsible for implementing best practice asset and liability risk management with its main objectives being the management of liquidity, interest rate, price and foreign exchange risk. The Alco meets every quarter and follows a comprehensive risk management process. The treasury implements the Alco risk management policies and directives and provides financial risk management services to the various divisional businesses, coordinates access to domestic and international financial markets for bank as well as debt capital markets funding. The treasury monitors and manages the financial risks relating to the operations of the group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

The day-to-day management of foreign exchange risk and credit risk is performed on a decentralised basis by the various business units within the group's hedging policies and guidelines.

The group's objectives, policies and processes for measuring and managing these risks are detailed below.

The group seeks to minimise the effects of these risks by matching asset and liability as far as possible or by using derivative financial instruments to hedge these risk exposures.

The group does not enter into or trade in financial instruments, including derivative financial instruments, for speculative purposes. The group enters into financial instruments to manage and reduce the possible adverse impact on earnings from changes in interest rates and foreign exchange rates.

MARKET RISK

This is the risk that changes in the general market conditions, such as foreign exchange rates, interest rates, commodity prices and equity prices may adversely impact on the group's earnings, assets, liabilities and capital.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the return on risk.

The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and equity prices.

CURRENCY RISK

This is the risk of losses arising from the effects of adverse movements in exchange rates on net foreign currency asset or liability positions.

The group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. In order to manage these risks, the group may enter into hedging transactions, which make use of derivatives. Derivative instruments are used by the group for hedging purposes. Such instruments include forward exchange contracts, futures and certain currency options authorised by Alco.

The policy of the group is to maintain a fully covered foreign exchange risk position in respect of foreign currency commitments with a few exceptions authorised by the Alco. Automotive spare parts may be settled in the spot markets and where specific South African Exchange Control authorisation has been obtained up to 75% of forecast annual sales can be covered. The day-to-day management of foreign exchange risk is performed on a decentralised basis by the various business units within the group's hedging policies and guidelines. Trade-related import exposures are managed through the use of natural hedges arising from foreign assets as well as forward exchange contracts.

At the year end the settlement dates on open forward contracts ranged up to 12 months. The average exchange rates shown include the cost of forward cover. The amounts represent the net rand equivalent of commitments to purchase and sell foreign currencies, and have all been recorded at fair value.

The group has entered into certain forward exchange contracts that relate to specific financial position items at 30 June and specific foreign commitments not yet due. The details of these contracts are as follows:

Foreign currency	Foreign amount (million)	Average exchange rate	Contract value Rm	Marked to market Rm
2010				
Imports				
US dollar	328	7,69	2 526	2 523
Euro	150	10,18	1 527	1 425
British pounds	3	12,00	36	35
Japanese yen	3 283	12,04	273	289
Other			174	161
			4 536	4 433

39. Financial instruments (continued)

CURRENCY RISK (continued)

Foreign currency	Foreign amount (million)	Average exchange rate	Contract value Rm	Marked to market Rm
2009				
Imports				
US dollar	141	8,42	1 185	1 094
Euro	28	11,76	327	306
British pounds	2	13,41	22	22
Japanese yen	1 058	11,14	95	87
Other			198	221
			1 827	1 730

Fair value is calculated as the difference between the contracted value and the value to maturity. The fair value adjustments are included in trade receivables and trade payables.

The translation impact of a 1% devaluation in the rand would have R21 million (2009: R21 million) positive impact on group equity, and vice versa for a 1% appreciation of the rand.

The sensitivity of profits to changes in exchange rates is a result of foreign exchange gains/losses on translation of foreign denominated financial asset and liability translated at spot rate are offset by equivalent gains/losses in currency derivatives.

Divisional currency risk

Logistics international

Currency risk exposure arises from the conclusion of transactions in currencies other than the functional currencies of operations in the Netherlands, Germany, Poland and Sweden. All material exposures arising from transactions external to the group are covered by forward exchange contracts. Translation risk arises from the net investment in overseas businesses in the United Kingdom, Australia and Sweden. These translation exposures are recognised directly in equity through the translation reserve and only booked to the statement of comprehensive income when the subsidiary is sold. No net investment hedges are in place.

Logistics southern Africa

The risk in this division is modest with certain small transactions in foreign currencies, which result in foreign currency denominated debtors and creditors. In order to mitigate the risks which arise from this exposure, these items are settled immediately.

Distributorships

The group's major currency exposure exists in this division. Risk exposures result from vehicles, automotive components and aircraft being imported, and invoiced in foreign currency. Forward exchange contracts, futures and certain currency options are used to hedge this exposure, up to 75% of motor vehicle forecast annual sales can be covered should it be deemed necessary. In addition, overseas businesses result in translation exposure, which is naturally hedged by the net asset position of those businesses.

Automotive retail

Risk exposure is limited to translation risk for investments in dealerships in the United Kingdom, operational cash flows in these dealerships are in the functional currencies of those countries, and exposure to currency risk results from translation into our presentation currency (ZAR). This division is also exposed to certain small transactions in foreign currencies, which result in foreign currency denominated debtors and creditors. In order to mitigate the risks which arise from this exposure, forward exchange contracts are taken to hedge this exposure.

Insurance

Risk exposures result from foreign operations as well as the division holding investments in foreign equities, which are administered by portfolio managers and monitored by an investment committee.

INTEREST RATE RISK

This is the risk that fluctuations in interest rates may adversely impact on the group's earnings, assets, liabilities and equity.

The group is exposed to interest rate risk as it borrows and places funds at both fixed and floating rates. The risk is managed by matching fixed and floating rate asset and liability wherever possible and to achieve a repricing profile in line with Alco directives use is made of interest rate derivatives. The group analyses the impact on profit and loss of defined interest rate shifts – taking into consideration refinancing, renewal of existing positions, alternative financing and hedging.

The group's treasury follows a centralised cash management process including cash management systems across bank accounts in South Africa to minimise risk and interest costs. The group's offshore cash management is managed by the treasuries in Germany, the United Kingdom and the Netherlands. The interest rate profile of total borrowings is reflected in note 22.

The group has entered into interest rate derivative contracts that entitle it to either receive or pay interest at floating rates on notional principal amounts and oblige it to pay or receive interest at fixed rates on the same amounts.

The insurance division, in addition to its short-term deposits, has fixed rate investments, such as negotiable certificate of deposits (NCDs), gilts and bonds. The risk is mitigated by the use of fund managers under the guidance of the investment committee, which has ultimate responsibility for the investment portfolio's risk profile and related decisions.

The group's remaining periods and notional principal amounts comprise the following interest rate swap instruments:

	2010 Rm	2009 Rm
Pay fixed receive floating		
Less than one year	**1 000**	1 800
One to five years	**197**	1 000
More than five years		18
Pay floating receive fixed		
Less than one year		300
One to five years	**2 313**	2 313

The impact of a 1% increase in interest rates will have an annualised R4 million (2009: R26 million) effect on group after tax profit and equity.

EQUITY PRICE RISK

The group is exposed to equity price risk as it holds equity securities, which are classified as either available for sale or held for trading.

The impact of a 1% increase in the equity index will have a R5 million (2009: R4 million) effect on group after tax profit and a R5 million (2009: R4 million) impact on equity.

Divisional equity price risk: Insurance

The insurance division has reduced its exposure to equities to minimise the volatility that the equity price risk brings to the group statement of comprehensive income. The equity portfolio consists of high-quality securities. The risk is monitored by the investment committee reviewing performance of the portfolio taking cognisance of the group's risk appetite and cash requirements. The investment portfolios are well diversified and hedges are implemented when approved by the investment committee.

Short-term insurance

Risks arise from the division's investments in the equity markets. Portfolio managers are mandated to achieve maximum returns on investment portfolios in the short term. As such these investments are classified as held for trading and fair valued through profit and loss.

Life assurance

Risks arise from the division's investments in the equity markets. The nature of the life business is long-term. As such, portfolio managers are mandated to maintain liquidity in the portfolio on a long-term basis, and thus the equities are not traded with a view to short-term profit taking, but are monitored with a view to maintaining long-term liquidity over claims which may arise. The portfolios within this business are thus designated at fair value through profit and loss.

CREDIT RISK

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Where needed, the group obtains appropriate collateral to mitigate risk. Counterparty credit limits are in place and are reviewed and approved by the respective subsidiary boards.

The carrying amount of financial assets represents the maximum credit exposure on 30 June 2010. None of the financial instruments below were given as collateral for any security provided.

The group only enters into long-term financial instruments with authorised financial institutions of high credit ratings assigned by international credit-rating agencies.

Cash resources

It is group policy to deposit short-term cash with reputable financial institutions with high credit ratings assigned by international credit-rating agencies.

39. Financial instruments (continued)

CREDIT RISK (continued)

Trade accounts receivable

Trade accounts receivable consist of a large, widespread customer base. Group companies monitor the financial position of their customers on an ongoing basis. Creditworthiness of trade debtors is assessed when credit is first extended and is reviewed regularly thereafter. The granting of credit is controlled by the application of account limits. Where considered appropriate, use is made of credit guarantee insurance.

	2010 Rm	2009 Rm
Trade and other receivables that are neither past due nor impaired	**4 757**	3 893

Included in the above are amounts for trade and other receivables which would have been past due, had the terms not been renegotiated, amounting to R23 million (2009: R142 million).

Based on past experience, the group believes that no impairment is necessary in respect of trade receivables not past due as the amount relates to customers that have a good track record with the group, and there has been no objective evidence to the contrary.

Past due trade receivables

Included in trade receivables are debtors which are past the original expected collection date (past due) at the reporting date. There has not, however, been a significant change in credit quality and the amounts are still considered recoverable. Those which are not considered to be recoverable have been included in the provision for doubtful debts below. A summarised age analysis of past debtors is set out below.

Past due trade receivables	2010 Rm	2009 Rm
Less than 1 month	**704**	924
Between 1 – 3 months	**328**	323
More than 3 months	**186**	117
Past due more than 1 year	**45**	39
	1 263	1 403

The overdue debtor ageing profile above is considered typical of the various industries in which certain of our businesses operate. Given this, existing insurance cover, and the nature of the related counterparties, these amounts are considered recoverable.

Provision for doubtful debts for receivables

Before these financial instruments can be impaired, they are evaluated for the possibility of any recovery, which includes an examination of the length of time they have been outstanding. Provision is made for bad debts on trade accounts receivable. Management does not consider that there is any material credit risk exposure not already covered by a bad debt provision.

There is no significant concentration of risk in respect of any particular customer or industry segment.

Provision for doubtful debts for trade receivables	2010 Rm	2009 Rm
Set out below is a summary of the movement in the provision for doubtful debts for the year:		
Balance at beginning of year	**318**	240
Reclassified from discontinued operations, subsidiaries sold		6
Amounts reversed during year	**(22)**	(2)
Increase in allowance recognised in profit or loss	**98**	98
Amounts written off during year	**(9)**	(24)
Balance at end of year	**385**	318

Loans receivable

The group granted employees the right to purchase shares through a share incentive trust. The terms held that the company would lend these employees the funds to acquire shares in Imperial Holdings Limited, holding the shares as collateral for the debt.

These loans have been settled during the year.

Allowance for impairment losses on share incentive trust receivable	2010 Rm	2009 Rm
Set out below is a summary of the movement in the allowance for impairment losses for the year:		
Balance at beginning of year	**374**	321
Transferred to Eqstra due to unbundling	**(43)**	
Provision utilised during the year	**(305)**	
Surplus released to comprehensive income – continued and discontinued	**(26)**	
Increase in allowance recognised in profit or loss		53
Balance at end of year		374

Divisional credit risk

Logistics

Risk exposures arise from the granting of credit to customers. The risk is managed by strict monitoring of credit terms. The risk is mitigated by stringent background checks on all new customers, as well as taking legal action against defaulting customers.

Car rental

Risk exposures arise from the granting of credit to customers. Credit is granted to corporate clients after credit checks have been performed. The division maintains credit limits for these clients, which are reviewed periodically. Monthly collections are performed on outstanding amounts. Credit risk is minimised as credit is not usually granted to individual clients.

Distributorships

Risk exposures arise from the supply of vehicles to external dealerships and customers. Where vehicles are supplied to external dealerships these are generally covered by a dealer floorplan with a bank, and will usually settle within credit terms, and exposure to credit risk is therefore minimised. When dealing with external customers, the vehicle is required to be fully financed before delivery, thereby mitigating credit risk to the division.

Automotive retail

Risk exposures arise from the granting of credit to customers for parts and spares. The risk is managed by monthly review of debtors ageing. The risk is mitigated by stringent background checks and credit limits being imposed on all new customers, continuous review of credit limits, as well as taking legal action against defaulting customers. Where our dealerships are transacting with external customers, the vehicles are required to be fully financed before delivery, thereby mitigating credit risk to the division.

Insurance

Risk exposures arise from commission being paid to brokers up to 12 months in advance. The risk arises as the client may lapse a policy at any point during the period. The risk is monitored by the credit committee and is mitigated by vetting all brokers, as well as retaining a percentage of the commission.

Guarantees

Guarantees issued to bankers and others, on behalf of subsidiaries, for facilities, as well as guarantees to investors in commercial paper and corporate bond issues, are disclosed in note 13 to the company annual financial statements.

There were no guarantees provided by banks to secure financing during 2010 and 2009.

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 that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The responsibility for liquidity risk management rests with the Alco, which has built an appropriate liquidity risk management framework for the management of the group's short-, medium- and long-term funding requirements. The group accesses the corporate bond market to ensure that there is sufficient long-term funding within the funding mix together with long-term bank facilities.

The group manages liquidity risk by monitoring forecast cash flows in compliance with loan covenants and ensuring that adequate unutilised borrowing facilities are maintained. Unutilised borrowing facilities are reflected in note 22.

To avoid incurring interest on late payments, financial risk management policies and procedures are entrenched to ensure the timeous matching of orders placed with goods received notes or services acceptances and invoices.

39. Financial instruments (continued)

LIQUIDITY RISK (continued)

Contractual maturities (which includes interest) of financial liabilities are as follows:

	Carrying amount Rm	Total contractual cash flow Rm	Less than one year Rm	One to five years Rm	More than five years Rm
2010					
Maturity profile of financial liabilities					
Interest-bearing borrowings*	**7 833**	**8 742**	**3 259**	**5 403**	**80**
Insurance and investment contracts	**1 093**	**1 093**	**422**	**225**	**446**
Other non-current financial liabilities	**312**	**312**	**14**	**298**	
Trade payables and accruals	**8 833**	**8 833**	**8 833**		
Current derivative financial liabilities	**119**	**119**	**119**		
	18 190	**19 099**	**12 647**	**5 926**	**526**
Percentage profile	**100%**	**100%**	**66%**	**31%**	**3%**

**This excludes an amount of R441 million non-redeemable, non-participating preference shares (note 20).*

Fair value of financial instruments by category

	Carrying value 2010 Rm	Fair value 2010 Rm	Carrying value 2009 Rm	Fair value 2009 Rm
Financial assets				
Other investments and loans				
– Designated as fair value through profit and loss	**1 907**	**1 907**	420	420
– Classified as held for trading			412	412
– Available for sale	**6**	**6**	9	9
– Loans and receivables at amortised cost	**108**	**108**	295	295
Other non-current financial assets				
– Reinsurance debtors – held at amortised cost	**206**	**206**	203	203
Trade and other receivables				
– Derivative instruments – hedge accounted	**16**	**16**	22	22
– Trade receivables – amortised cost	**6 020**	**6 020**	5 296	5 296
Cash and cash equivalents	**3 199**	**3 199**	4 655	4 655
Financial liabilities				
– Non-redeemable, non-participating preference shares	**441**	**409**	441	441
– Designated as fair value through profit and loss	**2 094**	**2 094**	2 296	2 296
– Borrowings at amortised cost	**5 739**	**6 161**	7 498	7 434
Insurance and investment contracts				
– Insurance and investment contracts at amortised cost	**1 093**	**1 093**	1 356	1 356
Other non-current financial liabilities				
– Derivative instruments – fair value through profit and loss	**256**	**256**	108	108
– Contingent consideration – at amortised cost	**39**	**39**	49	49
– Loans – at amortised cost	**17**	**17**		
Trade and other payables				
– Derivative instruments – hedge accounted	**119**	**119**	119	119
– Trade payables and accruals – amortised cost	**8 833**	**8 833**	7 379	7 379

The directors consider that the carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables approximates their fair value due to the short-term maturities of these asset and liability.

The fair values of financial assets represent the market value of quoted investments and other traded instruments. For non-listed investments and other non-traded financial assets fair value is calculated using discounted cash flows with market assumptions, unless the carrying value is considered to approximate fair value.

The fair values of financial liabilities is determined by reference to quoted market prices for similar issues, where applicable, otherwise the carrying value approximates the fair value.

There were no defaults or breaches in terms of interest-bearing borrowings during either reporting periods.

There were no reclassifications of financial assets or financial liabilities that occurred during the year. There were no financial assets or liabilities that did not qualify for derecognition during the year.

Financial instruments designated as fair value through profit and loss

	2010 Rm	2009 Rm
Investments designated as fair value through profit and loss		
Carrying value of investments designated as fair value through profit and loss	1 907	420
Maximum exposure to credit risk at reporting date	1 907	420
Included in the statement of changes in equity are the following adjustments relating to financial instruments:		
Amounts included in the hedging reserve		
– Effective portion of change in fair value of cash flow hedge	(91)	(88)
– Amount removed from equity on matured contracts	109	(53)
Total movement on hedging reserve	18	(141)

Fair value hierarchy disclosures

Valuation methodology

The table below shows the group's financial asset and liability that are recognised and subsequently measured at fair value analysed by valuation technique. The classification is based on the lowest level input that is significant to the fair value measured in its entirety.

	Valuations with reference to quoted prices in an active market Level 1 Rm	Valuations based on observable inputs Level 2 Rm	Valuations based on unobservable inputs Level 3 Rm	Total carried at fair value Rm
Financial assets				
Available-for-sale financial assets				
– Investments			6	6
Financial assets designated as fair value through profit and loss				
– Foreign exchange contracts assets		16		16
– Lereko call option			387	387
– Investments	1 082	754	71	1 907
Total financial assets	1 082	770	464	2 316
Financial liabilities				
Financial liabilities designated as fair value through profit and loss				
– Corporate bonds			522	522
– Eurobond			1 572	1 572
– Foreign exchange contracts liabilities		119		119
– Cross currency and interest rate swap liabilities			256	256
Total financial liabilities		119	2 350	2 469

39. Financial instruments (continued)

Fair value hierarchy disclosures (continued)

Movements on financial asset and liability subsequently measured at fair value using valuations based on unobservable inputs (level 3).

A reconciliation of the opening balances to closing balances is set out below.

Level 3 financial instruments only	Opening balance 2009 Rm	Fair value gains, losses and interest Rm	Gains and losses recognised in other compre-hensive income Rm	Pur-chases Rm	Dispo-sals Rm	Settle-ments Rm	Reclassi-fications Rm	Closing balance 2010 Rm
Financial assets								
Available-for-sale financial assets								
– Investments	9	(2)	8		(1)		(8)	6
Financial assets designated at fair value through profit and loss								
– Lereko call option	65	78	244					387
– Investments	98			15	(42)			71
Total financial assets	172	76	252	15	(43)		(8)	464
Financial liabilities								
Financial liabilities designated at fair value through profit and loss								
– Corporate bonds	510	12						522
– Eurobond	1 786	(140)				(74)		1 572
– Cross currency and interest rate swap liabilities	108	263				(115)		256
Total financial liabilities	2 404	135				(189)		2 350

Valuation narration disclosures

Level 1 – valuations based on observable inputs include:

Financial instruments valued with reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available and the price represents actual and regularly occurring market transactions on an arm's length basis.

An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis. This category includes highly liquid government and other bonds and active listed equities.

Level 2 – valuations based on observable and unobservable inputs include:

Financial instruments valued using inputs other than quoted prices as described above for level 1 but which are observable for the asset or liability, either directly or indirectly, such as:

- quoted price for similar assets or liabilities in an active market;
- quoted price for identical or similar assets or liabilities in inactive markets;
- valuation model using observable inputs; and
- valuation model using inputs derived from/corroborated by observable market data.

Level 3 – valuations based on unobservable inputs include:

Financial instruments valued using inputs that are not based on observable market data (unobservable data) such as an entity's own assumptions about market participants in pricing the asset or liability.

This category includes investments in debt instruments, equity derivatives, foreign exchange derivatives, interest rate derivatives and debt securities.

In determining the value of level 3 financial instruments the following are the principal inputs that can require judgement:

(i) Volatility
Volatility is a key input in the valuation of options across all asset classes. For some asset classes volatility is unobservable.

(ii) Credit spreads
Credit spreads are key inputs in the valuation of credit default swaps, credit linked notes and debt instruments or liabilities. For some issuers or tenors, credit spreads are unobservable.

(iii) Yield curves
Yield curves are key inputs in the valuation of certain debt instruments. For some debt instruments yield curves are unobservable.

(iv) Future earnings and marketability discounts
Future earnings and marketability discounts are key inputs in the valuation of certain private equity investments. Forecast earnings and marketability discounts are unobservable for some investments.

(v) Discount rates
Discount rates are key inputs in the valuation of investments. Discount rates are unobservable for some investments.

The following summary sets out the principal instruments whose valuation may involve judgemental inputs:

Debt instruments held as assets
These instruments are valued based on valuation techniques using inputs derived from observable market data, and, where relevant, assumptions in respect of unobservable inputs.

Equity investments held as assets
The fair value of these investments is determined using appropriate valuation methodologies which are dependent on the cash flow analysis.

Derivatives
Derivative contracts can be exchange traded or traded over-the-counter (OTC). OTC derivative contracts include forward, swap and option contracts related to interest rates, bonds, foreign currencies, credit spreads and equity prices. Fair values of derivatives are obtained from dealer price quotations, discounted cash flow and option pricing models.

- **Lereko call option**
  Lereko, an associate, has an obligation to settle interest-bearing funding from the sale of Imperial shares. Once this has been done, Imperial is entitled to sufficient of the remaining Imperial shares to settle its call option receivable. Its value has been arrived at by multiplying the remaining shares by the year-end share price. A R1 increase in an Imperial share price will increase income by R12 million.
- **Cross-currency swap**
  The interest rate used to discount cash flows on the cross-currency swap was 7,28% based on the quoted swap rate for a 36 month loan of 7,12% and holding the credit risk margin constant.
- **Interest rate swaps**
  The interest rate used to discount cash flows on the interest swaps was 6,53% based on the quoted Forward Rate Agreement (FRAs) for a three month loan of 6,45% and holding the credit risk margin constant.

Debt securities in issue – borrowed funds
Borrowed funds are valued using discounted cash flow models, applying rates currently offered for issuances with similar characteristics.

- **Eurobond**
  The Eurobond has been fair valued by adjusting its carrying value to ensure that the cost of this debt represents the rand based Jibar linked rate. An increase of 1% in this rate will reduce income by R13 million.
- **Corporate bond**
  The interest rate used to discount cash flows on the corporate bond was 7,17% based on the quoted swap rate for a 24 month loan of 6,76% and holding the credit risk margin constant.

CAPITAL MANAGEMENT
The group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns and growth for shareholders and benefits for other stakeholders. The group maintains an appropriate mix of equity and equity like instruments and debt in order to optimise the weighted average cost of capital (WACC) within an appropriate risk profile. Capital allocation is evaluated against the expected and forecast return on invested capital against the appropriate WACC for that division or business.

The group has externally imposed capital requirements in terms of a debt covenant for a syndicated loan. The covenant requires the group to maintain a target net debt to earnings before interest, taxation, depreciation and amortisation (EBITDA) of below 3,5:1. The ratio at 30 June 2010 is 1,1:1 (2009: 1,5:1). Our insurance businesses have externally imposed regulatory capital requirements as set out in Annexure C.

39. Financial instruments (continued)

CAPITAL MANAGEMENT (continued)

Consistent with others in the industry, the group monitors capital on the basis of its gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total interest-bearing borrowings less cash and cash equivalents.

	2010 Rm	2009 Rm
Interest-bearing borrowings*	**8 274**	10 235
Less: Cash and cash equivalents	**3 199**	4 655
Net debt	**5 075**	5 580
Total equity	**11 946**	10 361
Gearing ratio	**42,5%**	53,9%

**Includes R441 million non-redeeemable, non-participating preference shares.*

COMPANY STATEMENT OF FINANCIAL POSITION

at 30 June

	Notes	2010 Rm	2009 Rm
ASSETS			
Interests in subsidiaries	2	**8 130**	6 881
Investments in associates and joint ventures	3	**486**	200
Investments	4	**46**	12
Trade and other receivables		**10**	13
Total assets		**8 672**	7 106
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	5	**10**	10
Other reserves		**312**	48
Retained earnings		**7 586**	6 288
Total shareholders' equity		**7 908**	6 346
Liabilities			
Non-redeemable, non-participating preference shares	6	**441**	441
Deferred tax liability	7	**145**	137
Trade and other payables		**156**	137
Current tax liability		**22**	45
Total liabilities		**764**	760
Total equity and liabilities		**8 672**	7 106

COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June

	Notes	2010 Rm	2009 Rm
Revenue	8	**2 172**	309
Fair value gain on Lereko call option		**78**	
Operating expenses		**(2)**	(1)
Foreign exchange gain			394
Exceptional items	9	**2**	(750)
Profit (loss) before net financing costs		**2 250**	(48)
Interest paid	10	**(36)**	(52)
Interest income	10	**1**	2
Profit (loss) before taxation		**2 215**	(98)
Income tax expense	11	**63**	172
Net attributable profit (loss) for the year		**2 152**	(270)
Other comprehensive income			
Fair value gain (loss) on call option		**244**	(6)
Total comprehensive income (loss) for the year		**2 396**	(276)

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June

	Share capital Rm	Other reserves Rm	Retained earnings Rm	Total Rm
Balance at 30 June 2008	10	54	7 326	7 390
Comprehensive income for the year		(6)	(270)	(276)
Dividend of 245 cents per ordinary share in September 2008			(520)	(520)
Dividend of 267,5 cents per preferred ordinary share in September 2008			(39)	(39)
Dividend of 80 cents per ordinary share in March 2009			(170)	(170)
Dividend of 267,5 cents per preferred ordinary share in March 2009			(39)	(39)
Balance at 30 June 2009	**10**	**48**	**6 288**	**6 346**
Comprehensive income for the year		**244**	**2 152**	**2 396**
Dividend of 120 cents per ordinary share in September 2009			**(256)**	**(256)**
Dividend of 267,5 cents per preferred ordinary share in September 2009			**(39)**	**(39)**
Dividend of 150 cents per ordinary share in March 2010			**(320)**	**(320)**
Dividend of 267,5 cents per preferred ordinary share in March 2010			**(39)**	**(39)**
Purchase and cancellation of 2 123 775 ordinary shares			**(200)**	**(200)**
Distribution from share incentive trust		**20**		**20**
Balance at 30 June 2010	**10**	**312**	**7 586**	**7 908**

COMPANY STATEMENT OF CASH FLOWS

for the year ended 30 June

	Note	2010 Rm	2009 Rm
Cash flows from operating activities			
Cash generated by operations	14	**2 193**	773
Net financing costs paid		**(35)**	(50)
Income tax paid		**(86)**	(150)
		2 072	573
Cash flows from investing activities			
(Additions) disposals of investments and loans to subsidiaries, associated companies and joint ventures, net of acquisitions		**(1 184)**	195
Additions to investments		**(34)**	
		(1 218)	195
Cash flows from financing activities			
Purchase of ordinary shares for hedging of share scheme		**(200)**	
Dividends paid		**(654)**	(768)
		(854)	(768)
Net change in cash and cash equivalents		**–**	–
Cash and cash equivalents at beginning of year		**–**	–
Cash and cash equivalents at end of year		**–**	–

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June

1. Accounting policies

1.1 Accounting policies, significant judgements and estimates and impact of new unissued standards, restatement of comparatives and the adoption of new and revised standards

Please refer to notes 1, 2 and 3 of the group annual financial statements.

	2010 Rm	2009 Rm
2. Interest in subsidiaries		
Shares at cost or valuation, net of impairments	**5 214**	4 775
Indebtedness by subsidiaries, net of impairments	**2 916**	2 106
	8 130	6 881
Details of the company's principal subsidiaries are reflected in Annexure A.		
3. Investments in associates and joint ventures		
Unlisted shares at cost	**100**	133
Impairments	**(15)**	(12)
	85	121
Indebtedness by associates and joint ventures	**14**	14
Lereko call option	**387**	65
	486	200
Valuation of shares in associates and joint ventures		
Unlisted shares at directors' valuation	**234**	329

Details of the group's associates and joint ventures are reflected in Annexure B.

The directors' valuation has been established by reference to the group's share of net assets of the associates and joint ventures.

	2010 Rm	2009 Rm
Lereko call option asset		
Balance at beginning of the year	**65**	71
Fair value adjustment through profit and loss	**78**	
Fair value adjustment through other comprehensive income	**244**	(6)
Balance at end of year	**387**	65

In terms of the Black Economic Empowerment transaction concluded with Lereko Mobility in June 2005, Lereko Mobility acquired 14 516 617 preferred ordinary shares in Imperial. Imperial facilitated the transaction with vendor finance by issuing preferred ordinary shares at their par value of 4 cents. This discount had a value of R600 million. This entitles Imperial to a call option from the company for a sufficient number of Imperial's shares to be delivered on 15 June 2015 to settle this amount plus a return.

	2010 Rm	2009 Rm
4. Investments		
Unlisted shares at fair value and available for sale	**46**	12

		2010 Rm	2009 Rm
5.	**Share capital**		
	Authorised share capital		
	394 999 000 (2009: 394 999 000) ordinary shares of 4 cents each	**15**	15
	50 000 000 (2009: 50 000 000) deferred ordinary shares of 4 cents each	**2**	2
	15 000 000 (2009: 15 000 000) preferred ordinary shares of 4 cents each	**1**	1
	1 000 (2009: 1 000) redeemable preference shares of 4 cents each		
	40 000 000 (2009: 40 000 000) non-redeemable, non-participating preference shares of 4 cents each	**2**	2
		20	20
	Issued share capital		
	210 892 364 (2009: 212 129 870) ordinary shares of 4 cents each	**8**	8
	15 895 699 (2009: 16 781 968) deferred ordinary shares of 4 cents each	**1**	1
	14 516 617 (2009: 14 516 617) preferred ordinary shares of 4 cents each	**1**	1
	4 540 041 (2009: 4 540 041) non-redeemable, non-participating preference shares of 4 cents each (refer to note 6 below).		
		10	10
	Refer to note 17 of the group annual financial statements for further details regarding the deferred ordinary shares, the preferred ordinary shares, the share schemes and directors' interest in share capital.		
6.	**Non-redeemable, non-participating preference shares**		
	Non-redeemable, non-participating preference shares at cost	**441**	441
	4 540 041 preference shares were issued during the 2007 financial year and are listed on the JSE Limited under specialist securities – preference shares sector.		
	These shares are entitled to a preference dividend being 75% of the prime interest rate. The company is obligated to pay any arrear dividends within five years from the proceeds raised by issuing new ordinary shares within six months prior to such payment. Because of the cumulative nature of these preference shares they are classified as debt with no repayment terms.		
	The coupon is payable semi-annually on 1 April and 1 October and this amounts to R36 million (2009: R49 million) based on current rates of interest.		
7.	**Deferred tax liability**		
	Balance at beginning of year	**137**	137
	Charge to other comprehensive income	**8**	
	Balance at end of year	**145**	137
	Analysis of deferred tax		
	– Capital gains	**145**	137
8.	**Revenue**		
	An analysis of the company's revenue is as follows:		
	Dividends from subsidiaries	**2 172**	309
9.	**Exceptional Items**		
	Profit on sale of subsidiaries and businesses	**34**	58
	Profit on the sale of Tourvest		637
	Write-down of investments in subsidiaries, loans to subsidiaries, associates and joint ventures	**(32)**	(1 444)
		2	(750)
10.	**Net financing cost**		
	Interest paid	**36**	52
	Interest income	**(1)**	(2)
		35	50

		2010 Rm	2009 Rm
11.	**Income tax expense**		
	Taxation charge		
	South African normal taxation		
	– Current		1
	– Prior year under provision		63
	Current capital gains	**5**	46
	Secondary tax on companies	**58**	62
		63	172
	Reconciliation of tax rate	**%**	%
	Profit before taxation – effective tax rate	**2,8**	(173,8)
	Taxation effect of:		
	– Secondary tax on companies	**(2,6)**	63,5
	– Disallowable charges	**(1,7)**	425,4
	– Exempt income	**28,7**	(396,8)
	– Fair value adjustment on call option	**1,0**	
	– Capital gains	**(0,2)**	46,0
	– Prior year under provision		63,7
		28,0	28,0
12.	**Dividends**		
	Refer to note 33 of the group annual financial statements.		
13.	**Contingent liabilities**		
	The company had contingent liabilities in respect of guarantees issued to bankers and others, on behalf of subsidiaries, for facilities in the normal course of business to the extent that they are used. The utilisation of facilities were	**460**	323
	The company has guaranteed the obligations to investors in the commercial paper and corporate bond issues	**6 488**	8 637
14.	**Cash generated by operations**		
	Profit (loss) before net financing costs	**2 250**	(48)
	Exceptional items	**(2)**	750
	Fair value gain on Lereko call option	**(78)**	
	Working capital movements		
	– Decrease in accounts receivable	**3**	3
	– Increase in accounts payable	**20**	68
		2 193	773

ANNEXURE A
INTEREST IN PRINCIPAL SUBSIDIARIES AND NEW BUSINESS COMBINATIONS

Interest in principal subsidiaries

Company	Nature of business	Place of incorporation	Interest owned directly or indirectly (%)	Ordinary shares in issue	Book value of interest: Shares at cost less impairments 2010 Rm	Shares at cost less impairments 2009 Rm	Indebtedness less impairments 2010 Rm	Indebtedness less impairments 2009 Rm
Principal subsidiaries of Imperial Holdings Limited								
Imperial Mobility International BV	Note 2	Netherlands	100	150 188	**1 376**	1 376		
Imperial Group (Pty) Limited	Note 3	South Africa	100	165	**1 400**	1 400	**1 392**	928
Associated Motor Holdings (Pty) Limited	Note 4	South Africa	90	500 000	**46**	46		
Imperial Financial Holdings Limited	Banking	South Africa	100	255 000 000	**251**	251	**222**	236
Regent Insurance Company Limited	Insurance	South Africa	100	2 939 800	**456**	456		
Regent Life Assurance Company Limited	Life Insurance	South Africa	100	2 125 000	**145**	145		
Imperial Capital Limited	Note 5	South Africa	100	100				
Imperilog Limited	Note 6	South Africa	100	51 015 305	**102**	102		
Boundlesstrade 154 (Pty) Limited	Note 7	South Africa	81	200	**68**	68		
Jurgens Ci (Pty) Limited	Note 8	South Africa	100	1 000	**96**	96		
Alert Engine Parts (Pty) Limited	Note 9	South Africa	100	7 500	**88**	88		
Midas Group (Pty) Limited	Note 10	South Africa	75	1 000	**405**			
Other, including indirect interest					**781**	747	**1 302**	942
					5 214	4 775	**2 916**	2 106

1. General information in respect of subsidiaries as required in terms of paragraph 69 and 70 of the Fourth Schedule to the Companies Act is set out in respect of only those subsidiaries, the financial position of which are material for a proper appreciation of the affairs of the group. A full list of subsidiaries and associated companies is available on request at the company's registered offices.
2. Business conducted by Imperial Mobility International BV comprises integrated logistics solutions and vehicle sales.
3. Business conducted by Imperial Group (Pty) Limited comprises vehicle rental, motor trading, tourism, automotive components, property investments, transportation, panelbeating and group services.
4. Business conducted by Associated Motor Holdings (Pty) Limited comprises motor vehicle importation, dealership sales and after-sales services.
5. Imperial Capital Limited owns and finances assets to group companies.
6. Business conducted by Imperilog Limited comprises transport logistics.
7. Boundlesstrade 154 (Pty) Limited has a joint venture in a motor vehicle distributorship.
8. Jurgens Ci (Pty) Limited is the manufacturer and distributor of leisure caravans and camping equipment.
9. Alert Engine Parts (Pty) Limited is a wholesaler and retailer of motor vehicle engine parts.
10. Midas Group (Pty) Limited is a wholesaler and retailer of auto parts.

Held by subsidiaries of Imperial Holdings

Company	Nature of business	Place of incorporation	Interest owned directly or indirectly (%)	Ordinary shares in issue	Book value of interest: Shares at cost 2010 Rm	Shares at cost 2009 Rm	Indebtedness 2010 Rm	Indebtedness 2009 Rm
Principal subsidiaries of Imperial Mobility International BV								
Imperial Logistics International GmbH and subsidiaries	Note 2	Germany	94,8	4	**1 290**	1 494		
Imperial Mobility Finance Belgium GCV	Note 6	Belgium	100	81 800 000	**768**	890		
Imperial Mobility UK Co and subsidiaries	Note 1	United Kingdom	100	103	**339**	334		
Wijgula and subsidiary	Note 2	Netherlands	100	73 440	**198**	229		
Associated Motors Australia (Pty) Limited	Note 3	Australia	90	81	**249**	224		
Imperial Mobility Deutschland Beteiligungs GmbH	Note 6	Germany	100	1	**167**	193		
Rijnaarde B.V.	Note 2	Netherlands	100	10 000	**57**	66		
Imperial De Grave and subsidiaries	Note 2	Netherlands	100	5 000	**51**	40		
Principal subsidiaries of Associated Motor Holdings								
Hyundai Auto South Africa (Pty) Limited	Note 4	South Africa	100	1 000	**100**	100	**252**	
Uvundlu investments (Pty) Limited	Note 7	South Africa	65	2 050	**110**		**52**	
Imperial Car Imports (Pty) Limited	Note 4	South Africa	100	10 000	**6**	6	**160**	23
Imperial Daihatsu (Pty) Limited	Note 4	South Africa	99,9	10 000 000	**11**	11	**62**	195
Kia Motors SA (Pty) Limited	Note 4	South Africa	100	25 000			**92**	107
KMSA Holdings (Pty) Limited	Note 5	South Africa	75	10 000	**4**	4	**56**	72

1. Engaged in commercial vehicle sales, and after-sales services.
2. Engaged in transport and logistics.
3. Engaged in dealership sales and after-sales services.
4. Importer and retailer of motor vehicles, parts and accessories.
5. Importer and retailer of motor cycles, parts and accessories.
6. Financing.
7. Distributor of industrial equipment.

ANNEXURE A
INTEREST IN PRINCIPAL SUBSIDIARIES AND NEW BUSINESS COMBINATIONS CONTINUED

New business combinations

Subsidiaries and businesses acquired	Nature of business	Date acquired	Interest acquired (%)	Purchase consideration transferred Rm
Midas Group (Pty) Limited	Autoparts distributor	December 2009	75	405
Uvundlu Investments (Pty) Limited*	Distributor of industrial equipment	May 2010	65	110
Individually immaterial business combinations				66
Total				**581**

Acquired through Associated Motor Holdings (Pty) Limited.

Reason for the acquisition

Midas Group (Pty) Limited was acquired to improve the group's presence in the after-sales parts business.

Uvundlu Investments (Pty) Limited was acquired to expand our distribution business.

Impact of the acquisitions on the results of the group

From the dates of their acquisition, the acquired businesses contributed revenues of R1 669 million and attributable profit of R55 million. Had all the new acquisitions been consolidated from 1 July 2009 the statement of comprehensive income would have included total revenue of R3 073 million and attributable profit of R89 million for the 12 months ended 30 June 2010. The numbers were estimated using the group's accounting policies.

Details of contingent consideration

The contingent consideration requires the group to pay the vendors an additional total amount of R59 million over three years if the entities' net profit after tax exceeds certain earnings targets. Acquisition-related costs amounting to R3 million have been excluded from the purchase consideration and have been recognised as an expense in the period, within 'Net operating expenses' in the statement of comprehensive income.

Fair value of assets acquired and liabilities assumed at date of acquisition:	Total Rm	Midas Group (Pty) Limited Rm	Uvundlu Investments (Pty) Limited Rm	Individually immaterial acquisitions Rm
Assets				
Intangible assets	7			7
Investment in associates and joint ventures	1		1	
Property, plant and equipment	57	28	24	5
Transport fleet	14			14
Vehicles for hire	104		104	
Inventories	287	239	48	
Trade and other receivables	348	284	48	16
Cash resources	133	114	17	2
	951	665	242	44
Liabilities				
Deferred tax liabilities	(1)		(1)	
Interest-bearing borrowings	(79)		(69)	(10)
Other non-current financial liabilities	(5)			(5)
Trade and other payables and provisions	(450)	(358)	(80)	(12)
Current taxation	(17)	(14)	(3)	
	(552)	(372)	(153)	(27)
Acquirees' carrying amount at acquisition	399	293	89	17
Less: Non-controlling interest	(108)	(73)	(31)	(4)
Net assets acquired	291	220	58	13
Purchase consideration transferred	581	405	110	66
– Cash	522	373	110	39
– Contingent consideration	59	32		27
Goodwill arising on acquisition	290	185	52	53

The receivables acquired had gross contractual amounts of R369 million and the best estimate of the contractual cash flow not expected to be collected is R21 million. The goodwill arising from the acquisitions consists largely of a control premium and synergies expected. None of the goodwill is expected to be deductible for tax purposes. Non-controlling interest has been calculated based on their proportionate share in net assets.

ANNEXURE B
INTEREST IN PRINCIPAL ASSOCIATED COMPANIES AND JOINT VENTURES

Company	Nature of business	Place of incorporation	Carrying value (including loans) 2010 Rm	Carrying value (including loans) 2009 Rm	% owned 2010 %	% owned 2009 %
Associates						
Imperial Bank Limited	Financial service provider	South Africa		1 677		49,9
Lereko Mobility (Pty) Limited	Investment company	South Africa	**387**	65	**49,0**	49,0
Renault South Africa (Pty) Limited	Vehicle distributor	South Africa	**221**	92	**49,0**	49,0
Fuellogic (Pty) Limited	Logistics	South Africa		62		46,5
Ukhamba Holdings (Pty) Limited	Investment company	South Africa	**154**	183	**46,9**	46,9
Accordian Investments (Pty) Limited	Vehicle distributor	South Africa		12	**40,0**	40,0
Flagstone Reinsurance Africa Limited	Re-insurance	South Africa		72		35,0
MiX Telematics Limited*	Vehicle telematics	South Africa	**181**		**25,4**	
Pragma Group	IT solutions for asset management	South Africa	**32**		**34,5**	
Other associates			**119**	141		
Joint ventures						
Colbro Masvingo (Pty) Limited	Logistics	Zimbabwe	**77**		**50,0**	50,0
Other joint ventures			**19**	30		
			1 190	2 334		

**Listed on the Johannesburg Securities Exchange, with a year-end of 31 March.*

ANNEXURE C
ADDITIONAL INFORMATION ON INSURANCE BUSINESSES

1. Accounting policies

These accounting policies form part of the group accounting policies in note 1 to the group annual financial statements.

Insurance and investment contracts

Long-term insurance operations

The long-term insurance operations issue contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. Investment contracts are those contracts that transfer financial risk with no significant insurance risk.

Insurance contracts are classified into individual credit life contracts, individual life contracts, group funeral, group life and group credit life contracts.

All policyholder contracts that transfer significant insurance risk are classified as insurance contracts. These contracts are valued in terms of the Financial Soundness Valuation (FSV) basis contained in PGN 104 issued by the Actuarial Society of South Africa.

The statutory actuary calculates the liabilities under long-term insurance contracts and investment contracts annually at the statement of financial position date in accordance with prevailing legislation, Generally Accepted Actuarial Standards in South Africa and International Financial Reporting Standards as appropriate. The transfers to or from insurance liabilities in the statement of comprehensive income represent the increase or decrease in contract liabilities, including all necessary provisions and reserves.

The Financial Soundness Valuation basis requires at each statement of financial position date that liability adequacy tests are performed to ensure the adequacy of the contract liabilities. The liabilities for investment contracts are set equal to the accumulated fair value of the underlying assets. Any deficiency is immediately charged to profit and loss and a provision is raised for losses from the liability adequacy tests.

Policyholder contracts that do not transfer significant insurance risk are classified as investment contracts. Investment contracts are initially and thereafter recognised at fair value, with changes in fair value being accounted for in the statement of comprehensive income. The premiums and benefit payments relating to these investment contracts have been excluded from the statement of comprehensive income and accounted for directly as movements in the liability.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Investment contracts can however be reclassified as insurance contracts after inception, if insurance risk becomes significant.

Short-term insurance operations

Contracts under which the short-term insurance operations accept significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder, or other beneficiary, are classified as insurance contracts. Insurance risk is risk other than financial risk, transferred from the holder of the contract to the issuer. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, a credit rating or credit index or other variables. Insurance contracts may also transfer some financial risk.

Reinsurance of long-term and short-term insurance operations

Contracts entered into with reinsurers by the long-term and short-term operations, under which the group is compensated for losses on one or more contracts, and which meet the classification requirements for insurance contracts, are classified as reinsurance contracts held.

The benefits to which the long-term and short-term operations are entitled under their reinsurance contracts held are recognised as reinsurance assets, consisting of short-term and long-term balances due from reinsurers that are dependent on the expected claims and benefits. Reinsurance liabilities are primarily premiums payable and are recognised as an expense when due. Reinsurance assets are assessed for impairment on an annual basis, reducing the carrying amount of the reinsurance asset to its recoverable amount through the statement of comprehensive income.

Insurance results

Long-term insurance operations

Profits or losses are determined in accordance with the guidance note on Financial Soundness Valuations (PGN 104) and International Financial Reporting Standards. The underlying philosophy of the Financial Soundness Valuation is to recognise profits prudently over the term of each insurance contract. In the valuation of liabilities, provision is made for:

- The best estimate of future experience;
- Compulsory margins prescribed in the Long-Term Insurance Act, 1998; and
- Discretionary margins determined to release profits to shareholders consistent with policy design and company policy.

Short-term insurance operations

The underwriting results are determined after making provisions for unearned premiums, outstanding claims, incurred but not reported claims, unexpired risk provision and such additional provisions as are considered necessary. The methods used to determine these provisions are as follows:

Unearned premiums
Premiums are earned from the date the risk attaches, over the indemnity period, based on the pattern of the risk underwritten. Unearned premiums, which represent the proportion of premiums written in the current year which relate to risks that have not expired by the end of the financial year, are calculated on the 365th basis for even risk business and other bases that best represent the unearned risk profile for uneven risk business.

Unexpired risk provision
Provision is made for unexpired risks arising to the extent that the expected value of claims and claims handling expenses attributable to the unexpired periods of contracts in force at the statement of financial position date exceeds the unearned premiums provision in relation to such contracts after the deduction of any deferred acquisition costs.

Deferred acquisition costs
The costs of acquiring new and renewal insurance business, that is commission and other acquisition costs, primarily related to the products of that business, are deferred. Deferred acquisition costs are amortised on a pro-rata basis over the contract term. Similarly, any reinsurance commissions received are deferred and recognised as income over the term of the reinsurance contract.

Claims
Claims incurred consist of claims and claims handling expenses paid during the financial year together with the movement in the provision for outstanding claims. Claims outstanding comprise provisions for the estimate of the ultimate cost of settling all claims incurred but unpaid at the statement of financial position date whether reported or not, and an appropriate risk margin. Related anticipated reinsurance recoveries are disclosed separately as assets. These estimated reinsurance and other recoveries are assessed in a manner similar to the assessment of claims outstanding.

Whilst the directors consider that the gross provisions for claims and the related reinsurance recoveries are fairly stated on the basis of the information currently available to them, the ultimate liability will vary as a result of subsequent information and events and may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made, and disclosed separately if material. The methods used to value these provisions, and the estimates made, are reviewed regularly.

IBNR
These are calculated on both a best estimate and 75th percentile trend to be consistent with Financial Condition Reporting requirements.

Revenue recognition
Long-term insurance operations
Premiums and annuity considerations on insurance contracts are recognised when due in terms of the contract, other than group schemes. Premiums receivable in respect of group schemes are recognised when there is reasonable assurance of collection in terms of the policy contract. Premium income on insurance contracts is shown gross of reinsurance. Premiums are shown before deduction of commission. Premium income received in advance is included in trade and other payables. Amounts received under investment contracts, such as premiums, are recorded as deposits to investment contract liabilities.

Short-term insurance operations
Gross written premiums comprise the premiums on insurance contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. Premiums are disclosed gross of commission to intermediaries and exclude Value Added Tax. Premiums written include adjustments to premiums written in the prior accounting periods and estimates for pipeline premiums (premiums written relating to current accounting period but not reported by the statement of financial position date). The earned portion of the premium received is released from the unearned premium provision. Premiums are earned from the date of attachment of risk, over the indemnity period, based on the pattern of risks underwritten.

Contingency reserve
Short-term insurance operations
The statutory contingency reserve is created in accordance with the provisions of the Short-term Insurance Act, 1998, of South Africa. Withdrawals from this reserve may only be made with the consent of the Registrar of Short-term Insurance. The annual adjustment to the reserve account for premium increases or decreases during the year is reflected as an appropriation to or from distributable reserves.

Cell captives
The group operates cell captives on behalf of entities that wish to participate in the insurance result of a particular category of insured risk. Preference shares are issued to those participants giving them the right to share in profits on an agreed basis. To reflect the substance of the transaction it is consolidated and the participant’s share of profits is treated as a non-controlling interest.

ANNEXURE C
ADDITIONAL INFORMATION ON INSURANCE BUSINESSES CONTINUED

		2010 Rm	2009 Rm
2.	**Other investments and loans**		
	(note 11 to the group annual financial statements)		
2.1	***Financial assets held at fair value***		
	Balance at beginning of the year	**832**	1 635
	Additions	**2 636**	1 122
	Disposals	**(1 660)**	(1 787)
	Fair value adjustment	**99**	(138)
	Balance at end of year	**1 907**	832
2.2	***Reconciliation to group annual financial statements***		
	Financial assets at fair value – insurance businesses	**1 907**	832
	Financial assets at fair value – other operations	**6**	9
		1 913	841
3.	**Insurance assets and liabilities**		
3.1	***Liabilities under insurance contracts***		
	Short-term operations		
	Outstanding claims, including claims incurred but not reported		
	– Balance at beginning of year	**625**	706
	– Claims settled in the year	**(1 229)**	(1 328)
	– Increase in liabilities	**1 187**	1 247
	Balance at end of year	**583**	625
	Outstanding claims	**479**	465
	Incurred but not reported	**104**	160
	Balance at end of year	**583**	625
	This amount is reflected in trade and other payables.		
3.2	***Unearned premium provision***		
	Balance at beginning of year	**663**	742
	Premiums written during the year	**2 032**	2 149
	Premiums earned during the year	**(2 161)**	(2 228)
	Balance at end of year (refer to 3.5 below)	**534**	663
3.3	***Long-term operations***		
	Balance at beginning of year	**610**	722
	Transfer to statement of comprehensive income	**(143)**	(109)
	Currency adjustments	**(2)**	(3)
	Balance at end of year (refer to 3.5 below)	**465**	610

Process used to decide on long-term insurance assumptions

The business was divided up into homogeneous groupings and then each grouping was analysed. Best estimate assumptions were then derived based on these experience investigations. Where data was limited, market statistics were used. Recent trends evident in the data were allowed for.

The value of insurance liabilities is based on best estimate assumptions of future experience plus compulsory margins as required in terms of PGN 104, plus additional discretionary margins determined by the statutory actuary.

The compulsory margins are summarised as follows:

Assumption	**Compulsory margin**
Investment earnings	0,25% increase or decrease in investment earnings rate depending on which gives the higher liability
Expense inflation	10% loading i.e. 1,1 times the expense inflation assumption used
Mortality	Assumption was increased by 7,5% i.e. 1,075 times the relevant mortality rate
Morbidity	Assumption was increased by 10% i.e. 1,1 times the relevant mortality rate. For dread disease the margin is 15%
Retrenchment	Assumption was increased by 20% i.e. 1,2 times the relevant retrenchment rate
Lapses	25% increase or decrease in lapse rates depending on which gives the higher liability i.e. multiply by 1,25 or 0,75
Surrenders	10% increase or decrease in surrender rates depending on which gives the higher liability i.e. multiply by 1,1 or 0,9
Expenses	10% loading i.e. 1,1 times the expense assumption used

In addition to the above compulsory margins the following additional discretionary margins were incorporated:

Retrenchment	An additional 30% margin was added
Expenses	Individual Life has an additional 5% discretionary margin
Extended lives mortality	An additional 7,5% margin was added
All other decrements	For credit life an additional 10% margin was added

Negative reserves were recognised in full (except for the Wesbank class of business where they are fully eliminated).

The assumptions used for insurance contracts are as follows:

The specific process of deriving the best estimate assumptions relating to future mortality, morbidity, medical, withdrawals, investment returns, maintenance expenses, expense inflation and tax are described below:

(a) Mortality

Adjusted standard assured lives and annuity tables were used to reflect the Regent Life Group's recent claims experience. The adjustments are based on annual mortality investigations conducted into the different classes of business and also allow for the expected increase in AIDS related claims. The allowance for AIDS is based on the relevant actuarial guidance notes as provided by Actuarial Society of South Africa (ASSA).

(b) Morbidity

Disability and dread disease rates are based on standard morbidity tables and critical illness tables and where appropriate, adjusted to reflect the Regent Life Group's recent claims experience. Adjustments made are based on investigations conducted once a year.

(c) Medical and retrenchment

The incidence of medical and retrenchment claims is derived from the risk premium rates determined from annual investigations. The incidence rates are reviewed on an annual basis, based on claims experience. The adjusted rates are intended to reflect future expected experience.

(d) Withdrawal

The withdrawal assumptions are based on the most recent withdrawal investigations taking into account past as well as expected future trends. The withdrawal investigation is performed each year and incorporates ten months' experience. The withdrawal rates are analysed by class and policy duration. These withdrawal rates vary by duration, distribution channel, product type and company. Typically the rates are higher at early durations.

(e) Investment returns

Separate investment returns were derived for the annuity and non-annuity business. Furthermore, for the non-annuity business, separate interest rates were determined for the Individual Life and Credit Life classes of business. The returns were based on the current bond yields of appropriate term and long-term differentials between bonds, cash and equities. The assumptions were based on the long-term rates and notional matched portfolio of assets. Allowance was made for mismatches.

The long-term investment returns (before compulsory margins) are as follows:

South Africa

Credit Life single premium business: 7,21% (2009: 6,97%)

Credit Life regular premium business: 7,66% (2009: 8,37%)

Individual Life: 8,79% (2009: 8,65%)

Disabled annuity business: 9,17% (2009: 9,16%)

With-profit annuity business: 3,75% (2009: 3,75%)

3. Insurance assets and liabilities (continued)

Botswana

Credit life and individual life business: 6,15% (2009: 9,32%)

(f) Renewal expenses and inflation

A detailed expense investigation was undertaken and the expenses were split by line of business and between new business and maintenance expenses.

The maintenance expenses were adjusted for expected inflation in the future and spread over the anticipated volumes of business over the next year to derive a per policy expense for each class. The expenses allocated to new business are expected to be covered by future new business written.

(g) Tax

The interest assumptions are net of any tax payable by the Regent Life Group. Note that currently the Regent Life Group is in an excess expense tax position in its policyholder funds and no tax is payable on investment income. Interest rates are net of any capital gains tax.

Change in assumptions

The following changes were made to the Published Reporting valuation basis. All assumptions include compulsory margins.

For South Africa, the economic assumptions were reviewed to reflect the current economic environment, as follows:

- The discount rate for regular premium credit life business was reduced from 8,62% to 7,91% whilst that for single premium credit life business was increased from 6,72% to 6,96%. The discount rate for Individual Life and mortgage business was increased from 8,40% to 8,54%. The discount rate for the disability annuitant business was increased from 8,91% to 8,92%.
- The loan interest rate for Credit Life and mortgage business was reduced from 13,75% to 12,75% per annum.
- Expense inflation for all business was increased from 6,99% to 7,14%.
- The assumed rate of pension increases for the disability annuity business was increased from 6,51% to 6,78% per annum.

As a result of these economic changes, the actuarial liabilities reduced by R0,3 million.

The non-economic assumptions were also reviewed as follows:

- Per policy expenses were amended to reflect the current and expected future experience. This resulted in an increase in actuarial liabilities of R20 million.
- The withdrawal assumptions were adjusted to reflect the recent lapse experience. This resulted in an increase in actuarial liabilities of R4,5 million.

As a result of these non-economic changes, the actuarial liabilities increased by R24,5 million.

The overall impact of all the above changes was an increase in the actuarial liabilities of R24,2 million.

Regarding Botswana, the value of liabilities as at 30 June 2010 increased by P0,5 million as a result of changes to valuation assumptions.

The main assumptions changes causing this increase were as follows:

- The renewal expense assumptions were amended in the light of the most recent expense investigation. This resulted in a reduction of P0,7 million.
- The economic assumptions were amended to reflect the current economic environment. This resulted in an increase in reserves of P1,2 million.

Regarding Lesotho, a gross premium valuation method was used in 2010 as compared to the net premium valuation method used in 2009.

Investigations into Lesotho's expense, lapse and mortality experience were undertaken in deriving its gross premium assumptions.

Sensitivity analysis

The following table presents the sensitivity of the value of insurance liabilities disclosed in this note to movements in the assumptions used in the estimation of insurance liabilities.

Variable	Change in variable	Change in liability 2010 Rm	Change in liability 2009 Rm
Worsening of mortality	10% worse claims	**30,1**	32,1
Lowering of investment returns	15% lower returns	**9,4**	12,8
Worsening of base renewal expense level	10% higher expenses	**20,5**	17,5
Worsening of expense inflation	10% higher expense inflation	**5,0**	5,2
Worsening of lapse rate	25% higher withdrawals	**16,1**	6,5

3. Insurance assets and liabilities (continued)

The 2010 withdrawal sensitivity has increased relative to last year. This is due to the build-up of policies relating to the new funeral product within the Individual Life business class. Due to their long-term nature and large negative reserves, they are relatively more sensitive to a change in lapse assumption.

The above analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and the changes in some assumptions may be correlated – e.g. change in interest rate and inflation.

		2010 Rm	2009 Rm
3.4	***Financial liabilities under investment contracts – long-term operations***		
	Balance at beginning of year	**83**	71
	Deposits	**25**	15
	Payments	**(7)**	(4)
	Fair value adjustment	**(3)**	
	Currency adjustments	**(4)**	1
	Balance at end of year (refer to 3.5 below)	**94**	83
3.5	***Reconciliation to group annual financial statements***		
	Insurance and investment contracts		
	(note 23 to the group annual financial statements)		
	Short-term operations: Unearned premium provisions (refer to 3.2)	**534**	663
	Long-term operations: Liabilities under insurance contracts (refer to 3.3)	**465**	610
	Long-term operations: Liabilities under investment contracts (refer to 3.4)	**94**	83
		1 093	1 356
3.6	***Reinsurers' share of liabilities under insurance contracts***		
	(note 12 to the group annual financial statements)		
	Balance at beginning of year	**203**	313
	Movement in reinsurer's share of insurance liabilities	**3**	(110)
	Balance at end of year	**206**	203
3.7	***Insurance claims provisions***		
	(note 25 to the group annual financial statements)		
	Short-term operations – IBNR (refer to 3.1)	**104**	160
	Long-term and other operations – outstanding claims provisions	**63**	71
		167	231
3.8	***Contingency reserve***		
	Short-term insurance operations:		
	Balance at beginning of year	**177**	167
	Movement	**7**	10
	Balance at end of year	**184**	177

ANNEXURE C
ADDITIONAL INFORMATION ON INSURANCE BUSINESSES CONTINUED

		2010 Rm	2009 Rm
4.	**Revenue**		
	(note 27 to the group annual financial statements)		
	Premium income		
	Long-term operations		
	Individual premium income		
	– Single premiums	**43**	256
	– Reinsurance	**(6)**	(7)
	Net premium insurance	**37**	249
	– Recurring premiums	**366**	260
	– Reinsurance	**(20)**	(19)
	Net premium income	**346**	241
	Group life premium income		
	– Recurring premiums	**166**	143
	– Reinsurance	**(43)**	(35)
	Net premium income	**123**	108
	Net premium income from long-term operations	**506**	598
	Short-term operations		
	Gross premiums written	**1 896**	2 008
	Outward reinsurance premiums	**(300)**	(338)
	Net premium income from short-term operations	**1 596**	1 670
	Total net premium income	**2 102**	2 268
	Total external gross premium income	**2 471**	2 667

5. Management of insurance-specific risks

Insurance risk

Long-term insurance operations

Insurance risk is the risk that future claims and expenses will exceed the premiums received to take on this risk.

It occurs due to the uncertainty of the timing and amount of future cash flows arising under insurance contracts. This could also occur because of the frequency or severity of claims and benefits being greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate using statistical techniques.

The long-term insurance operations use appropriate base tables of standard mortality according to the type of contract being written and the territory in which the insured person resides. An investigation into the actual experience of this operation over the last three years is carried out, and statistical methods are used to adjust the crude mortality rates to produce a best estimate of expected mortality for the future. Termination statistics to investigate the deviation of actual termination experience against assumptions are used. Statistical methods are used to determine appropriate termination rates. An allowance is then made for any trends in the data to arrive at the best estimate of future termination rates.

Short-term insurance operations

This operation underwrites risks that natural persons, corporates or other entities wish to transfer to an insurer. Such risks may relate to property, accident, personal accident, motor, engineering, marine, liability and aviation. As such the operation is exposed to uncertainty surrounding the timing, frequency and severity of claims under insurance contracts. The principal risk is that the frequency and/or severity of claims are greater than expected. Insurance events are by their nature random and the actual size and number of events in any one year may vary from those estimated and experienced in prior periods.

This operation underwrites primarily short-tailed risks, that is, insurance under which claims are typically settled within one year of the occurrence of the events giving rise to the claims. Risks that are long-tailed in nature represent an insignificant portion of the group's insurance portfolio. Therefore the operation's exposure at any time to insurance contracts issued more than one year before is limited.

Capital adequacy and solvency risk

Long-term insurance operations

The capital adequacy requirement is determined according to generally accepted actuarial principles in terms of the guidelines issued by the Actuarial Society of South Africa. It is an estimate of the minimum capital that will be required to meet fairly substantial deviations from the main assumptions affecting the group's business. At 30 June 2010 the capital adequacy requirement is R102 million and the ratio of excess assets to capital adequacy requirements is 2,5 (2009: R72 million, capital adequacy ratio 3,9).

Short-term insurance operations

The group submits quarterly and annual returns to the Financial Services Board that show the solvency position of its insurance operations. The group is required to maintain, at all times, a statutory surplus asset ratio and free assets after spreading limitations as defined in the Short-term Insurance Act, 1998 (the Act). The company met the minimum capital requirements at the year-end date.

Underwriting risk

Long-term insurance operations

The statutory actuary reports annually on the actuarial soundness of the premium rates in use and the profitability of the business taking into consideration the reasonable benefit expectation of policyholders. All new rate tables are approved and authorised by the statutory actuary prior to being issued. Annual investigations into mortality and morbidity experience are conducted. All applications for risk cover in excess of specified limits are reviewed by experienced underwriters and evaluated against established standards. All risk-related liabilities in excess of specified monetary or impairment limits are reinsured.

Short-term insurance operations

The operation limits its exposure to insurance risk through setting a clearly defined underwriting strategy including limits, adopting appropriate risk assessment techniques and the reinsurance of risks that exceed its risk appetite. The underwriting strategy ensures diversification of insurance risk in terms of type and amount of risk covered, geographical location and type of industry covered. The strategy also aims to develop a sufficiently large population of risks to reduce the variability of the expected outcome. Ongoing review and analysis of underwriting information enables the group to monitor its risks and take timely corrective action.

Regulatory risks

Continuous legislation changes in the long-term and short-term environment may impact severely on the operational and financial structures within these businesses. The group has sufficient resources to address the impact of legislation timeously and efficiently.

During the development stage of any new product, rights and obligations of all parties are clearly defined in the contracts and documentation.

Financial risk

Long-term insurance operations

The operation is exposed to financial risk through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance and investment contracts. Components of this financial risk are interest rate risk, equity price risk, currency risk and credit risk. An investment committee sets policies and receives monthly and quarterly reports on compliance with investment policies.

The long-term insurance operations manage these positions within an asset liability management (ALM) framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance and investment contracts. The principal technique of the ALM framework is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to policyholders.

Short-term insurance operations

The short-term operations are exposed to daily calls on their available cash resources from claims arising. Liabilities are matched by appropriate assets and the operations have significant liquid resources to cover their obligations.

Catastrophic risk

Short-term insurance operations

The operation sets out the total aggregate exposure that it is prepared to accept in certain territories to a range of events such as natural catastrophes. The aggregate position is reviewed annually. This operation uses a number of modelling tools to monitor aggregation and to simulate catastrophe losses in order to measure the effectiveness of the reinsurance programmes and the net exposure of the operations.

Credit risk

Fair values of financial assets may be affected by the creditworthiness of the issuer. Limits of exposure are set by the investment committee and are continuously monitored. Sales of products and services are made to customers with an appropriate credit history. The group has policies in place that limit the credit exposure to any institution and reputable reinsurers are used for the group's reinsurance treaties.

5. Management of insurance-specific risks (continued)

Currency risk

The operations have limited collective investment schemes invested offshore which are denominated in foreign currencies. The currency risk is not hedged as the investments are mainly made on behalf of shareholders for the purpose of obtaining a desirable international exposure in foreign currencies.

6. Significant accounting judgments and estimates

Long-term insurance operations

Insurance liabilities in respect of long-term insurance contracts and investment contracts

Valuation assumptions represent a best estimate. Compulsory margins are applied as required by the Long-term Insurance Act and discretionary margins may be applied as required by the valuation methodology or if the statutory actuary considers such margins necessary to cover the risks inherent in the contracts. The valuation of investment contracts is linked to the fair value of the supporting assets.

Short-term insurance operations

The estimation of the liability arising from claims under short-term insurance contracts is impacted on by several sources of uncertainty. The environment can change unexpectedly and the operation is therefore constantly refining its short-term insurance risk management tools in order to assess risk appropriately.

A large proportion of the premium of warranty policies is used to fund up-front costs such as commissions and fees. The remainder of the premium needs to be deferred and recognised as income in line with the expiring risk profile of the policies. These multi-year policies often only become effective once a defined event has occurred, for example, after the motor manufacturers' warranty has expired.

The company uses a stochastic model to calculate the IBNR at a 75% level of sufficiency for all business captured. Methodology for the allocation of reserves was made consistent with Regent's internal capital allocation model.

ANNEXURE D
ANALYSIS OF THE GROUP'S STATEMENT OF FINANCIAL POSITION AND DEBT EXCLUDING IMPERIAL CAPITAL

	Imperial Holdings Limited 2010 Rm	Imperial Capital Limited 2010 Rm	Group excluding Imperial Capital Limited 2010 Rm
STATEMENT OF FINANCIAL POSITION			
Assets			
Intangible assets	1 006		1 006
Investments in associates and joint ventures	1 190		1 190
Property, plant and equipment	5 983		5 983
Transport fleet	3 399	1 660	1 739
Vehicles for hire	2 237	1 336	901
Deferred tax assets	658		658
Other investments and loans	2 021		2 021
Other non-current financial assets	206		206
Inventories	6 809		6 809
Taxation in advance	126		126
Trade and other receivables	6 165	23	6 142
Cash resources	3 199	2	3 197
Assets classified as held for sale	747		747
Final instalment on sale of Imperial Bank	477		477
Total assets	34 223	3 021	31 202
Equity and liabilities			
Capital and reserves			
Share capital	10		10
Shares repurchased	(1 816)		(1 816)
Other reserves	433		433
Retained earnings	12 513	496	12 017
Attributable to Imperial Holdings' shareholders	11 140	496	10 644
Non-controlling interest	806		806
Total shareholders' equity	11 946	496	11 450
Subordinated interest-bearing debt due to group company		382	(382)
Revised equity	11 946	878	11 068
Liabilities			
Non-redeemable, non-participating preference shares	441		441
Retirement benefit obligations	222		222
Interest-bearing borrowings	4 709	516	4 193
Insurance and investment contracts	1 093		1 093
Deferred tax liabilities	656	144	512
Other non-current financial liabilities	312	(17)	329
Due to group companies		330	(330)
Provisions for liabilities and other charges	1 042		1 042
Trade and other payables	10 081	146	9 935
Current tax liabilities	335		335
Current portion of interest-bearing borrowings	3 124	1 024	2 100
Liabilities directly associated with assets held for sale	262		262
Total liabilities	22 277	2 143	20 134
Total equity and liabilities	34 223	3 021	31 202
Total debt (including preference shares)	8 274	1 540	6 734
Less: Cash	3 199	2	3 197
	5 075	1 538	3 537
Less: 75% of preference shares	331		331
Net debt as analysed by rating agencies	4 744	1 538	3 206
Revised equity	11 946	878	11 068
Plus: 75% of preference shares	331		331
Revised equity including 75% of preference shares	12 277	878	11 399
Net debt to equity			
– Preference shares treated as debt	42%	175%	32%
– Preference shares treated as equity	39%	175%	28%

The amounts reflected as transport fleet and vehicles for hire by Imperial Capital Limited are shown as a finance lease receivable in their published annual financial statements.

ANNEXURE E
SUMMARY OF EMPLOYMENT EQUITY REPORT

	2010	2009
Analysis of South African workforce only		
Total workforce	**30 528**	28 835
Total employees with disabilities	**163**	150
South African workforce profile		
Racial and gender profile		
– Non-designated group	**5 456**	5 281
– White females	**3 631**	3 551
– Black males	**17 479**	16 606
– Black females	**3 714**	3 397
– Foreign national males	**224**	
– Foreign national females	**24**	
	30 528	28 835
Occupational level profile		
– Management	**3 139**	2 921
– Non-management	**27 389**	25 914
	30 528	28 835
Management profile by gender		
– Males	**2 163**	2 041
– Females	**976**	880
	3 139	2 921
Non-management profile by gender		
– Males	**20 996**	19 845
– Females	**6 393**	6 069
	27 389	25 914
Management profile by race		
– Whites	**2 398**	2 313
– Designated groups	**720**	608
– Foreign nationals	**21**	
	3 139	2 921
Non-management profile by race		
– Africans	**15 316**	14 517
– Indians	**1 752**	1 491
– Coloureds	**3 405**	3 387
– Whites	**6 689**	6 519
– Foreign nationals	**227**	
	27 389	25 914
South African workforce movement		
Total employees brought forward	**28 835**	35 274
– Resignations	**(3 208)**	(3 462)
– Dismissals	**(1 214)**	(1 362)
– Retirements	**(256)**	(249)
– Retrenchments	**(1 108)**	(1 164)
– Transfer of workforce on acquisitions and disposals	**1 360**	
– Engagements	**5 217**	4 558
– Discontinued operations		(4 760)
– Temporary employees	**902**	
Total employees at end of year	**30 528**	28 835

	2010	2009
Summary of global workforce		
– South African including foreign nationals	**30 528**	28 835
– Non-South African	**5 440**	5 518
Total workforce at end of year	**35 968**	34 353

Summary of the employment equity report in terms of section 22 of the Employment Equity Act

Note: A = Africans; C = Coloureds; I = Indians; W = Whites

	Male				Female				Foreign nationals		Total
Occupational levels	**A**	**C**	**I**	**W**	**A**	**C**	**I**	**W**	**Male**	**Female**	**2010**
Top management	5	1	11	173	5		2	25			**222**
Senior management	13	10	29	380	11	6	18	133	5	1	**606**
Professionally qualified and experienced specialists and mid-management	140	118	183	1 083	58	41	69	604	12	3	**2 311**
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	1 734	640	595	2 500	369	224	179	1 318	25	7	**7 591**
Semi-skilled and discretionary decision making	7 578	1 408	501	1 163	876	502	286	1 451	141	12	**13 918**
Unskilled and defined decision making	3 470	478	52	64	776	81	8	23	26		**4 978**
Total permanent	**12 940**	**2 655**	**1 371**	**5 363**	**2 095**	**854**	**562**	**3 554**	**209**	**23**	**29 626**
Temporary employees	393	50	70	93	120	22	61	77	15	1	**902**
Grand total	**13 333**	**2 705**	**1 441**	**5 456**	**2 215**	**876**	**623**	**3 631**	**224**	**24**	**30 528**

The above summary is an aggregation of all the South African operating entities.

NOTICE OF ANNUAL GENERAL MEETING

FAST MOVING FORWARD THINKING

IMPERIAL

Imperial Holdings Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1946/021048/06)
ISIN: ZAE000067211
JSE share code: IPL
(Imperial or the Company)

Notice is hereby given that the twenty second annual general meeting of shareholders will be held on Wednesday, 3 November 2010 at 09:00 in the boardroom of Imperial Holdings Limited, Imperial Place, Jeppe Quondam, 79 Boeing Road East, Bedfordview, Gauteng to transact the following business and resolutions with or without amendments approved at the meeting:

The minutes of the meeting held on 3 November 2009 will be available for inspection at the registered office of the Company until 16:00 on Tuesday, 2 November 2010 and up to 30 minutes immediately preceding the meeting.

1. **Ordinary resolution 1 – approval of the financial statements**
"Resolved that the annual financial statements that accompanied the notice of the annual general meeting, including the directors' report and the audit report contained therein, be adopted and approved."

2. **Ordinary resolution 2 – confirmation of the group's remuneration policy**
"Resolved that the group's remuneration policy as set out in the Remuneration Report on pages 54 to 59 of the Annual Report be hereby confirmed."

3. **Ordinary resolution 3 – confirmation of the directors' remuneration**
"Resolved that the directors' remuneration as disclosed on page 56 of the financial statements be hereby confirmed."

4. **Ordinary resolution 4 – appointment of the auditors**
"Resolved that Deloitte & Touche be appointed as auditors of the company and Mr M Comber as designated partner until the date of the next annual general meeting."

5. **Ordinary resolution 5 – confirmation of directors appointed during the year**
"Resolved that the appointment of the following directors, who were appointed since the last annual general meeting and whose appointments are subject to confirmation in terms of the articles of association, be authorised and confirmed by a separate resolution in respect of each reappointment:

5.1 *Mrs T Dingaan*
5.2 *Mr M Swanepoel*

6. **Ordinary resolution 6 – re-appointment of retiring directors**
"Resolved that the reappointment of the following directors, who retire by rotation in terms of the articles of association, but being eligible, have offered themselves for re-election be authorised and confirmed by a separate resolution in respect of each re-appointment:

6.1 *Mr MJ Leeming*

6.2 *Mr MV Moosa*

6.3 *Mr RJA Sparks*

6.4 *Mr Y Waja*

A brief curriculum vitae of each of the directors being confirmed in terms of resolution 5, and directors offering themselves for re-election in terms of resolution 6, is contained on page 6 of this annual report.

The performance and contribution of each of the above directors has been reviewed by the board and the board recommends that each of these directors be re-elected.

7 **Ordinary resolution number 7 – increase in non-executive directors' fees**
"Resolved that the annual fees payable to non-executive directors for board and committee membership be increased with effect from 1 July 2010 as follows:

– Board	from R154 000	to R173 250;
– Asset and liability committee	from R57 000	to R61 000;
– Audit committee	from R81 000	to R91 000;
– Risk committee	from R57 000	to R63 000;
– Remuneration and nomination committee	from R57 000	to R61 000;
– Transformation committee	from R57 000	to R61 000.

The chairman of the board receives a chairman's fee of twice a normal member's fee in addition to his member's fee and the deputy chairman who receives a fee of R173 250 in addition to his member's fee. Chairmen of committees receive a chairman's fee of one and a half times a normal member's fee in addition to their member's fee with the exception of the audit committee chairman who receives a fee of R181 500 in addition to his member's fee."

8. Special resolution 1 – general authority to repurchase Company shares

"Resolved that, the Company, or a subsidiary of the Company, be and is hereby authorised, by way of a general authority, to acquire ordinary shares of 4 cents each (ordinary shares) issued by the Company (including the conclusion of derivative transactions which may result in the purchase of shares), in terms of Sections 85 and 89 of the Companies Act, 61 of 1973, as amended (the Act) and in terms of the Listings Requirements of the JSE Limited (the Listings Requirements), it being recorded that the Listings Requirements currently require, *inter alia*, that the Company may make a general repurchase of securities only if:

- any such repurchase of ordinary shares is effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty (reported trades are prohibited);
- authorised by the Company's articles of association;
- the general authority shall be valid until the next annual general meeting of the Company, provided that it shall not extend beyond 15 months from the date of this special resolution number 1;
- when the Company has cumulatively repurchased 3% of the number of ordinary shares in issue on the date of passing of special resolution number 1, and for each 3% thereof, in aggregate acquired thereafter, an announcement is published as soon as possible and not later than 08:30 on the business day following the day on which the relevant threshold is reached or exceeded, and the announcement complies with the requirements of the Listings Requirements;
- at any time, only one agent is appointed to effect any repurchase on the Company's behalf;
- the Company or its subsidiary does not repurchase securities during a prohibited period unless the Company has a repurchase programme in place where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period;
- any general repurchase by the Company of its own ordinary shares shall not, in aggregate in any one financial year exceed 20% of the Company's issued ordinary shares as at the date of passing of this special resolution number 1; and
- in determining the price at which the ordinary shares are repurchased by the Company or its subsidiary in terms of this general authority, the maximum price at which such shares may be repurchased will not be greater than 10% above the weighted average of the market value for such ordinary shares for the five business days immediately preceding the date of repurchase of such shares.

A general repurchase of the Company's shares shall not be effected before the JSE has received written confirmation from the Company's sponsor (the sponsor), in terms of paragraph 2.12 of the JSE Listings Requirements, in respect of the directors' working capital statement. Furthermore, the Company will consult the sponsor before:

- it repurchases more than 10% in terms of its general authority;
- it executes a repurchase which will result in the accumulated rand value of the repurchases from the date of the last authority being greater than 10% of the shareholders' equity at the date that the authority was obtained; or
- it repurchases securities and the financial position of the group has changed materially from the date when the sponsor first issued its written confirmation, in order for the sponsor to review the validity of its letter issued when the general authority was granted.

The Company will only transact in derivative transactions relating to the repurchase of securities if, with regard to the price of the derivative:

- the strike price of any put option written by the Company less the value of the premium received by the Company for that put option may not be greater than the fair value of a forward agreement based on a spot price not greater than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction is effected;
- the strike price of any call option purchased by the Company may be greater than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction is effected at the time of entering into the derivative agreement, but the Company may not exercise the call option if it is more than 10% "out the money"; and
- the price of the forward agreement may be greater than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction is effected but limited to the fair value of a forward agreement calculated from a spot price not greater than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction is effected.

The directors of the Company confirm that no repurchase will be implemented in terms of this authority unless, after each such repurchase:

- the Company and its subsidiaries (the group) will be able to pay its debts as they become due in the ordinary course of business for a period of 12 months after the date of the notice of the annual general meeting;
- the consolidated assets of the Company and the group, fairly valued in accordance with the accounting policies used in the latest audited annual group financial statements, will exceed its consolidated liabilities for a period of 12 months after the date of the notice of the annual general meeting;
- the share capital and reserves of the Company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the annual general meeting; and
- the working capital of the Company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the annual general meeting."

Pursuant to and in terms of paragraph 11.26 of the JSE Listings Requirements, the directors of the Company hereby state that:

- the intention of the Company and/or its subsidiaries is to utilise the general authority to repurchase; if at some future date the cash resources of the Company are in excess of its requirements; and
- the method by which the Company and any of its subsidiaries intend to repurchase its securities and the date on which such repurchase will take place, has not yet been determined.

The JSE Listings Requirements require the following disclosure, some of which appear elsewhere in the annual report of which this notice forms part:

- Directors and management – page IBC;
- Major shareholders – page 36 and 37;
- Share capital of the Company – page 88;
- Directors' interest in securities – page 91.

The directors are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the Company's financial position.

The directors, whose names are given on the inside back cover of the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this resolution and certify to the best of their knowledge and belief; that there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required by law and the JSE Listings Requirements.

Other than the facts and developments reported on in this annual report, there are no material changes in the affairs or financial position of the Company and its subsidiaries that have occurred subsequent to the 30 June 2010 year end.

9. **Ordinary resolution 8 – authority to issue ordinary shares**

"Resolved that, in terms of the JSE Limited Listings Requirements and the Companies Act, 61 of 1973, as amended, the authorised but unissued ordinary shares be and are hereby placed under the control of the directors by way of a general authority that shall remain valid until the next annual general meeting and the directors be authorised to allot and issue those shares at their discretion, which authority shall include the authority to issue any option/convertible securities that are convertible into ordinary shares, provided that no more than 5 000 000 (five million) ordinary shares in aggregate may be issued in terms of this authority."

10. **Ordinary resolution 9 – authority to issue non-redeemable preference shares**

"Resolved that, in terms of the JSE Limited Listings Requirements and the Companies Act, 61 of 1973, as amended, the authorised but unissued non-redeemable cumulative, non-participating preference shares be and are hereby placed under the control of the directors and the directors be authorised to allot and issue those shares at their discretion, provided that no more than 5 000 000 (five million) non-redeemable preference shares in aggregate may be issued in terms of this authority."

11. **To transact such other business as may be transacted at an annual general meeting of shareholders.**

Proxy and voting procedure

Shareholders entitled to attend and vote at the annual general meeting may appoint a proxy to attend, speak and vote thereat in their stead. A proxy need not be a shareholder of the Company.

Forms of proxy in which are set out the relevant instructions for their completion, are attached for the use of certificated shareholders and dematerialised shareholders with "own name" registration who wish to be represented at the annual general meeting. Completion of the relevant forms of proxy will not preclude such shareholder from attending and voting (in preference to those shareholders' proxies) at the annual general meeting.

Dematerialised shareholders, other than those with "own name registration" who wish to attend the annual general meeting, must inform their Central Securities Depository Participant (CSDP) or broker of their intention to attend the annual general meeting and obtain the necessary Letter of Representation from their CSDP or broker.

Should they be unable to attend the annual general meeting, dematerialised shareholders, other than those with "own name" registration and who wish to be represented thereat, must contact their CSDP or broker as to how they wish to vote. This must be done in a manner and time stipulated in terms of the agreement entered into between such shareholder and their CSDP or broker.

The instrument appointing the proxy and the authority (if any) under which it is signed, must reach the Company's transfer secretaries, Computershare Investor Services (Pty) Limited, by no later than 09:00 on Monday, 1 November 2010.

By order of the board

RA Venter
Company Secretary

24 August 2010

FORM OF PROXY

FAST MOVING FORWARD THINKING

IMPERIAL

Imperial Holdings Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1946/021048/06)
Share Code: IPL
ISIN: ZAE000067211
(Imperial or the Company)

If you are a dematerialised shareholder, other than with "own name" registration, do not use this form. Dematerialised shareholders (other than with "own name" registration) should provide instructions to their appointed CSDP or broker in the form stipulated in the custody agreement entered into between the shareholder and their CSDP or broker.

An ordinary shareholder entitled to attend and vote at the annual general meeting to be held in the boardroom of Imperial Holdings Limited, Imperial Place, Jeppe Quondam, 79 Boeing Road East, Bedfordview, Gauteng on Wednesday, 3 November 2010 at 09:00 (the AGM), is entitled to appoint a proxy to attend, speak or vote thereat in his/her stead. A proxy need not be a shareholder of the Company.

All forms of proxy must be lodged at the transfer secretaries, Computershare Investor Services (Proprietary) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received by no later than 09:00 on Monday, 1 November 2010.

I/We *(Please print name in full)* ____________________

Of *(address)* ____________________

being an ordinary shareholder(s) of the Company holding __________ ordinary shares in the Company do hereby appoint

1. ____________________ or failing him/her

2. ____________________ or failing him/her

3. the chairman of the AGM

as my/our proxy to vote for me/us on my/our behalf at the AGM (and any adjournment thereof) for the purpose of considering and, if deemed fit, passing with or without modifications, the following resolution to be considered at the AGM.

		Number of Votes (one per share)		
		In favour of	Against	Abstain
1.	Ordinary resolution 1 – Financial Statements			
2.	Ordinary resolution 2 – Remuneration policy			
3.	Ordinary resolution 3 – Directors' remuneration			
4.	Ordinary resolution 4 – Appointment of auditors			
5.	Ordinary resolution 5.1 – Confirmation T Dingaan			
	Ordinary resolution 5.2 – Confirmation M Swanepoel			
6.	Ordinary resolution 6.1 – Re-appointment MJ Leeming			
	Ordinary resolution 6.2 – Re-appointment MV Moosa			
	Ordinary resolution 6.3 – Re-appointment RJA Sparks			
	Ordinary resolution 6.4 – Re-appointment Y Waja			
7.	Ordinary resolution 7 – Directors' fees			
8.	Special resolution 1 – General authority to repurchase Company shares			
9.	Ordinary resolution 8 – Authority over unissued ordinary shares			
10.	Ordinary resolution 9 – Authority over unissued preference shares			

Insert an X in the appropriate block. If no indications are given, the proxy will vote as he/she deems fit. Each shareholder entitled to attend and vote at the meeting may appoint one or more proxies (who need not be a shareholder of the Company) to attend, speak and vote in his/her stead.

Please read the notes on the reverse side hereof.

Signed at __________ on __________ 2010

Signature ____________________

Assisted by (where applicable) ____________________

NOTES TO FORM OF PROXY

1. A shareholder may insert the names of a proxy or the names of two alternative proxies of the shareholder's choice in the space provided, with or without deleting "the chairman of the meeting", but any such deletion must be initialled by the shareholder. The person whose name appears first on the proxy and which has not been deleted shall be entitled to act as proxy to the exclusion of those whose names follow.
2. The authority of a person signing a proxy in a representative capacity must be attached to the proxy unless that authority has already been recorded with the Company's transfer secretaries.
3. Proxies must be lodged at or posted to the Company's transfer secretaries, Computershare Investor Services (Proprietary) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), to be received by no later than 09:00 on Monday, 1 November 2010.
4. The completion and lodging of this proxy shall not preclude the relevant shareholder from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
5. The chairman of the meeting may reject or accept a proxy which is completed other than in accordance with these instructions, provided that he is satisfied as to the manner in which a shareholder wishes to vote.

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CORPORATE INFORMATION

Directors

Non-executive

TS Gcabashe* (Chairman)
BA (Botswana), MURP (Ball State Univ, USA), PED, IMD Lausanne
T Dingaan, BProc, LLB, LLM, HDip (Tax)
S Engelbrecht*, BSc, MBL, MDP Insead
P Langeni*, BCom (Accounting)
MJ Leeming*, BCom, MCom, FCMA, FIBSA, AMP
JR McAlpine*, BSc, CA
MV Moosa, BSc
RJA Sparks*, BCom (Hons) , CA(SA), MBA
A Tugendhaft (Deputy chairman), BA, LLB
Y Waja*, BCom, CA(SA) BCompt (Hons) HDip Tax
*Independent

Executive

HR Brody (Chief Executive), BAcc (Hons), CA(SA)
OS Arbee, BAcc, CA(SA), H Dip Tax
MP de Canha
RL Hiemstra, BCompt (Hons), CA(SA)
AH Mahomed BCompt (Hons), CA(SA), H Dip Tax
GW Riemann (German)
M Swanepoel, BCom Acc (Hons)

Executive committee

HR Brody (Chairman), OS Arbee, MP de Canha, BJ Francis, DD Gnodde, RL Hiemstra, AH Mahomed, M Mosola, M Swanepoel

Audit committee

MJ Leeming (Chairman), P Langeni, RJA Sparks, Y Waja

Remuneration and nomination committee

TS Gcabashe (Chairman), P Langeni, JR McAlpine, RJA Sparks, A Tugendhaft

Risk committee

Y Waja (Chairman), H Adler, OS Arbee, W Behrens, HR Brody, BJ Francis, DD Gnodde, RL Hiemstra, MJ Leeming, G Rudman, D van Heerden

Sustainability committee

MV Moosa (Chairman), OS Arbee, MP de Canha, BJ Francis, TS Gcabashe, P Langeni, P Michaux, M Mosola, M Swanepoel, A Tugendhaft, RA Venter

Asset and liability committee

HR Brody (Chairman), RL Hiemstra, MJ Leeming, AH Mahomed, R Mumford, WF Reitsma, M Swanepoel

Group internal audit executive

G Nzalo, BCom, CA(SA), CIA

Group treasurer

WF Reitsma, BTech Banking, MCom, FIBSA, FIFM

Group legal advisor and company secretary

RA Venter, BCom, LLB, LLM

Group risk executive

BJ Francis, BCompt (Hons), CIA

Business address and registered office

Imperial Place
Jeppe Quondam
79 Boeing Road East
Bedfordview
2007

Postal address and contact numbers

PO Box 3013
Edenvale
1610

Telephone +27 (0)11 372 6500
Facsimile +27 (0)11 372 6550

Name and registration number

Imperial Holdings Limited
1946/021048/06

Share transfer secretaries

Computershare Investor Services (Pty) Limited
70 Marshall Street
Johannesburg
2001

PO Box 61051
Marshalltown
2107

Telephone +27 (0)11 370 5000
Facsimile +27 (0)11 370 5487

Contact person for sustainability

RA Venter
Telephone +27 (0)11 372 6500
Email rventer@ih.co.za

Website

www.imperial.co.za

Email

info@ih.co.za

JSE information

Ordinary share code: IPL
ISIN: ZAE000067211
Preference share code: IPLP
ISIN: ZAE000088076

Shareholders' diary

Final distribution: September 2010
Annual General Meeting: November 2010
Interim results released: February 2011
Interim distribution: April 2011
Final results released: August 2011

FAST MOVING
FORWARD THINKING

IMPERIAL

www.imperial.co.za