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IMPERIAL™

Integrated Annual Report 2012

IMPERIAL
DURBAN

IMPERIAL IS A DIVERSIFIED INDUSTRIAL SERVICES AND RETAIL GROUP

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Profile

Imperial is a diversified industrial services and retail group with activities spanning logistics; car rental; tourism; financial services; vehicle distribution and retail; automotive parts and industrial products distribution.

Imperial predominantly operates in South Africa and has operations in the rest of Africa, Europe, the United Kingdom, the United States of America and Australia.

Imperial is listed on the Johannesburg Securities Exchange Limited (JSE) under share code IPL, under the Industrial Transportation sector.

The group utilises a decentralised management structure that actively encourages entrepreneurship, innovation and industry-specific best practice within a framework of appropriate and sufficient control and governance.

Imperial employs more than 47 000 people, who are responsible for the growth and continued success of a group that began as a motor dealership in downtown Johannesburg in 1948.

Scope and boundary

This report covers the activities of the Imperial group for the 12 months to 30 June 2012. The abridged financial statements on pages 88 to 121 are an extract of the audited annual financial statements.

The complete audited annual financial statements, which comply with International Financial Reporting Standards (IFRS) and the Companies Act, No 88 of 2008, are available on www.imperial.co.za and the compact disc in this report.

A separate sustainability report has been prepared using the guidelines of the Global Reporting Initiative (GRI G3) and is available online at www.imperial.co.za and on the compact disc in this report. Certain key aspects of the sustainability report have been integrated into this report.

This year Imperial has produced its second integrated report in its endeavour to integrate the financial and non-financial aspects of its reporting for a more comprehensive understanding by all stakeholders, in line with the recommendations of King III. In response to stakeholder feedback, divisional disclosures are intended to give readers a better understanding of each of these businesses in their respective markets and a basis to measure progress against stated objectives.

This integrated annual report gives stakeholders details of:

- highlights and key data;
- an overview of the Imperial group;
- the chairman's and management's review of governance and performance for the 2012 financial year;
- risks and opportunities facing the Imperial group;
- strategic objectives;
- remuneration and employment equity aspects; and
- abridged financial statements.

The directors are responsible for the content of this report and although all reasonable steps have been taken to ensure its accuracy, they can only provide reasonable assurance that reporting systems are accurate. During the year, the group further enhanced systems to monitor the accuracy, completeness and reliability of financial, operational, safety, health and environmental management information. We will continue to refine and improve these processes over time.

The abridged financial statements must be read in conjunction with the complete set of audited annual financial statements available on the website and on the compact disc supplied with this report. The separate sustainability report combines the various safety, health and environmental issues dealt with throughout the integrated annual report and expands on them to give stakeholders a complete picture. A copy of the sustainability report is available on the website and on the compact disc supplied with this report.

Imperial has five operating divisions which are independently managed and operate within authority limits set by the board, and governance guidelines laid down by the board and executive committee. These are designed to apply to governance standards appropriate to their industries.

Due to the decentralised management structure of the group and diverse nature of its operating businesses, information is recorded and reported in different formats. There is a standardised approach to consolidate the group's financial reporting and the group has used its best endeavours to ensure the report meets the material reporting needs of stakeholders. Our intention is to give readers a clearer understanding of our operations, the factors that drive them and the impact they have on the economic, social and physical environments in which we conduct our business.

Imperial's businesses in Africa, Europe, the United Kingdom, the USA and Australia are included in the report. Non-financial impacts related to entities not operationally controlled by the group have been excluded.

Materiality

In choosing the topics included in the report, we considered the requirements and expectations of external and internal stakeholders and prioritised material topics and indicators, relevant to significant stakeholders.

Materiality was also determined on an operational basis to provide meaningful and transparent information to stakeholders, focusing on issues that are of concern to stakeholders and which are of significant strategic relevance to Imperial. Key business risks also informed the selection of topics to be reported upon.

A stepped approach was used to identify key stakeholders and the matters of relevance to them, issues reported in the media in relation to Imperial and the industries in which it operates, and key matters relating to Imperial's financial and non-financial performance during the year.

Sustainability

In line with the Global Reporting Index (GRI) framework, we have elected to rate our sustainability report at level C.

During the financial year we implemented a new system to record non-financial data during the financial year to improve the accuracy of this data in management of the group's non-financial impacts. The internal audit department is in the process of reviewing the control systems pertaining to this.

King III

The group has applied recommendations of King III and the board continually assesses the group's practices against the recommendations in King III and will implement improvements on an ongoing basis. This includes:

- enhanced reporting on stakeholder engagement; and
- future third-party assurance of sustainability data.

Audit opinion

The auditors, Deloitte & Touche, have issued an unmodified audit opinion on the group's annual financial statements for the year ended 30 June 2012. The audit was conducted in accordance with International Standards on Auditing. A copy of their audit report is available for inspection at the company's registered office, and is incorporated in the complete annual financial statements.

Any reference to future financial performance included in this integrated annual report has not been reviewed or reported on by the company's auditors.

Highlights

Revenue **25% higher** at R80 830 million

Operating profit **improved 25%** to R5 638 million

HEPS **up 14%** to 1 566 cps

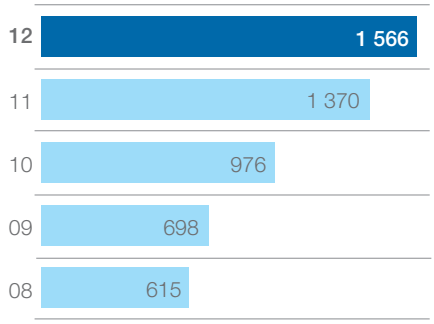
Core EPS **up 32%** to 1 623 cps

Full-year dividend per share **up 42%** to 680 cps

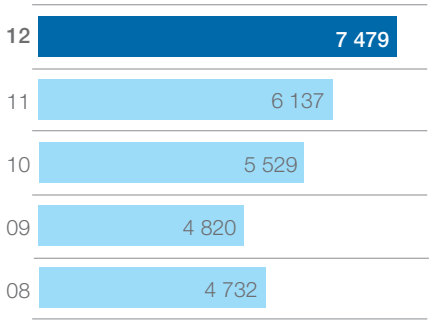
- Net debt:equity ratio of 42%
- Return on equity of 23%
- Free cash conversion ratio of 125%
- Imperial Logistics International achieved an outstanding result with operating profit up 71%
- Successful integration of newly acquired Lehnkering
- Excellent performance in distributorships with operating profit up 33%
- Invested R1,9 billion on acquisitions
- R171 million invested in skills development
- Launched the Imperial I-Pledge road safety campaign, sparking a national movement towards safer roads
- Readmission into the JSE ALSI Top 40
- Increased black management from 40,4% to 47,7% over the past two-year target-setting cycle.
- Ukhamba Trust distributed R350 million to 15 000 employees of the group.

Key data

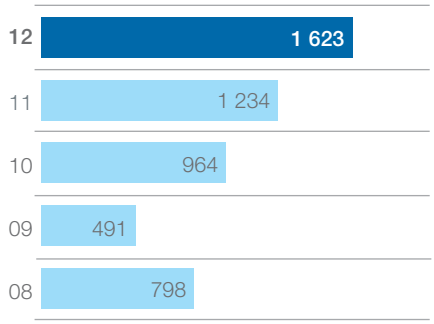
Headline earnings per share (cents)



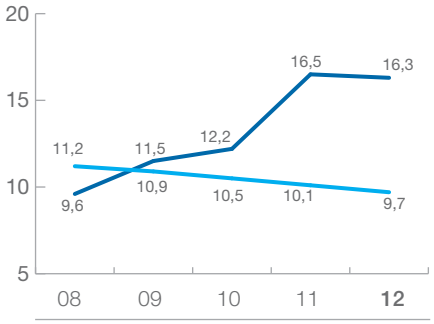
Net asset value per share (cents)



Core earnings per share (cents)



ROIC vs WACC (%)



R million	Growth %	2012	2011
Revenue	25	**80 830**	64 667
Profit from operations	25	**5 638**	4 526
Operating margin (%)		**7,0**	7,0
Headline earnings per share (cents)	14	**1 566**	1 370
Core headline earnings per share (cents)	32	**1 623**	1 234
Dividends per share (cents)	42	**680**	480
Closing price per share (cents)		**17 200**	12 125
Net asset value per share (cents)		**7 479**	6 137
Average net operating assets	19	**20 925**	17 538
Revenue to average net operating assets (times)		**3,9**	3,7
Revenue to average net working capital (times)		**20,6**	21,1
Net interest-bearing debt		**6 642**	4 418
Net interest-bearing debt as a % of total shareholders' equity		**41,8**	33,9
Weighted average invested capital		**21 391**	18 180
Return on invested capital (%)		**16,3**	16,5
Return on invested capital (based on core earnings) (%)		**17,0**	15,4
Weighted average cost of capital (%)		**9,7**	10,1
Return on average ordinary shareholders' interest (based on headline earnings) (%)		**22,6**	22,7
Return on average ordinary shareholders' interest (based on core earnings) (%)		**23,4**	20,3
Free cash flow	9	**3 770**	3 452
Free cash flow to headline earnings (%)		**125**	132
Net capital expenditure	74	**2 661**	1 528
Statistics			
Staff training hours		**1 306 135**	1 379 615
Number of employees	17	**47 699**	40 898
Number of road-related employee injuries		**123**	96
Number of employee fatalities		**10**	9
CO_2 emissions (tonnes)		**1 072 636**	1 010 925

For definitions see page 47.

Stakeholders and stakeholder engagement

We value our people and recognise that successful businesses are built on loyal, motivated and fulfilled employees. Equally important are meeting the requirements of investors, customers, suppliers and other stakeholders.

Stakeholders are defined as entities or individuals that can reasonably be expected to be significantly affected by the organisation's activities, products and/or services; and whose actions can reasonably be expected to affect the ability of the organisation to successfully implement its strategies and achieve its objectives.

Stakeholders in the group include investors, potential investors, providers of finance, employees, trade unions, customers, contractors, suppliers, franchisees, franchisors, motor manufacturers, media, communities, civil society, regulators and government departments. Our customers span virtually every facet of society and include central, provincial and local government, large, medium and small business, various industries and individuals across the world.

Our interaction with stakeholders reflects our unique culture and business model. We seek to maximise shareholder value over time through an intelligent regard for the interests of all stakeholders, from the communities associated with our operations to our business partners. Our divisions are well equipped to communicate with stakeholders.

Proactive stakeholder engagement

During the year we have identified a need to have a more structured approach to stakeholder engagement, and we are currently engaging with a third-party provider to assist us with a framework document that will define our stakeholder engagement and what it will mean to us.

The mechanisms we make available to our employees to provide feedback or recommendations to the company include, Group CEO stakeholder feedback forums which are held bi-annually, shop floor briefings, direct communication with line managers, formal grievance procedures and an independently managed ethics line which allows the employee to remain anonymous.

Our stakeholders have the opportunity to communicate with the board at the company's annual general meeting or to make use of shareholder resolutions.

In recent years, we have enhanced our level of interaction with stakeholders, recognising that the survival of our business is aligned to our stakeholders.

The group provides information to the public and its shareholders based on the guidelines of promptness, relevance, openness and substance over form. We strive for balance by reporting both the positive and negative aspects of group performance. Regular presentations and meetings with investors and analysts are held to communicate group strategy and performance.

Stakeholders are engaged primarily on the basis of their impact on the group. Investors are engaged at regular scheduled intervals including results announcements, general meetings, one-on-one meetings and investor days. Shareholders also have the opportunity to question the board at annual general meetings. Customers and staff are engaged on an ad hoc basis and at regular scheduled meetings.

Stakeholder concerns

We include stakeholder concerns raised by our stakeholders in our process for identifying the company's sustainable development risks.

We used the relative importance placed on these issues during our engagement with stakeholders and the frequency with which they were raised, as a means of identifying these issues.

Stakeholder concerns are raised in a number of different ways. They can be received as a formal concern or query lodged with the company; or raised in stakeholder forums. We either provide feedback informally in the forum or telephonically; where appropriate, we will respond in writing. We also consider the interests and expectations from stakeholder engagement initiatives that have taken place during the year when preparing the content of our annual sustainability report.

Our approach to stakeholder engagement favours personal interaction but where this is not possible other methods such as surveys and call centres are used. This occurs in divisions with large individual customer bases such as car rental, insurance and automotive retail.

The group has endeavoured to ensure that this report meets the material reporting needs of stakeholders. Imperial recognises that the group consists of a number of diverse businesses, each with its own unique features, stakeholders and operating environments. It is the group's philosophy to empower local and divisional management who are best placed to identify and engage stakeholders on virtually all levels and to ultimately make decisions within agreed guidelines.

Reporting

We believe this report represents a balanced and reasonable picture of our organisation's economic, environmental and social performance, covering all material topics and indicators.

The table below contains a summary of the broad categories of stakeholders that have been identified, their concerns, impacts and Imperial's engagements with them:

Stakeholder	Who is included in this group	How do we engage with them
Investors	Shareholders Financial investors Providers of finance Investment analysts	Integrated annual report, annual and interim results presentations, local and international investor roadshows and one-on-one engagements, conferences, general meetings, media and regulatory releases, analysts reports
Government and regulators	National and local government Johannesburg Securities Exchange (JSE) Self-regulatory bodies South African Revenue Services South African Reserve Bank	Regular liaison with various government departments both at a company level and through industry bodies, engagement with municipalities, forums, statutory reporting and regulatory releases, input on new legislation
Employees and trade unions	Staff Representative unions	Regular roadshows and presentations, staff development and training programmes, in-house magazines, health, safety and employment equity committees, one-on-one engagement, bargaining councils, operational forums, wage negotiations, Ukhamba Trust
Customers	Purchasers of goods and services supplied by the group including individuals, corporates, government, non-government organisations (NGOs)	Individual engagement, written communications, media, regular meetings and long-term communication plans, service questionnaires and surveys, social media, call centres, advertising campaigns
Suppliers	Motor and industrial equipment manufacturers, goods and services suppliers, contractors	Dealer forums, individual engagement, contacts, franchise agreements, ongoing engagement to communicate the group's requirements and needs
Business partners	Co-shareholders in group businesses, black economic empowerment (BEE) partners Financial and other joint venture partners	Business meetings, board meetings and committees, regular reporting, distribution agreements, long-term individual relationships
Media	Print media, electronic media, local interest publications, radio and television	Individual engagements, press conferences, press releases, communication agencies, social media, electronic communication, branding programmes, individual relationships
Civil society and communities	People affected by our various businesses, both positively and negatively	Individual engagements, press publications, I-Pledge campaign, Ukhamba Trusts and the Imperial and Ukhamba Community Development Trust, engagement with and participation in civil society programmes including schools and training initiatives

Chairman's review

Thulani S Gcabashe
Chairman

The year under review was characterised by generally tough trading conditions, not just in local markets but across the globe. The global economic crisis that ensued in 2009 continues to have a significant impact particularly on the European and United States economies. While South Africa has escaped the worst effects of the economic downturn, our economic recovery is nonetheless impacted by market conditions around the globe. On the positive side, many countries across Africa are starting to show strong economic growth rates, albeit off a relatively low base.

Within this global market context, Imperial's strong performance during the year under review is particularly impressive. The group continues to benefit from the combination of sound strategic direction, committed staff, and a robust diversified portfolio of companies run by talented leaders.

Continuing the sustainability journey

As the world looks increasingly for assurance regarding the sustainability of large, multinational companies, Imperial continues to emerge as a positive example of triple bottom-line success.

This is the group's second Integrated Annual Report, and I am pleased to see progress being made on the sustainability and reporting journey. But while integrated reporting is still relatively new, Imperial's way of doing business has for some time been characterised by the mindful interaction with all stakeholder groups, including employees, communities, customers, suppliers, partners and society as a whole.

Investing in people

Imperial recognises the importance of developing, nurturing and caring for its people. During the year Imperial invested R171 million in a wide range of skills development programmes targeting employees at all levels, from artisans to executive leaders.

This is a considerable investment in people by any standard, and one that continues to pay rich dividends. Imperial's approach to implementing innovative skills development programmes that acknowledge its unique culture can be seen across the group. These span from the three artisan training centres which could serve the skills needs of the motor industry on a much wider basis, to Europcar's pioneering new Learning Centre. There are five modern technical training centres across the group while administrative and leadership skills are developed at six locations. There are 2 756 employees on learnerships across the group, of which 2 262 are black.

The group has strong central expertise in leadership, management and technical training. Over time this has evolved into certain competencies developing at various divisions catering for business-specific needs. Many industry-leading programmes across the spectrum from technical training to leadership development take place continuously. These and other training initiatives provide Imperial with a significant competitive advantage at a time in which there is a shortage of skilled people.

Playing a conscious role in society

The broad and diverse nature of Imperial's business means it touches almost every aspect of people's lives. The company is mindful of the opportunity this presents for it to play a meaningful role in bringing about positive societal change, not only through its products and services but also through relevant and impactful community investment.

A solid education can drastically alter the course of an individual's life for the better, providing opportunities for employment and self-sufficiency. The hands-on work being carried out by the Imperial and Ukhamba Community Development Trust in this regard continues to be groundbreaking. Through its investment in teacher training, teaching materials, libraries and facilities, cultural and sporting activities, the Trust is empowering thousands of historically disadvantaged children to reach their educational and personal potential, while nurturing their self-confidence and self-esteem.

An important safety awareness programme was launched during the year, targeted at the broader South African society. As a transportation leader and a company whose history is rooted in the automotive industry, Imperial is committed to ensuring that South Africa's roads are safer for all citizens whether they be pedestrians or motorists. Over 14 000 people die on the country's roads annually, costing it in excess of R60 billion a year.

Using its geographic footprint and network of companies, the group launched the Imperial I-Pledge road safety campaign, sparking a national movement towards safer roads. Over 72 000

individuals have so far voluntarily made their I-Pledge to be safer, more considerate, visible and alert road users. Raising awareness of how individual behaviour can make a difference, and harnessing the collective commitment and enthusiasm of so many citizens is a massive step in the right direction.

The group also made great strides in its ongoing drive to reduce its environmental impact. At a time when concerns about the effects of global warming are top of the world's agenda, the company recognises its responsibility to reduce carbon emissions and manage natural resources wisely. The many awards and environmental initiatives across the group stand as testimony to its commitment in this regard. Among the most notable are new low-energy dealerships, office buildings and warehouses, waste and oil recycling, and the state-of-the-art water recycling wash bays that service the car rental, tourism and logistics businesses. With energy and water scarcity looming as the next global environmental crisis, initiatives such as these will prove increasingly important. Imperial has also implemented a central system to monitor and report on the various environmental impacts of the group together with comprehensive health and safety recordkeeping.

Being part of South Africa's transformation

As a business leader and a socially engaged company, Imperial is committed to making a positive contribution to the transformation of South Africa's society and economy through broad-based black economic empowerment.

We will continue to promote all facets of empowerment in our business, particularly the development, promotion and recruitment of black people in the group.

The company has improved its percentage of black management from 40,4% to 47,7% over the past two-year target-setting cycle. We have achieved our targets in the aggregate, however the group has experienced more difficulty in achieving its senior management targets. While we are certain that our internal people development processes will create a sustainable pipeline of talented individuals, we need to develop specific strategies aimed at accelerating the development of black managers to take up future leadership positions.

Individual business units of the group complete their own broad-based black economic empowerment scorecards. This ensures focus and alignment with industry charters where applicable. I am very satisfied that good progress is being made as shown by the number of companies that have achieved much improved scores including the large group companies that are now at a level 3.

We remain committed to maintaining a healthy and fruitful relationship with Lereko and Ukhamba, our two BEE shareholders. The Ukhamba Trust, which owns 47,1% of Ukhamba Holdings, is our staff empowerment vehicle. A portion of the value created through Ukhamba was liquidated and paid out to Ukhamba's shareholders during December 2011. As a result, the Ukhamba Trust made a distribution of approximately R350 million to its 15 000 beneficiaries, being employees of the group. The Imperial and Ukhamba Community Development Trust, which holds a further 6% of Ukhamba Holdings also received a payout of approximately R50 million which will continue to promote effective learning and teaching at eight underprivileged schools serving 10 000 learners across Gauteng.

Financial performance

The financial performance of the group over the year was excellent, building on a strong prior year. There is a single-minded focus by management on returns, cash flow and on the identified areas of business in line with Imperial's stated strategic intentions. It was particularly satisfying that the performance across all three the business pillars – logistics, car rental and tourism, and distribution, retail and financial services – was sound, reflecting healthy growth in each.

Corporate governance

Imperial is committed to the highest standards of corporate governance and to conducting its business in an ethical manner. The company has applied the recommendations of King III in line with the guidance issues by the JSE. Its sustainability ethos encompasses a commitment to good governance across a wide range of business areas and stakeholder groups.

Appreciation

On behalf of the board I would like to extend my gratitude to the 47 000 employees of Imperial who have been so instrumental in bringing about such a successful year, and to the executive team who, under the leadership of Hubert Brody, has expertly chartered the company.

Tak Hiemstra recently announced his intention to retire at the end of September 2012. He will however remain on the board as a non-executive director of the company. He has played an instrumental role in the group over the years in the establishment of important new businesses, key acquisitions and as a member of the leadership team. Imperial expresses its gratitude to him for 20 years of dedicated service to the group and we look forward to his contribution as a non-executive director. Mr Hiemstra's responsibilities for strategic development will be assumed by Mr Mohammed Akoojee, who has been a member of the executive committee since January 2011.

I also wish to thank my fellow board members whose wisdom and insight has proved invaluable in steering the company towards the achievement of its strategic objectives. I deeply value their ongoing support.

Thulani S Gcabashe
Chairman
21 August 2012

"IF EVERYONE IS MOVING FORWARD TOGETHER, SUCCESS TAKES CARE OF ITSELF"

Henry Ford

Key facts

- Over 47 000 employees
- Leading third-party logistics provider in southern Africa
  - Operates from more than 968 locations in 14 countries
  - Owns and has access to more than 7 500 trucks
  - Provides product handling and storage in facilities exceeding 750 000m^2
- Access to 740 vessels in Europe with the region's biggest fleet of subcontracted inland water vessels
- Transport over 95 million tonnes per annum and having approximately 20 000 000m^2 of storage capacity in Europe
- Over 250 new and used vehicle dealerships

- Supply virtually every major vehicle brand in South Africa
- Sold 173 362 new and used vehicles
- Southern Africa's leading aftermarket parts supplier
- Responsible for one in three car rental transactions in South Africa
- Geographical footprint across Africa, Europe, USA and Australia
- LiquidCapital has over 600 000 active contracts under management
- Listed on the JSE since 1987, Imperial Holdings had a market capitalisation of approximately R41 billion on 21 August 2012

Group structure

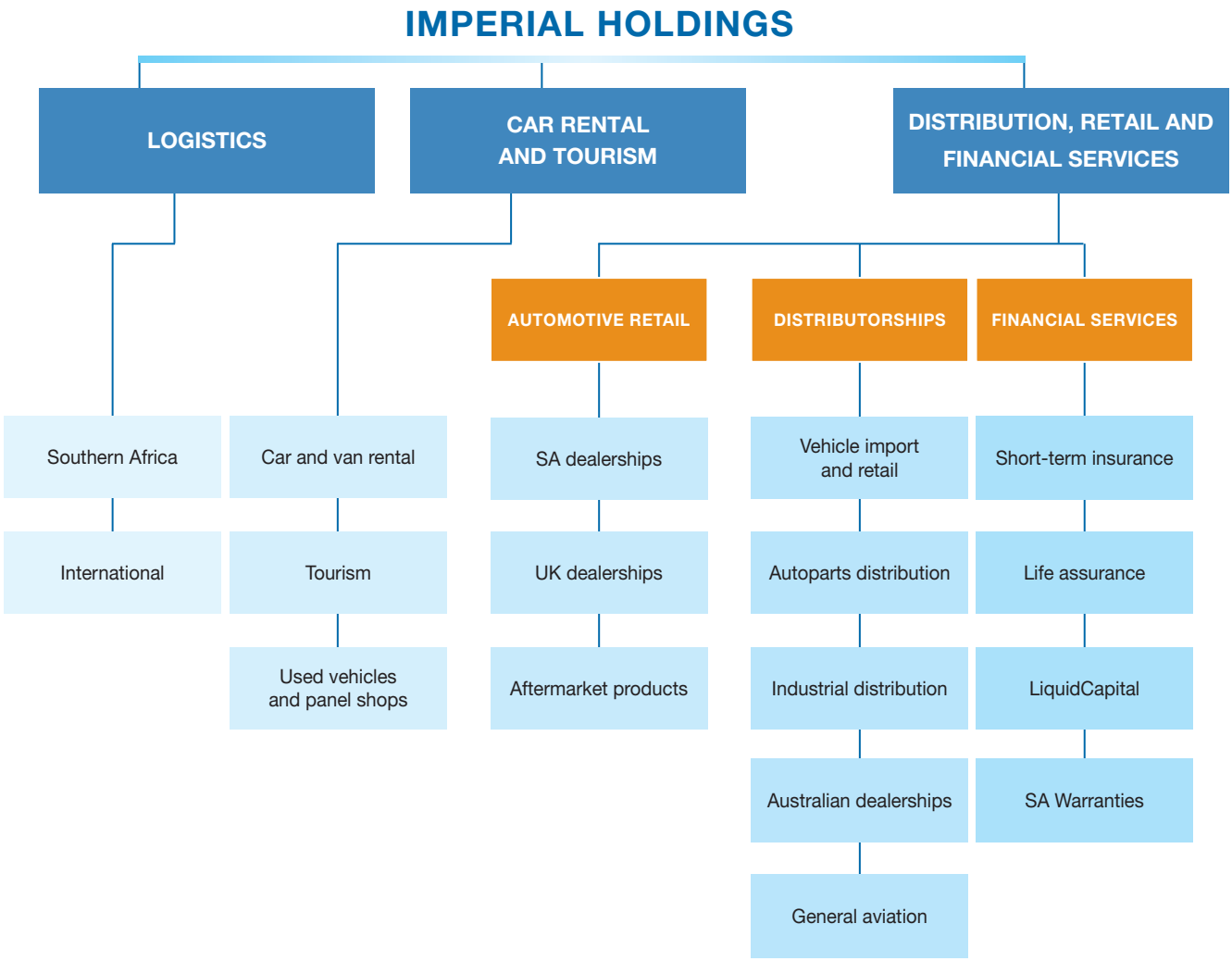
Imperial Holdings is a diversified, multinational industrial services and retail group. It is founded on three strategic pillars:

- Logistics
- Car rental and tourism
- Distribution, retailing and servicing of motor vehicles, industrial equipment and parts, and related financial services.

Within these pillars, the group operates a wide range of vertically integrated businesses. These are involved in the distribution of vehicles, parts, industrial equipment and aircraft; the sale of new and used vehicles; car rental; tourism; insurance and financial services. In logistics, we are involved in transport, warehousing, specialised freight and supply chain solutions including multimodal networks covering inland waterway, value-added services in the chemical and automotive industries, rail, road and ship chartering.

Most of these operations are in growing markets, with considerable potential for expansion into allied services and relevant new geographies.

Employing 47 000 people, the group actively encourages entrepreneurship, innovation and industry best practice.



History

1948	Imperial started out as a Chrysler dealership in downtown Johannesburg
1973	Cancelled Chrysler agency and became Toyota dealers, adding trucks to our offering
1975	Started Imperial Truck Hire
1979	Launched Imperial Car Rental and started a transportation business
1987	Listed on the JSE Imperial Car Rental merged with Hertz
1989	Regent short-term insurance established Logistics diversified into warehousing
1991	Acquired Springbok Atlas and first Mercedes-Benz dealership
1992	Acquired Tanker Services
1993 – 1999	Various acquisitions of transport companies which were combined to form the SA logistics business
1995	The formation of Associated Motor Holdings as an importer and distributor of vehicles Acquired the listed Saficon group to significantly expand the motor retail division
1996	Acquired the Renault and Daihatsu distribution rights Imperial Bank and Regent Life Assurance established
1998	Obtained Kia distributorship Acquired European logistics arm from Thyssen Krupp Acquired Safair
1999	Acquired National Airways Corporation Acquired controlling interest in Brian Porter Holdings Limited to expand the motor retail division
2000	Developed supply chain services in the logistics division Acquired a controlling interest in listed diversified tourism company, Tourvest Obtained Hyundai distributorship
2001	Disposed of 50,1% of Imperial Bank to Nedbank Acquired Haniel Reederei Holding GmbH, largest operator of barges on Europe's inland waterways
2004	Launched Imperial Autoparts Ukhamba Holdings acquired 10,1% stake in Imperial in a BEE transaction involving all of Imperial's black staff and a community development trust
2005	Acquired Jurgens Caravans Lereko Mobility acquired 7,25% stake in Imperial Imperial entered the Australian car dealership market with the acquisition of nine Ford dealerships in Sydney
2006	The acquisition of a chain of truck dealerships and auto logistics businesses in the UK from RAC plc
2008	Unbundled leasing and capital equipment division as Eqstra Discontinued Safair and International Trucks distribution Disposal of Multipart Holdings in the UK, the parts and auto logistics arms of the RAC acquisition
2009	Disposed of Tourvest
2010	Disposed of remaining 49,9% of Imperial Bank to Nedbank Expanded automotive parts business with the acquisition of Midas Entered the vehicle tracking and fleet management industry with the acquisition of 25,5% of MiX Telematics Launched Imperial Fleet Management in a joint venture with WesBank Acquired Goscor to expand into industrial distribution Acquired E-Z-GO South Africa to extend product range in distributorships division
2011	Expanded African footprint in logistics with the acquisition of CIC Holdings and created a separate Africa logistics division Awarded distribution rights for Mitsubishi Acquired Edusport, leading sports and events management company Created new financial services division
2012	In Europe acquired: • Lehnkering, one of Europe's leading specialist logistics companies serving the chemical, agricultural, petrochemical and steel industries In Africa, logistics acquired: • control and increased our shareholding to 80% in Transport Holdings in Botswana, which provides fuel transportation, mining consolidation and transport, general cross-border transportation and local distribution within Botswana In distributorships and automotive retail divisions acquired: • Bobcat, a leading supplier of compact equipment into the construction, mining and agricultural sectors; and • Watts Truck and Van in the UK, a DAF truck dealer, which complements and strengthens our network in this brand in the UK

Management principles and approach

Imperial operates on a decentralised management system that encourages the acquisition, nurturing and growth of large and small entrepreneurial business units, and strives to maximise the synergies between them.

The executive committee of the group oversees all operational activities, balancing the need for a strong entrepreneurial culture with sufficient and appropriate control and governance.

While the group operates according to a federal system, cohesion across businesses and divisions is achieved through nine unifying factors and eight controlling factors.

Unifying factors	Controlling factors
1. Commitment to people development	1. Delegation of authority policies within the group
2. Performance culture	2. Internal financial covenants, limits and a comprehensive financial measurement system
3. Social responsibility	3. An active executive board with oversight over all businesses
4. Transparency through good communication	4. Peer reviews and post-acquisition review system
5. Service excellence	5. Divisional finance and risk review committees and boards
6. Group business loyalty	6. Internal audit and group risk functions
7. We rally around our group brand	7. Reporting lines and common sense good governance
8. Financial responsibility and capital efficiency	8. Social, ethics and sustainability committee
9. Nurturing of and tolerance for entrepreneurial initiative	

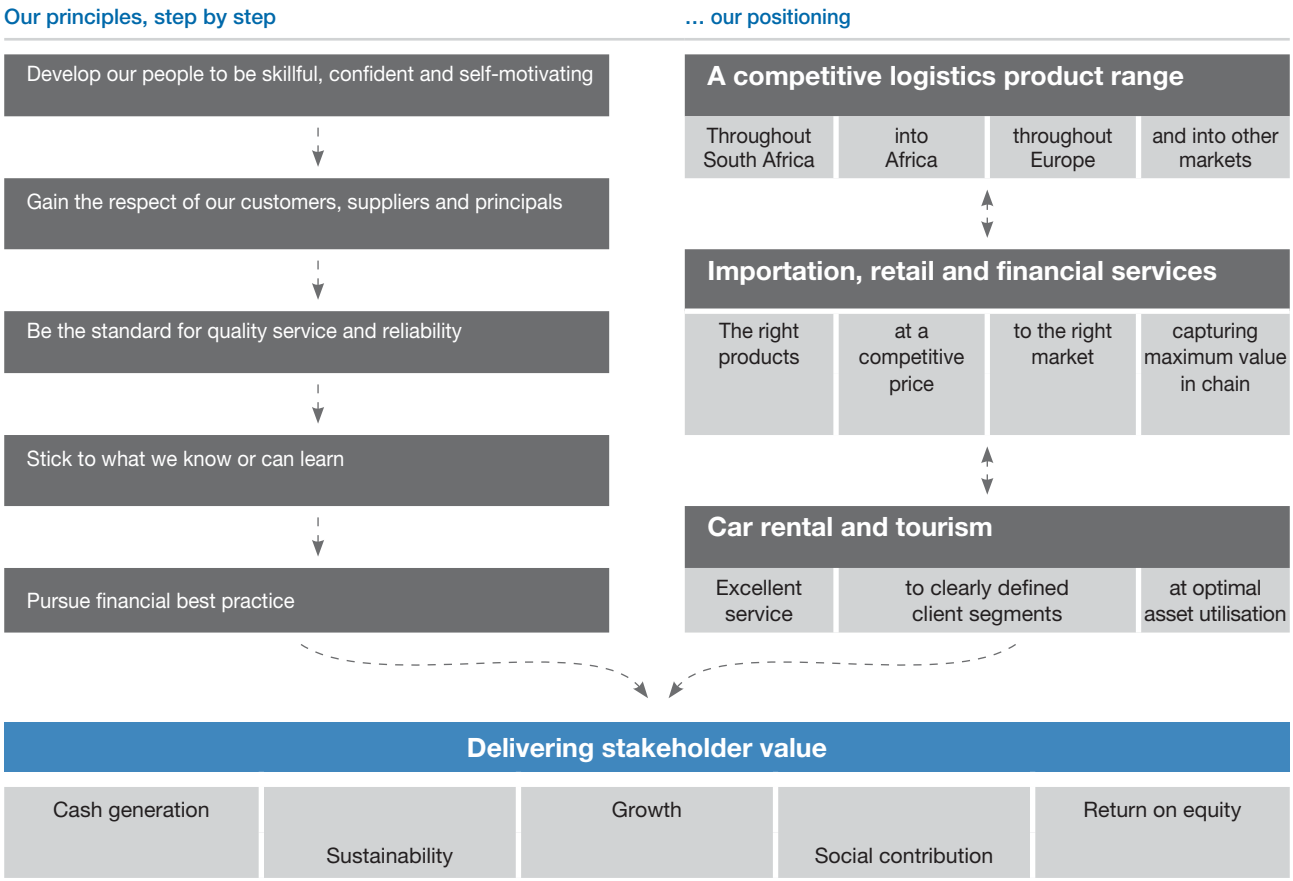
Business model and creating value

Imperial comprises many entrepreneurial units across its three broad pillars and the group continually seeks deep exploration of value within and between each area. Significant business relationships and key generic skills span the three pillars and help to maximise the value and returns achieved in each.

The addition of new businesses, aligned to our current profile, is an ongoing focus across the group in line with the strategy of enhancing returns on capital. The development of our industrial products and automotive parts businesses has, for example, significantly enriched our distribution and retailing pillar.

Such growth is underpinned by a focus on ensuring that our business mix remains relevant, and that we continue to command strong positions in all the industries in which we operate. When we acquire businesses, we maintain their entrepreneurial spirit and simultaneously mitigate the related acquisition risk by securing the existing management, often by retaining ongoing minority management shareholdings.

Our over-arching objective is to drive improving returns on capital as this is the ultimate generator of value for shareholders. To this end, shareholder objectives and management incentives are closely aligned, and our businesses strive to achieve maximum efficiency and profitability in their industries, within a framework of appropriate control and governance.



Our shareholders

Imperial Holdings Limited

Distribution of shareholders (listed ordinary shares)

	Number of shareholders	Number of shares ('000)	% of ordinary shares listed
Public shareholders	5 776	162 769	77,6
Non-public shareholders			
– Shareholder holding more than 10%	1	27 295	13,0
– Directors, their associates and employees	28	11 915	5,7
– Treasury shares	1	7 864	3,7
	5 806	209 843	100,0

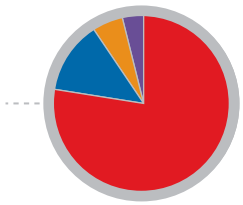
	Number of shareholders	%	Number of shares ('000)	%
Spread of holdings				
1 – 1 000	3 893	67,1	1 384	0,7
1 001 – 10 000	1 178	20,3	3 878	1,8
10 001 – 100 000	517	8,9	18 072	8,6
Over 100 000	218	3,8	186 509	88,9
	5 806	100,0	209 843	100,0

	Number of shares ('000)	% of voting shares
Shareholder type		
Financial institutions, pension and provident funds	80 792	37,4
Unit trusts	52 515	24,3
Individuals	24 441	11,3
Directors and employees	11 915	5,5
Corporate holdings	32 317	15,0
Listed ordinary shares (net of shares repurchased)	201 979	93,5
Deferred ordinary shares	14 111	6,5
Total voting shares in issue net of shares repurchased	216 090	100,0
Shares repurchased	7 864	
Non-redeemable preference shares	4 540	
Total shares in issue	228 494	

	Share class	Number of shares (000)	% of issued voting capital
Top 10 shareholders			
Public Investment Corporation	Ordinary	27 295	12,6
Lynch Family Holdings	Ordinary	8 652	4,0
Ukhamba Holdings	Ordinary	8 644	4,0
Ukhamba Holdings	Deferred ordinary	14 111	6,5
Coronation Asset Management	Ordinary	6 637	3,1
Acadian Asset Management	Ordinary	6 530	3,0
BlackRock Inc	Ordinary	6 477	3,0
Investec Asset Management	Ordinary	6 285	2,9
Prudential Portfolio Managers	Ordinary	5 888	2,7
Lereko Mobility	Ordinary	5 865	2,7
Abax Investments	Ordinary	5 723	2,6

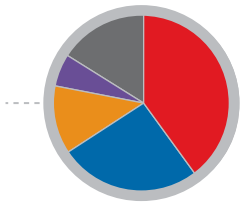
	2012	2011
Stock exchange performance		
Number of shares in issue (million)	**228**	210
Number of shares traded (million)	**231**	241
Value of shares traded (Rm)	**30 099**	26 937
Market price (cents per share)		
– Closing price	**17 200**	12 125
– High	**17 729**	13 245
– Low	**9 420**	8 450
Earnings yield %	**9,1**	11,3
Price:earnings ratio (based on headline earnings)	**11,0**	8,9

Distribution of shareholders (%)



Public shareholders 77,6%
Shareholders holding more than 10%: 13,0%
Directors, their associates and employees 5,7%
Treasury stock 3,7%

Shareholder type (%)



Financial institutions, pension and provident funds 37,4%
Unit trusts 24,3%
Individuals 11,3%
Directors and employees 5,5%
Corporate holdings 15,0%

Imperial's resources

People

Imperial relies on its employees to sustain its growth, drive its strategic agenda and contribute to society through its various businesses. Over the years our workforce has grown from 1 720 people in 1987 when the company listed, to over 47 000 people we employ today in diverse industries across multiple locations.

Their combined effort, commitment and expertise is responsible for our past successes, and their collective knowledge has the greatest ability to positively impact our future performance. As a result, ongoing skills development is a business imperative in which we continue to invest.

Assets

The group owns most of its strategic operational properties and follows a philosophy of continually investing in these assets for further growth. Maintenance and replacement capital expenditure is closely monitored and timeously deployed. Expansion capital expenditure is driven by our strategy to grow our business but is balanced by the imperative of enhancing the returns on these investments. Our stockholding in our vehicle businesses is carefully monitored and we conduct detailed research on trends and buying patterns before ordering and launching new models. Our major assets include:

- Property
- Buildings and warehouses
- Rental fleet
- Transport fleet
- Ships/barges
- Inventories
- Investments and loans advanced

Distribution and franchise rights

The group has a number of distribution and franchise operations, many of which compete with each other. They are independently managed under dedicated management teams. Our relationships and partnerships with principals and suppliers have been developed over a number of years and are key to our success. Distribution and franchise agreements which govern these relationships are therefore carefully managed.

Customers

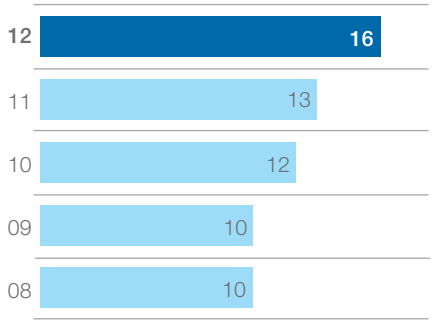
We have a vast customer base that includes government, blue-chip companies across different industries, non-governmental organisations and individual consumers. Satisfying our customers is a key success factor and we strive to achieve the highest standards of quality, service and reliability. By doing so we seek to gain the trust, respect and loyalty of our customers, which will prove critical in securing our ongoing success.

Financial position

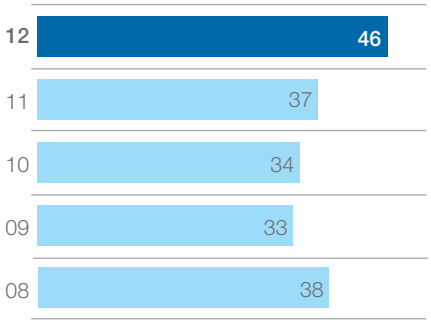
The group has a strong financial position with an equity base exceeding R15 billion. Net debt is R6,6 billion against total assets of R46 billion. Our treasury activities are directed by the assets and liabilities committee (Alco) with a primary focus on liquidity, interest rate and foreign exchange risk management.

The group's liquidity position is strong with R6 billion in unutilised facilities. Altogether 69% of our debt is at a fixed interest rate. In addition to its banking facilities, the group has good access to capital markets and has raised bonds in the South African and European capital markets.

Total shareholders' equity (R billion)



Total assets (R billion)

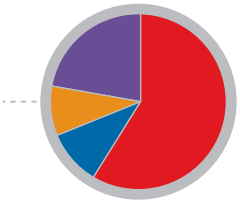


Value added statement

for the year ended 30 June 2012

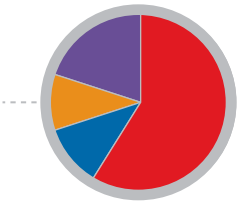
	2012 Rm	%	2011 Rm	%
Revenue	80 830		64 667	
Paid to suppliers for materials and services	62 699		49 933	
Total wealth created	18 131		14 734	
Wealth distribution				
Salaries, wages and other benefits (note 1)	10 703	59	8 713	59
Providers of capital	1 772	10	1 547	11
– Net financing costs	681	4	554	4
– Dividends, share buybacks and cancellations	1 091	6	993	7
Government (note 2)	1 572	9	1 543	10
Reinvested in the group to maintain and develop operations	4 084	22	2 931	20
– Depreciation, amortisation and recoupments	1 822		1 488	
– Future expansion	2 262		1 443	
	18 131	100	14 734	100
Value-added ratios				
– Number of employees (continuing operations)	47 699		40 898	
– Revenue per employee (000)	1 695		1 581	
– Wealth created per employee (000)	380		360	
Notes				
1. Salaries, wages and other benefits				
Salaries, wages, overtime, commissions, bonuses, allowances	9 959		8 070	
Employer contributions	744		643	
	10 703		8 713	
2. Central and local governments				
SA normal taxation	1 102		1 131	
Secondary tax on companies	90		108	
Foreign taxation	192		151	
Rates and taxes	72		69	
Skills development levy	41		43	
Unemployment Insurance Fund	48		41	
Carbon emissions tax	27			
	1 572		1 543	

Value added 2012 (%)



Employees 59%
Providers of capital 10%
Government 9%
Reinvested in the group 22%

Value added 2011 (%)



Employees 59%
Providers of capital 11%
Government 10%
Reinvested in the group 20%

Governance structure and management systems

Principles of corporate governance and structures

Imperial Holdings' board is committed to the principles of openness, integrity and accountability and to providing timely, relevant and meaningful reporting to all stakeholders.

It is responsible for ensuring that the group conducts business in a manner that meets the highest 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 and its philosophy is to allow each division to formulate its own policies, appropriate to the industry and business environment in which it operates but subject to the guidance of the group executive committee and ultimately the board.

The group's open governance process is structured to provide all stakeholders with the assurance that directors and managers at all levels are managing the group responsibly. The board subscribes to the 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 these principles in all its businesses unless otherwise indicated.

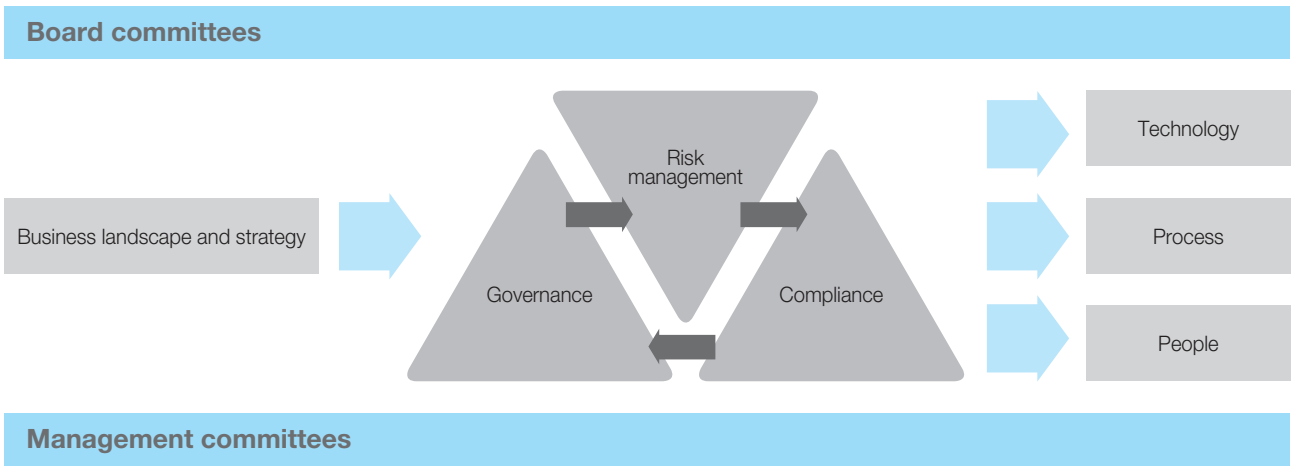
In accordance with guidance issued by the Johannesburg Securities Exchange (JSE), the principles of King III should be applied within the group. King III recommendations have thus been applied and are reflected in the group's corporate governance structures and explained where not applied. These are reviewed from time to time to accommodate organisational changes and international developments in the field of corporate governance. The board and management actively and continuously review and enhance the group's systems of control and governance. Through these processes it ensures adherence to ethical management practices within prudently determined risk parameters that conform to internationally accepted standards of best practice.

In addition, the board continually assesses its own governance practices and procedures against King III, making adjustments where necessary.

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.
- Conforming to corporate governance standards, which can impose constraints on divisional management.

Imperial's integrated governance model



Governance structure and management systems continued

Imperial's governance structure

Board of directors Non-executive directors	Executive directors
TS Gcabashe* (chairman)	HR Brody (chief executive)
SL Botha*	OS Arbee
T Dingaan	MP de Canha
S Engelbrecht*	RL Hiemstra**
P Langeni*	AH Mahomed (deputy chief executive and financial director)
MJ Leeming*	GW Riemann***
MV Moosa	M Swanepoel
RJA Sparks*	
A Tugendhaft (Deputy chairman)	
Y Waja*	

** Independent*

*** Becoming a non-executive director on 1 October 2012*
**** German*

Board committees

Executive committee	Audit committee	Risk committee	Remuneration and nomination committee	Social, ethics and sustainability committee	Assets and liabilities committee
HR Brody	MJ Leeming	Y Waja (chairman)	TS Gcabashe	MV Moosa	HR Brody
M Akoojee	(chairman)	H Adler	(chairman)	(chairman)	(chairman)
OS Arbee	P Langeni	OS Arbee	SL Botha	OS Arbee	RL Hiemstra
MP de Canha	RJA Sparks	HR Brody	P Langeni	MP de Canha	MJ Leeming
BJ Francis	Y Waja	S Engelbrecht	RJA Sparks	BJ Francis	AH Mahomed
RL Hiemstra		BJ Francis	A Tugendhaft	TS Gcabashe	R Mumford
AH Mahomed		R Haman		R Levin	WF Reitsma
PB Michaux		RL Hiemstra		PB Michaux	M Swanepoel
M Mosola		MJ Leeming		M Mosola	
JJ Strydom		PB Michaux		M Swanepoel	
M Swanepoel		G Rudman		A Tugendhaft	
		JJ Strydom		RA Venter	

Group internal audit executive	Group treasurer	Group legal adviser and company secretary	Group risk executive	Group head of sustainability
G Nzalo BCom, CA(SA), CIA	WF Reitsma BTech Banking, MCom, FIBSA, FIFM	RA Venter BCom, LLB, LLM	BJ Francis BCompt (Hons), CIA	MR Sharfuddin BBA Imp Insead

The board of directors

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

The board comprises 10 non-executive directors and seven executive directors. Seven of the non-executive directors, including the chairman, are independent.

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 and follow a structured induction programme.

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 being 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 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 that have a material impact on the group or that are required by statute and corporate governance principles.

The board regularly performs assessments of its performance and of the performance of individual directors including the chairman.

At least one-third of non-executive directors retire each year on a rotational basis, and stand for re-election at the annual general meeting in accordance with the articles of association. Directors who stand for re-election are appraised and their re-election recommended by the board. In addition, the reappointment of directors appointed during the year is submitted to the annual general meeting for confirmation.

During the year under review, Mrs T Dingaan, Ms P Langeni and Messrs MJ Leeming and MV Moosa retired and are standing for re-election. Mrs S Botha was appointed on 1 September 2011 and her appointment was confirmed by shareholders at the AGM held on 1 November 2011.

Attendance of board meetings during the year:

	Board: Regular meetings	Board: Special meetings
Number of meetings during the year	4	2
Thulani Gcabashe	4	2
Hubert Brody	4	2
Osman Arbee	4	2
Santie Botha	3/3	1
Manny de Canha	3	2
Thembisa Dingaan	2	2
Schalk Engelbrecht	4	2
Tak Hiemstra	4	2
Phumzile Langeni	4	2
Mike Leeming	4	2
Hafiz Mahomed	4	2
Valli Moosa	4	2
Gerhard Riemann	4	1
Roddy Sparks	4	2
Oshy Tugendhaft	4	2
Younaid Waja	4	2
Marius Swanepoel	4	2
Mohammed Akoojee	4	2
Berenice Francis	4	2
David Gnodde*	2/2	1/1
Philip Michaux	3/3	1/1
Moeketsi Mosola	4	1
Jurie Strydom	2/2	

**Employed up to 30 April 2012.*

Governance structure and management systems continued

Directors and management profiles

Non-executive directors

Thulani Sikhulu Gcabashe (54)*

BA (Botswana), MURP (Ball State Univ, USA), PED, IMD Lausanne

Thulani is the retired chief executive of Eskom, the executive chairman of BuiltAfrica Holdings and the chairman of MTN Zakhele. 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 is also a director of the Retail Motor Industry Association (RMI) and a director of the Passenger Rail Agency (PRASA). Thulani was appointed to the board in January 2008 and as chairman in April 2008.

Santie Botha (48)*

BEcon, BEcon (Hons)

Santie was previously executive director of Absa Bank and executive director for marketing for the MTN Group. She is currently the chancellor of the Nelson Mandela Metropolitan University in Port Elizabeth and is also a non-executive director of Tiger Brands, Famous Brands and Curro Holdings. She was appointed to the board in September 2011.

Thembisa Dingaan (39)

BProc, LLB (Natal), LLM (Harvard), HDip Tax (Wits)

Thembisa is the 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 (66)*

BSc, MBL, AMP Insead

Schalk is the retired chief executive of AECI, where he is currently the chairman. He was appointed as chief executive of AECI in 2003 and was appointed chairman of AECI in May 2012. Schalk was also the managing director of Chemical Services (Chemserve) before joining the AECI board. He was appointed to the Imperial Holdings board in June 2008.

Phumzile Langeni (37)*

BCom (Acc), BCom (Hons)

Phumzile is the executive chairman of Afropulse Group, a woman-led investment, investor relations and corporate advisory house. She previously was an executive director of junior platinum miner, Anooraq Resources. She is currently the chairman of Astrapak Holdings, and an independent non-executive director of Massmart Holdings Limited, Mineworker's Investment Company, Peermont Global, Metrofile, Primedia and the Port Regulator. She was appointed to the board in June 2004.

Non-executive directors

Michael John Leeming (68)*

BCom, MCom, FCMA, FIBSA, AMP

Mike is a former executive director of Nedcor Limited. He has served as chairman of the Banking Council of South Africa and as president of the Institute of Bankers. He is currently a non-executive director of the Altron Group, AECI and Woolworths. Mike was appointed to the board in November 2002.

Mohammed Valli Moosa (55)

BSc

Valli is a non-executive director of Sanlam, Sappi and Anglo Platinum. He is the non-executive chairman of Sun International and executive director of Lereko. Previously, he was president of the International Union for the Conservation of Nature and the chairman of Eskom. He also served as a cabinet minister in the national government. Valli was appointed to the board in June 2005.

Roderick John Alwyn Sparks (53)*

BCom (Hons), CA(SA), MBA

Roddy is a former managing director of Old Mutual South Africa and Old Mutual Life Assurance Company (SA), and the former chairman of Old Mutual Unit Trusts, Old Mutual Specialised Finance and Old Mutual Asset Managers (SA). He is a non-executive director of Truworths International, Trencor and Old Mutual Life Assurance Company (Zimbabwe) and serves on the board of advisers of the UCT Graduate School of Business. Roddy was appointed to the board in August 2006.

Ashley (Oshy) Tugendhaft (64)

BA, LLB

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

Younaid Waja (60)*

BCom, BCompt (Hons), CA(SA), HDip Tax Law

Younaid is a practising tax and business consultant. He is a non-executive director and a subcommittee member of the Public Investment Corporation Limited, Pareto Limited, Telkom SA Limited, Dipula Income Fund Limited, subsidiaries of the Gauteng Growth and Development Agency. Younaid is also former vice-president of the Association for the Advancement of Black Accountants in Southern Africa, former chairman of the Public Accountants and Auditors Board – now the Independent Regulatory Board of Auditors, and a former member of the Income Tax Special Court. He was appointed to the board in June 2004.

**Independent non-executive directors*

Governance structure and management systems continued

Executive directors

Hubert Rene Brody (48)

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, was appointed as chief executive of the motor division in 2003 and joined the executive committee in September 2004. He was appointed to the board in August 2006 and as chief executive in July 2007.

Osman Suluman Arbee (53)

BAcc, CA(SA), HDip Tax

Osman is the CEO of the car rental division and chairman of the tourism, motor dealership 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 (62)

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 (56)

BCompt (Hons), CA(SA)

Tak was the executive director of strategic development of the group. He was responsible for Strategy and Enterprise and Business Development. He is the chairman of Distribution and Warehousing Network Limited (DAWN). He joined the group in 1992 and was appointed to the board in August 1995 and will retire as an executive director and continue to serve as a non-executive director from 30 September 2012.

Abdul Hafiz Mahomed (61)

BCompt (Hons), CA(SA), HDip 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 (66)

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 (51)

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.

Other executive committee members

Mohammed Akoojee (33)

BCom Acc (Hons), CA(SA), CFA

Mohammed is the executive responsible for investor relations and is also involved in the strategic development of the group. He joined the group in 2009, having previously worked at Nedbank Securities as an investment analyst and at Investec in the corporate finance division. He is also a director of Distribution and Warehousing Network (DAWN) Limited. He was appointed to the executive committee in January 2011.

Berenice Joy Francis (36)

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.

Philip Bernard Michaux (52)

Philip is the chief executive of the automotive retail division, which is responsible for Imperial-owned OEM aligned retail outlets in South Africa and the United Kingdom as well as the Accessory and Leisure products businesses of the group. He joined the group in 1996 and he was the head of Cargo Motors before being promoted to his current position. He was appointed to the executive committee in October 2011.

Moeketsi Mosola (42)

BA Neuroscience and Human Biopsychology, MA Economics (University of Houston)

Moeketsi is chief executive of the tourism division, and was previously CEO of SA Tourism. He joined the group in 2009 and was appointed to the executive committee in July 2009.

Johan Jurie Strydom (38)

BBusSc, FIA, CFA, MBA

Jurie is the chief executive of the Regent Insurance group which houses the insurance operations of Imperial. Jurie joined the group in 2007 as chief actuary of Regent Life and was appointed to the Regent board in the same year. He previously held positions in Sanlam and as managing director of Alexander Forbes Life. Jurie was appointed to the executive committee in February 2012.

Governance structure and management systems continued

Board committees and governance structure

The board has established a number of subcommittees, which operate in accordance with written terms of reference approved by the board. Members of these committees are suitably qualified and experienced to make a meaningful contribution to the workings of the committees on which they serve. All committees report to the board and their performance is regularly assessed in accordance with their terms of reference.

Executive committee

The executive committee is responsible for devising group strategy for recommendation to the board of directors, and implementing the strategies and policies approved by the board. It also manages the day-to-day business and affairs of the group.

The 11 members of this committee are board-appointed and comprise executive directors as well as other members. The committee meets at least once a month. These meetings are attended by committee members as well as certain key members of divisional management.

Composition and attendance of executive committee meetings during the year:

Number of meetings during the year	15
Hubert Brody	15
Mohammed Akoojee	14
Osman Arbee	15
Manny de Canha	15
Berenice Francis	14
David Gnodde*	6/7
Tak Hiemstra	14
Hafiz Mahomed	14
Philip Michaux	7/7
Moeketsi Mosola	13
Jurie Strydom	7/7
Marius Swanepoel	14

**Employed up to 30 April 2012.*

Group audit committee

The group audit committee is made up exclusively of independent non-executive directors, one of whom is appointed as chairman. The membership of the committee will be tabled at the next annual general meeting for confirmation by shareholders. The committee meets at least four times per year.

Details of the workings of the committee and attendance of meetings are contained in the Audit Committee Report on pages 90 to 91 of the integrated annual report.

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. Details of the workings of the committee and attendance of meetings are contained in the Remuneration Report on pages 92 to 101 of the integrated annual report.

Risk committee

While the board is responsible for the end-to-end risk management process in the group, the risk committee sets the group risk framework and strategy and ensures that a robust risk management process is in place. Details of the workings of the risk committee and attendance of meetings are contained in the risk report on pages 29 to 31 of the integrated annual report.

Assets and liabilities committee

The assets and liabilities 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 rate risk of the group within an acceptable risk profile.

Composition and attendance of assets and liabilities committee meetings during the year:

Number of meetings during the year	4
Hubert Brody	4
Tak Hiemstra	4
Mike Leeming*	4
Hafiz Mahomed	4
Russell Mumford	4
Willem Reitsma	4
Marius Swanepoel	4

**Non-executive.*

Social, ethics and sustainability committee

The role of the social, ethics and sustainability committee encompasses all aspects of sustainability.

The committee performs statutory duties as set out in the Companies Act, for Imperial Holdings Limited and on behalf of subsidiary companies in the group. In addition to its statutory duties, it assists the group in discharging its social, ethics and sustainability responsibilities and implementing practices consistent with good corporate citizenship, with particular focus on the following:

- The King III Code of Corporate Governance
- Imperial's sustainability commitments
- Broad-based black economic empowerment (B-BBEE) 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 B-BBEE plans
- Environmental commitments as described in Imperial's Environmental policy framework
- Corporate social investment (CSI) commitments as described in Imperial's CSI policy
- Imperial's Code of Ethics and Corporate Values

Transformation remains a key area of focus and the committee will continue to guide Imperial in its goal of reflecting the diversity of the country.

During the year, the committee discharged its statutory duties as set out in the Act and Regulations thereto to monitor the company's activities relating to:

- social and economic development, including the company's standing in terms of the goals and purposes of the United Nations Global Compact Principles, the OECD recommendations regarding corruption, the Employment Equity Act and the Broad-Based Black Economic Empowerment Act;
- good corporate citizenship, including the company's promotion of equality, prevention of unfair discrimination, and reduction of corruption, its contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed, and its sponsorships, donations and charitable giving;
- the environment, health and public safety, including the impact of the company's activities and of its products or services;
- consumer relationships, including the company's advertising, public relations and compliance with consumer protection laws; and
- labour and employment, including the company's standing in terms of the International Labour Organisation Protocol on decent work and working conditions and the company's employment relationships, and its contribution toward the educational development of its employees.

The committee comprises non-executive directors who are not involved in the day-to-day business of the group, executive directors as well as other members of the management of the group and is chaired by a non-executive director.

Composition and attendance of social, ethics and sustainability committee meetings during the year:

Number of meetings during the year	4
Valli Moosa (chairman)*	4
Osman Arbee	4
Manny de Canha	3
Berenice Francis	4
Thulani Gcabashe*	4
David Gnodde**	2/2
Ray Levin	4
Philip Michaux	4
Moeketsi Mosola	4
Rafiek Sharfuddin	4
Marius Swanepoel	4
Oshy Tugendhaft*	4
Rohan Venter	4

**Non-executive.*
***Employed up to 30 April 2012.*

Subsidiary and divisional boards

In line with the decentralised nature of the group's operations, many subsidiary and divisional boards manage the 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.

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 evaluating and improving the adequacy and effectiveness of risk management, control and governance processes.

The internal audit activities of the group are coordinated 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 and attends and coordinates the activities of all divisional finance and risk review committees. He also attends all group risk committee meetings to ensure that internal audit work focuses on the risks identified through the relevant processes. In addition, he attends quarterly meetings of the executive committee which focus on governance and sustainability.

The audit plan for the wider group is developed using a risk-based approach and is approved by the group audit committee.

Governance structure and management systems continued

Internal audit bases its conclusion on the internal audit work performed in terms of the approved combined internal audit plan for the year, the scope of work, the results of tests, the overall audit opinion ratings for the audited areas, and feedback obtained on follow-up audits. Informed by these factors, internal audit concluded that there was no indication of any material breakdown in the system of internal control in the group during the year that would render the control environment ineffective.

From the results of a review of the group's enterprise-wide risk management conducted during the year at divisional and group level, internal audit was satisfied with the roll-out and implementation of risk management across the group, and the degree to which management had embraced risk management.

As recommended in King III, group internal audit documented a review of the group's internal financial controls and concluded that nothing came to its attention to indicate significant internal financial control design deficiencies, or to indicate that such controls were ineffective during the period reviewed.

Financial reporting

Imperial has a comprehensive system for reporting financial results to the board each quarter and to the executive committee on a monthly basis. Each division prepares detailed monthly management accounts, budgets and a three-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.

Sustainability, business integrity and ethics

The board has adopted a written code of ethics for the group, to which all operations are required to adhere.

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 and 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, in consultation with stakeholders.

Management and employees operate within a framework that requires compliance with all applicable laws and adherence to the highest degree of 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.

The group recognises representative trade unions and has established forums for communication with this stakeholder group.

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 performance and for allocating adequate financial and human resources within their operations to address these matters. We work to keep SHE at the forefront of workplace concerns.

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

Work-related fatalities are comprehensively investigated by management and considered by the social, ethics and sustainability committee.

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 sustainability report on the group website: **www.imperial.co.za.**

Risk report

The risk committee sets the group risk framework and strategy and ensures a robust risk management process is in place.

Membership of the committee

The committee comprises both non-executive and executive members and is chaired by an independent non-executive director.

The members of the committee during the year were Y Waja (chairman), H Adler, OS Arbee, HR Brody, S Engelbrecht, BJ Francis, R Haman, RL Hiemstra, MJ Leeming, P Michaux, G Rudman and JJ Strydom.

The committee had four meetings during the past financial year.

Attendance at committee meetings during the year:

Member	Number of meetings attended
Younaid Waja (Chairman)*	4
Harvey Adler	3
Osman Arbee	4
Hubert Brody	4
Schalk Engelbrecht*	4
Bernice Francis	4
Reginald Haman	4
Tak Hiemstra	3
Mike Leeming*	4
Philip Michaux	3
Gerald Rudman	3
Jurie Strydom	2/2

**Non-executive.*

Risk management model

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 management model to identify and assess relevant risks facing the group at strategic, business and process levels. The group's risk model is based on ISO 31000:2009 – Risk Management Principles and Guidelines.

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 in the context of the group's risk appetite and tolerance, which are reviewed and updated annually.

The decentralised structure of the group comprising many business units means the overall group risk is spread and minimised to within group tolerance levels. Risk management responsibility and accountability is largely devolved to divisional management structures, reporting to the divisional finance and risk review committees. 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 both divisional finance and risk review committees and to the quarterly 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. Informed by this definition the group's risk management process therefore also uses internal controls as a measure to mitigate and control risk.

Aligned to our residual risk profile the group participates in a comprehensive insurance programme to ensure that material financial consequences of risk incidences do not result in undue hardship for group businesses.

In reviewing risk management reports and internal control, the board has:

- considered what the group'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 in time to rectify any significant failings or weaknesses; and
- considered whether results from the review process indicate that more extensive monitoring is required.

Risk report continued

Key inherent group risks

In addition to those business- and industry-specific risks identified at an operating division level, Imperial has also identified key risk categories that affect the group as a whole. The risks and the strategies implemented to mitigate them include:

Risk	Strategies implemented in mitigation thereof
Low growth in the economy	• Focus on niche products and services in our current offerings • Agility in operating model • Internal growth and acquisition strategies
Labour disruptions Impact on efficiencies due to increasing labour disruptions in our own and customer industries	• Fair and equitable labour practices • Active participation in industrial labour councils • Review of operational labour plans to ensure continuity of services • Diversification and spread of risk over industries
Currency volatility	• Established hedging policy • Diversification of business models and territories to minimise the overall impact of currency risks
Environmental and carbon taxes	• Group-wide sustainability strategy implemented • Proactive engagement with industry and governmental bodies • Implementation of non-financial reporting systems to ensure ongoing monitoring and reporting of key targets and initiatives
Valuations of assets Effective control of asset values given the fleet and 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
Reputation and brand perception	• Group-wide branding and marketing position strategy for the Imperial brand • Ongoing review of compliance to group ethics and legal requirements
Talent management Key to our success is our people, their commitment and knowledge of the business and industry and growing the base of skills within our country	• Identification of key current and future skills required and alignment with development programmes • Divisional and group-wide training and upliftment programmes • Establishment of specialist training academies and skills development programmes • Coordinated transformation philosophy, policies and focused projects • Promotion and upliftment of internal candidates • Expansion of our current recruitment base
Acquisition risks Acquisitions in new business sectors and territories	• Clearly defined expansion areas • Strong group mandate structure relating to investments • Regular review of acquisition risks and criteria at executive level • Formalised post-acquisition reviews

Risk	Strategies implemented in mitigation thereof
Third-party dependence and reliance Some of our businesses have exposure to or depend on key relationships and contracts	• Proactive relationship and contract satisfaction management with key suppliers and customers • Formalised and proactive management of service and product level expectations • Ongoing oversight and monitoring of contract renewals and negotiations
Regulatory and compliance Ensuring compliance with relevant legislation and regulations	• Centralisation of selected specialist areas where compliance risk is high • Proactive monitoring, input and operational implementation plans and frameworks on emerging legislation • Increased resource allocation to legal and compliance units
Increased exposure to risks related to the chemical industry subsequent to the acquisition of Lehnkering	• High levels of compliance with hazardous materials regulations • Board oversight

The board:

- recognises that it is accountable for the process of risk management and systems of internal control, which are 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 of identifying, evaluating and managing the significant risks faced by the group. This process has been in place for the review period and to the date of approving the annual financial statements; and
- is satisfied there is an effective system of internal controls and that group-wide strategies are in place to mitigate the consequences and impact of significant risks faced by the group to an acceptable level.

IT governance

Aligned to our decentralised management model, Imperial has implemented an umbrella IT governance framework. The framework was developed and adopted by the divisions in respect of key components and requirements set out in current best practice benchmarks. Therefore irrespective of the standard adopted by a division, each operation is measured against the defined group minimum standard.

The objective of our standardised IT governance framework is to ensure:

- guidance to divisional and operational IT functions in respect of what is required from the group;
- a standard measurement of IT maturity within the group; and
- compliance with King III.

In the year under review a number of key strategies relating to IT governance were implemented. The group identified a key person responsible for IT governance within each division. A self-assessment questionnaire was completed detailing the principles and guidelines of expected IT policies, processes and behaviours.

The IT governance framework is based on the following six principles:

1. Business alignment and enablement
   - IT strategy and responsibilities
   - Role and benefits of IT (internal and external)
   - Standards and core policies
2. Operations performance
   - People capacity and development
   - Internal processes and measurements
3. Procurement and supplier selection
   - Capital spending (hardware and software)
   - Partnerships and approved suppliers
4. Supplier performance management
   - Formalised service level agreements
   - Structured commercial agreements
5. Business continuity/disaster recovery
   - Business impact analyses
   - Tested back-up and recovery
6. Compliance and security
   - Data privacy, security and access control
   - Internal control monitoring

A group chief information officer (CIO) forum was established chaired by an executive responsible for risk. Its purpose is to:

- share divisional information on best practice within the group;
- highlight common group IT risks and mitigations;
- identify transversal or cross-functional IT opportunities;
- ensure ongoing quality review and implementation with group standards; and
- provide feedback and communication with the executive committee on relevant matters of concern.

Y Waja
Chairman
21 August 2012

Strategic objectives

Imperial has a solid track record of successfully building businesses in the broader automotive and logistics industries. While our key business strategy is to leverage our capital, drive profitability and optimise returns for investors, our sustainability ethos takes into account the strategic importance of other non-financial areas of the business. This includes building a robust internal skills pipeline, investing in future skills through education initiatives and positioning ourselves as a leading corporate citizen in the transportation industry.

Summarised below are our key financial and non-financial strategic objectives.

Generating returns and growing the business

In line with our responsibility to our shareholders we focus on generating higher returns on capital while investing in growing the business in existing and related industries and geographies.

The growth of African economies and the worldwide trend towards outsourcing are driving good growth potential in the logistics industry, both in Africa and abroad. Imperial is focusing on expanding its footprint in this industry as illustrated by recent acquisitions in both the SA Logistics, Rest of Africa and Imperial Logistics International divisions.

We continue to focus on optimising the value chain in our motor vehicle businesses. Our experience in this field stands us in good stead and will enable us to earn ever-increasing annuity income streams as the vehicle parc of brands we exclusively distribute grows and we refine the use of technology and market intelligence.

The distribution of products which carry strong brands in the automotive and industrial markets remains a core focus. We continually look for expansion opportunities into other industries, such as engineering and mining.

Any expansion is considered in the context of stringent criteria. These include:

- The acquisition or project should be earnings enhancing
- The cost of acquisition capital relating to the business should be met in early years and exceeded in later years
- We must have proven related expertise
- Asset light acquisitions are to be emphasised
- Forecast risk should be low with an acceptable buffer

Building a robust internal skills pipeline

We recognise that skilled people offer the business a powerful competitive advantage, particularly in a global environment of critical skills shortages, and skills development is therefore a key business driver across Imperial's many diverse operations.

In addition to ensuring that we are able to meet the demands of our customer base and take advantage of opportunities within our chosen markets, skills development delivers a range of other sustainability-related benefits in areas such as employment equity and transformation, staff retention and employee satisfaction.

Collectively these factors drive our significant investment in skills and training programmes, which during the year totalled R171 million. Among the many new initiatives launched are the expansion of our artisan and technician training centres to include two new facilities, which have tripled our training capacity in this important area of scarce skills development. Europcar also opened its new Europcar Learning Centre, which will host the training of 1 100 employees. The investment of R7 million in the new facility will allow the company to develop staff through learnerships, short courses and training programmes, ensuring they remain abreast of the latest developments within the industry.

Investing in education for future skills

The development of a sustainable skills pipeline requires investment in the education of the next generation. This is not only a social responsibility, but a business imperative too and one that will secure ongoing talent for Imperial's business in the future.

To this end, Imperial Holdings, together with its empowerment partner Ukhamba, has made a strategic investment in the upliftment of education facilities and teaching in eight schools in the greater Gauteng area in which we operate. This is carried out through the Imperial and Ukhamba Community Development Trust, to which each division contributes on an annual basis.

The Trust plays a hands-on role in uplifting education in the beneficiary schools, ensuring that learners have sufficient stationery and that educators have access to suitable teaching resources and materials, receives curriculum training and are assisted by teacher mentors. The Trust also seeks to establish libraries at each of the adopted schools, and to expose learners to a range of cultural, sporting and extracurricular activities. It undertakes upgrade projects for school facilities and capital projects when funds allow.

This holistic approach to learner development ensures that individual children benefit not only from improved education, but also from important life skills and increased self-esteem, which will ultimately make them more employable.

Leading corporate citizenship initiatives

Imperial also places strategic emphasis on establishing itself as a leading corporate citizen, particularly in the transport industry. While good corporate citizenship is an important governance and social issue, it is equally a business issue and one that directly impacts the value and perception of our brand.

The company makes strategic investment in projects that serve this purpose. The Imperial I-Pledge campaign, launched during the year under review, is a flagship project in this regard. It seeks to promote safer, friendlier roads by encouraging South Africans to commit to safer driving practices. While the campaign has important brand-positioning impacts, it also delivers benefits that directly affect Imperial's transport businesses. Fewer road accidents are a key goal in the logistics operations, and will lead to fewer insurance claims and lower costs in the car rental businesses.

Joe Paterno

Overall, our businesses are well positioned in each of their markets to seek growth opportunities in and adjacent to their existing industries. Despite significant organic and acquisitive growth during the last few years, the group's financial position remains strong and can therefore take advantage of such opportunities as they arise.

The group experienced strong growth over the past number of years and has established a much higher level of performance. Given current market conditions, growth is expected in the 2013 financial year, albeit at a slower rate.

CEO and CFO's review

Hubert Brody
Chief executive officer

Hafiz Mahomed
Deputy chief executive and financial director

Highlights

Revenue 25% higher at R80 830 million

Operating profit improved 25% to R5 638 million

HEPS up 14% to 1 566 cps

Core EPS rose 32% to 1 623 cps

Final dividend of 380 cps up 46%

Net debt:equity ratio of 42%

Free cash conversion ratio of 125%

R171 million invested in skills development

Launched the Imperial I-Pledge road safety campaign, sparking a national movement towards safer driving

Readmission into the JSE ALSI Top 40

In the year to 30 June 2012, Imperial reaped the benefits of key strategies implemented in the recent past, retaining its market-leadership position as a robust, streamlined and entrepreneurially driven organisation that maximises return for shareholders.

We continued to drive returns and performance levels and retained our focus on becoming a more asset-light organisation with higher returns on capital, while targeting key areas for strategic growth. In these we have made good progress, strengthening the sustainability of our automotive business through greater diversification, and taking full advantage of the growth opportunities inherent in the local and international logistics markets.

Conditions in Imperial's markets

Strong growth continued in the motor vehicle market throughout the financial year to June 2012. The market benefited from improving bank approval rates, low interest rates, real growth in disposable income and low vehicle inflation. While improved affordability and good value have been key drivers of new vehicle sales, similar trends have not been evident in the used car market, which was sluggish.

The manufacturing sector of the South African economy is currently weak and a number of our South African Logistics customers are under pressure. Despite volume pressure in our customer base, we continue to benefit from the trend to outsourcing by companies that require a viable and cost-effective option and prefer to focus on their core businesses.

German industries, particularly export-oriented sectors, where the majority of Imperial Logistics International's customer base operates, enjoyed significant growth despite the European debt crisis, assisted by a weaker Euro.

The car rental market remains highly competitive. The pressure on rental rates, which was mainly created by the oversupply of vehicles subsequent to the 2010 FIFA World Cup, is however easing, as market capacity is better utilised due to improved demand in certain sectors. Rates in the international inbound and leisure rental markets are still depressed. The depressed international economic environment, especially in Europe, continues to affect inbound tourism volumes.

Insurance underwriting conditions were weaker than the prior year, particularly in the short-term industry. Investment markets were also less favourable with lower interest rates and volatile equity markets.

The current cycle in the motor industry favours our financial services division as high levels of new contracts are generated, which provides a valuable growing annuity earnings underpin to our earnings.

Vehicle sales

In South Africa, the group sold 114 754 new and 58 608 used vehicles over the financial year, respectively 19% and 7% more than the prior period. The national new vehicle market grew by approximately 13% year on year for the 12-month period to June 2012, according to NAAMSA.

The Australian and United Kingdom operations sold 10 846 new vehicles, which was 19% higher than the prior period, and 4 540 used vehicles, which was 18% higher.

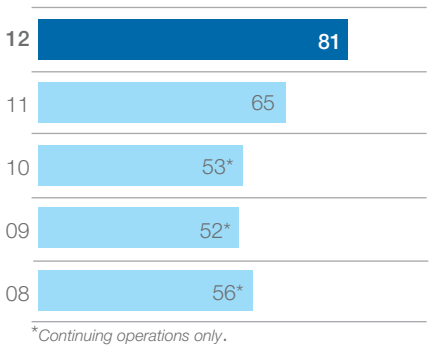
Overview of results

Summarised income statement

at 30 June

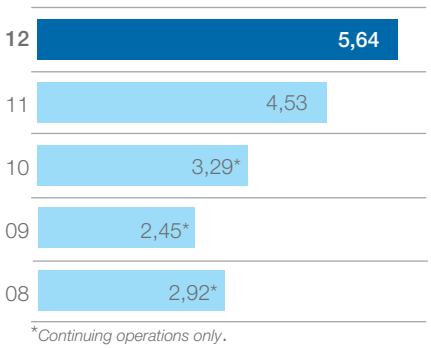
	2012 Rm	2011 Rm	% change
Revenue	**80 830**	64 667	25
Operating profit	**5 638**	4 526	25
Foreign exchange (losses)/gains and forex derivatives	**(10)**	(51)	
Exceptional (losses)/gains	**(12)**	(46)	
Impairment of property net of recoupments	**(32)**	7	
Amortisation of intangible assets arising on business combinations	**(128)**	(15)	
Business acquisition costs	**(51)**		
Fair value gain on Lereko call option		279	
Net financing costs	**(681)**	(554)	23
Income from associates and joint ventures	**46**	34	35
Income tax expense	**(1 382)**	(1 272)	9
Net profit for the period	**3 388**	2 908	17
Attributable to Imperial shareholders	**2 980**	2 562	16
Attributable to minorities	**408**	346	18

Revenue (R billion)



*Continuing operations only.

Operating profit (R billion)



*Continuing operations only.

CEO and CFO's review continued

Divisional split of revenue and operating profit

	2012 Rm	2011 Rm	% increase
Revenue			
Logistics	**27 704**	20 636	34
Car rental and tourism	**3 801**	3 313	15
Distributorships	**28 318**	21 947	29
Automotive retail	**19 560**	17 150	14
Financial services	**3 999**	3 409	17
Head office and eliminations	**(2 552)**	(1 788)	
Group	**80 830**	64 667	25
Operating profit			
Logistics	**1 508**	1 136	33
Car rental and tourism	**380**	351	8
Distributorships	**2 456**	1 844	33
Automotive retail	**573**	497	15
Financial services	**775**	760	2
Head office and eliminations	**(54)**	(62)	
Group	**5 638**	4 526	25
Operating margin (%)			
Logistics	**5,4**	5,5	
Car rental and tourism	**10,0**	10,6	
Distributorships	**8,7**	8,4	
Automotive retail	**2,9**	2,9	
Financial services	**19,4**	22,3	
Head office and eliminations			
Group	**7,0**	7,0	

Imperial had an outstanding 2012 financial year. The group benefited from a strong new vehicle market in South Africa and an excellent performance by the logistics division, especially in Europe. Revenue and operating profit were up 25%. The group remains focused on generating strong returns which resulted in the return on average equity of the group for the year being 23% on a healthy financial position.

The group's strong new vehicle unit sales resulted in strong growth being achieved in the distributorships, automotive retail and financial services divisions. Revenue in this cluster of retail-orientated businesses was up 22% and profit before tax increased by 23%.

The logistics division increased its revenue by 34%, and operating profit by 33%, of which the Lehnkering acquisition contributed for six months, accounted for 14% of the growth in both revenue and operating profit. While the international logistics division had an excellent year, the SA logistics division performed satisfactorily under tough trading conditions.

Revenue in the car rental and tourism division was up 15% due to good volume growth and improved rental rates. Operating profit improved by 8%.

The group operating margin of 7% was in line with the prior year. The distributorships division achieved an operating margin of 8,7% against 8,4% in the prior year and increased revenue by 29%. Automotive retail maintained its operating margin at 2,9%, with revenue up 14%. The operating margin in the combined southern African and European logistics business was in line with the prior year at 5,4%. While operating margins in Europe improved, margins in southern Africa were slightly lower. This was mainly due to tougher trading conditions and the inclusion of CIC for a full 12-month period versus eight months in the prior year. The car rental and tourism division margin dropped to 10,0% from 10,6% primarily due to a sluggish used car market and a challenging trading environment in the tourism business.

The financial services division achieved an operating profit of R775 million, which was slightly higher than the prior year. Revenue in the insurance business grew 11%, while the underwriting margin declined to 7,8% from 11,4%. Underwriting conditions in the short-term insurance business were more difficult than the prior year where the underwriting result was exceptional. In contrast, the life assurance unit continued to perform well and achieved good growth. Insurance investment income was lower than the prior year, as a result of lower yields on interest-bearing investments and a volatile equity market over the period.

Operating profit from other financial services grew strongly and was up 52%. The operating profit in this segment is generated from the combination of annuity income that includes service and maintenance plans, vehicle financing alliances and a growing range of value-added financial products.

Over the past number of years the group has pursued a strategy to add parts, components and industrial equipment businesses to its portfolio. These acquisitions include Jurgens, Beekmans, Midas, Turbo Exchange, Goscor, E-Z-GO and the newly acquired Datadot, Segway, Bobcat and access equipment businesses. In total, across the group, including NAC, these businesses contributed revenue of R7 billion and operating profit of R503 million, 16% and 23% respectively better than the prior period.

In aggregate, the group's operating profit grew by 25%, and core earnings per share (core EPS) increased by 32%. The group has decided to report a core earnings number in order to exclude significant non-operational items of income and expenditure from reported headline earnings.

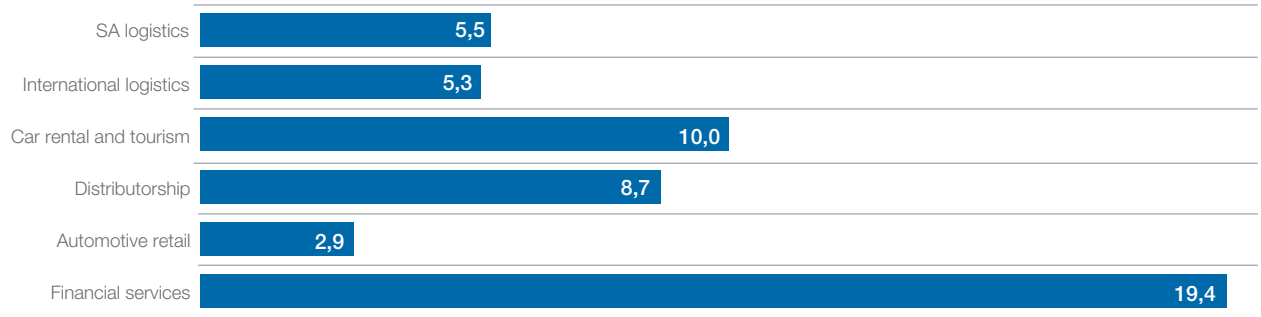
Net finance costs increased by 23% to R681million on higher debt, which was mainly incurred to fund the acquisition of Lehnkering. Despite the increase in net finance costs, interest covered by operating profit remains healthy at 8,3 times (2011: 8,2 times).

The increase in the minorities' share of profit is largely attributable to the performance of the distributorships division in which a number of minority shareholders participate.

The effective taxation rate of 29% was in line with the statutory rate of 28%.

Income from associates increased by 35% from the prior year. Mix Telematics, in which Imperial holds a 28% interest, contributed R31 million and performed very well. The contribution from smaller associates also increased from the prior year.

Divisional operating margin – 2012 (%)



CEO and CFO's review continued

Financial position and cash flow

Summarised statement of financial position

at 30 June

	2012 Rm	2011 Rm
ASSETS		
Intangible assets	**4 234**	1 823
Investment in associates and joint ventures	**889**	770
Property, plant and equipment	**8 080**	6 550
Transport fleet and vehicles for hire	**6 657**	5 684
Net deferred tax assets		112
Non-current financial assets, investments and loans	**2 675**	2 657
Net working capital	**4 607**	3 245
Cash resources	**3 545**	3 531
Total assets	**30 687**	24 372
EQUITY AND LIABILITIES		
Capital and reserves		
Attributable to Imperial Holdings' shareholders	**14 666**	11 973
Non-controlling interests	**1 223**	1 043
Total shareholders' equity	**15 889**	13 016
Liabilities		
Non-redeemable, non-participating preference shares	**441**	441
Retirement benefit obligations	**590**	233
Interest-bearing borrowings	**9 747**	7 508
Insurance, investment, maintenance and warranty contracts	**3 222**	2 465
Net deferred tax liabilities	**177**	
Non-current financial liabilities	**348**	323
Net current tax liabilities	**273**	386
Total liabilities	**14 798**	11 356
Total equity and liabilities	**30 687**	24 372

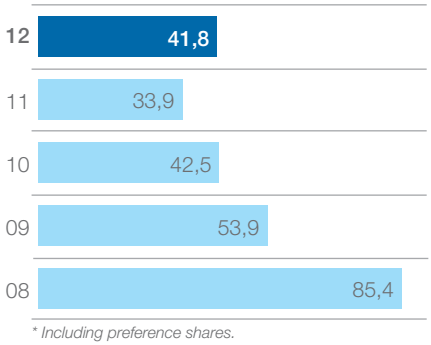
The total assets disclosed above increased by 26% to R31 billion due to strong organic growth and expansion of existing businesses and new acquisitions.

Intangible assets increased to R4,2 billion from R1,8 billion mainly due to the Lehnkering acquisition.

Net working capital increased by R1,4 billion from 30 June 2011. In June 2011, inventory levels were exceptionally low due to stock shortages, which have now been alleviated. Levels of imported vehicle stocks have improved and our ability to satisfy demand for the majority of our products has improved significantly. In addition, there has been an increased investment in stock and debtors to support higher revenue, especially in the motor businesses. Acquisitions also contributed to the increase in working capital. Despite a 25% increase in revenue, the net average working capital turn was maintained at 21 times as in the prior year.

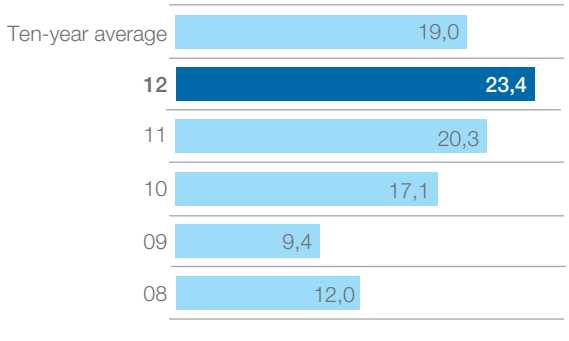
Net debt to equity (excluding preference shares) at 39% was only slightly higher than the 31% at June 2011, despite a net R1,9 billion

Net debt/equity* (%)



** Including preference shares.*

Return on equity (based on core) (%)



being spent on acquisitions in the current year, of which Lehnkering was the most significant. An additional R1,2 billion in net debt was also assumed by the group as a result of new acquisitions. The Lehnkering acquisition was effective from 2 January 2012 when payment was made. The net debt level is below the target gearing range of 60% to 80% and leaves significant room for further expansion of the group. The group's liquidity position is strong with R6 billion in unutilised facilities.

Altogether 37% of the group's debt matures within one year. This includes some R2,5 billion being the remaining portion of the Eurobond maturing in April 2013. The group has more than adequate cash resources as well as substantial unutilised bank facilities to its disposal of which some R2,7 billion is unutilised committed long-term facilities.

Of the group's debt, 69% is at fixed rates which includes the R2,5 billion draw-down of the Euro-syndicated loan facility at a pre-tax rate of 3,8%. Excluding this transaction 44% of the remaining debt is at floating rates.

Shareholders' equity increased due to the improved profitability and the weakening of the Rand which resulted in gains on cash flow hedges and the foreign currency translation reserve accounted for through the statement of comprehensive income.

New business written arising from maintenance and warranty contracts which were generated through the financial services division, on the back of strong vehicle sales, contributed to the robust growth of 31% to R3,2 billion in insurance, investment, maintenance and warranty contracts on the statement of financial position.

Summarised cash flow statement

30 June

	2012 Rm	2011 Rm	% change
Cash generated by operations before working capital	**8 198**	6 375	29
Net working capital movements	**(758)**	(298)	
Cash generated by operations before capital expenditure on rental assets	**7 440**	6 077	22
Net finance cost and tax paid	**(2 203)**	(1 784)	23
Cash flows from operating activities	**5 237**	4 293	22
Dividend received from Ukhamba	**387**		
Proceeds from Imperial Bank sale		477	
Net acquisition of subsidiaries and businesses	**(1 868)**	(943)	
Expansion capex (including rental assets)	**(1 125)**	(687)	
Net replacement capex (including rental assets)	**(1 467)**	(841)	
Net movement in associates and JVs	**(94)**	78	
Net movement in equities and loans	**(63)**	(15)	
Cash flows from financing activities	**(1 632)**	(1 395)	
Net (decrease)/increase in net debt	**(625)**	967	
Free cash flow – total operations	**3 770**	3 452	9
Free cash conversion (%)	**125**	132	

Despite an increase in working capital, cash generated by operations which amounted to R7,4 billion before capital expenditure on rental assets was 22% higher than the prior period. Financing costs and tax payments increased by 23%.

Capital expenditure on rental assets was higher than in the corresponding period, mainly due to the increase in the demonstration fleet in distributorships and higher demand by other car rental companies of our imported brands of vehicles, which are rented out through our financial services division.

Expansion capital expenditure was higher in the logistics division to fund future growth.

Net replacement capital expenditure was higher than the prior period as trading conditions warranted renewed replacement expenditure.

A net R1,9 billion was spent on the acquisition of subsidiaries and businesses during the year, with Lehnkering being the most significant.

CEO and CFO's review continued

The Imperial Capital bond (IC 02) with an issue value of R500 million was repaid during the year and it was decided to not issue any further notes under Imperial Capital's DMTN programme and as such its credit rating was cancelled.

Moody's has maintained the investment grade issuer credit ratings for Imperial Group (Pty) Limited and the bonds outstanding under its DMTN and commercial paper programmes. The ratings are as follows:

- Domestic short-term credit rating P-1.za
- Domestic long-term credit rating A2.za
- International scale rating Baa3

Certain bank facilities as well as the Euro-syndicated loan facility have a debt covenant of net debt/EBITDA of 3.5:1. In addition, the Euro-syndicated loan facility has an additional covenant that requires the Net debt/EBITDA ratio of Imperial Group (Pty) Limited to be higher than that of Imperial Holdings Limited. As at the reporting period both these ratios were well within the required levels.

Dividends

A final ordinary dividend of 380 cents per share (2011: 260 cents per share) has been declared. This brings the full dividend for the year to 680 cents per share (2011: 480 cents per share).

Expansion and acquisitions

Acquisitions during the period consisted of:

- 100% of Lehnkering was acquired for an enterprise value of €270 million. Lehnkering is one of Europe's leading full-service specialist logistics companies that serves the chemical, agricultural, petrochemical and steel industries. It offers a complete range of logistics solutions, including inland waterway shipping of gas, liquid and dry bulk cargo; road transportation, chemical warehousing and outsourced chemical manufacturing services. The Lehnkering acquisition was effective from 2 January 2012. The acquisition was funded from new Euro-denominated banking facilities secured for a period of five years at a pre-tax interest rate of approximately 3,8%.
- 74,9% of Dettmer Bulk Reederei, a dry bulk shipping business operating on the Rhine.
- 70% of Datadot, a business that installs micro dots as a security identification system used in the detection of theft. Datadots are widely used to identify and protect motor vehicles, motorcycles, trailers, marine craft, home, business and personal assets.
- 75% of Safari Centre, a vehicle accessories and outdoor equipment business which is complementary to Jurgens and furthermore also augments the dealership businesses that retail SUVs.
- 60% of IJ Snyman Transport, a logistics service provider to leading retail, FMCG and construction companies in Angola, DRC, Namibia, South Africa and Zambia.
- Acquired control and increased our shareholding to 80% in Transport Holdings in Botswana, which provides fuel transportation, mining consolidation and transport, general cross-border transportation and local distribution within Botswana.
- 80% of Kings Transport, which specialises in the break bulk sector of the logistics market.
- 70% of the shares in La Grange Transport, which specialises in the fresh fruit market in the Western Cape.
- 60% of Synchronised Logistical Solutions, operating in the automotive logistics industry.
- 60% of Segway SA, which imports and distributes electric personal transporters.
- 67,5% of Bobcat, a leading supplier of compact equipment into the construction, mining and agricultural sectors.
- Acquired an additional 20% and increased our shareholding to 60%, resulting in control of Accordian, which is a distributor of TATA vehicles.
- 100% of Watts Truck and Van in the UK, a DAF truck dealer, which complements and strengthens our network in this brand in the UK.
- 51% of Hi-Reach Manlift, a company that is now called Goscor Hi-Reach, which is the sole distributor in South Africa of the Genie range of mobile elevating work platforms, 'cherry pickers' and other related equipment.
- 80% of Goscor Access Rental, through which products in Goscor Hi-Reach are rented.

Strategic objectives

The group remains focused on generating higher returns on capital, while still seeking growth opportunities in and adjacent to our existing industries and geographies to replicate and improve on our past successes. These growth initiatives will take place organically and through acquisition, partnerships and grassroots development.

The group has a strong position in logistics in South Africa and increasingly beyond South Africa's borders into the rest of Africa. With Africa growing rapidly, we seek the expansion of our footprint on the continent, especially in businesses where our skills set, reputation and customer base can give us a head start.

The recent acquisition of Lehnkering is an example of our strategy of expansion in Europe, where we will focus on growth opportunities within our field of expertise while deepening our involvement in our core business.

The scale of our activities in the automotive retail market offers numerous opportunities for extending and maximising our position in the value chain. While Imperial has for long been in the forefront of exploiting opportunities in insurance, finance, warranties, maintenance and panelbeating, we have still not yet reached our full potential in this market. Our experience in this field stands us in good stead and will enable us to earn ever-increasing annuity income streams as our vehicle parc grows and we refine the use of technology and market intelligence.

The distribution of products which carry strong brands in the automotive and industrial markets has developed into a core business for Imperial. We have an excellent reputation in this activity and attractive opportunities regularly present themselves. We will continue to pursue these opportunities and would consider broadening our product range into other applications and industries such as engineering, industrial and mining products.

The car rental and tourism division operates in a market where we can find fewer opportunities for vertical or horizontal expansion. In this division we strive for improving the returns on capital through good asset and capital management.

Performance against previous commitments

Management commitment	Delivery to date
Deliver shareholder value through capital management, sustainable returns, cash generation and growth	Return on equity = 23% Return on invested capital = 16% Core EPS growth = 32% Free cash conversion ratio = 125% Dividend per share up 42%
Acquisitive growth in logistics in our core geographies	International logistics • 100% Lehnkering • 74,9% Dettmer Bulk Reederei Africa logistics • 60% IJ Snyman Transport • 80% Transport Holdings in Botswana (previously an associate) South Africa logistics • 80% Kings Transport • 70% La Grange Transport • 60% Synchronised Logistics Solutions
Add more businesses that augment and are allied to our motor-related activities	• Acquired 70% of Datadot, a business that installs micro dots as a security identification system used in the detection of theft • Acquired 60% Segway SA, which imports and distributes electric personal transporters
Expand our distributorships division into the distribution of products which carry strong brands in industrial markets	• Acquired 67,5% Bobcat, a leading supplier of compact equipment into the construction, mining and agricultural sectors • Acquired 51% Hi-Reach Manlift (now called Goscor Hi-Reach), which is the sole distributor in South Africa of the Genie range of mobile elevating work platforms, 'cherry pickers' and other related equipment • 80% Goscor Access Rental, through which products in Goscor Hi-Reach are rented
Growing the annuity revenue streams that arise from a growing vehicle parc in the brands we exclusively distribute	• Revenue from the rendering of services in distributorships up 44%
Generate growing annuity earnings in other financial services on the back of new business being placed on its book in the current strong vehicle sales cycle	• Operating profit in other financial services up 52%
Invest in our people and their development	• Investment in training and development – R171 million (2011: R116 million) • Five modern technical academies and two new dedicated learning facilities opened • 610 participants in Technical Training Academy
Unlock value for the beneficiaries in Ukhamba, our BEE shareholder	• The Ukhamba Trust made a distribution of approximately R350 million to its 15 000 beneficiaries • The Imperial and Ukhamba Community Development Trust also received a payout of approximately R50 million which will serve as a valuable endowment for education into the future
Ongoing focus on reducing our environmental impact	• A number of our businesses have received recognition for their environmental initiatives through a range of prestigious industry awards
Focus on road safety	• By August 2011, more than 72 000 individuals committed to being part of a movement towards safer roads in South Africa by taking the Imperial I-Pledge as part of our group's extensive road safety campaign • We sponsored vehicles to assist with law enforcement on the N3 over the festive seasons and saw accident fatality rates drop • We also found that unaccompanied children on the roads are extremely vulnerable and therefore we staged road safety talks at schools and trained scholar patrols

CEO and CFO's review continued

Non-financial performance at a glance

	2012	2011
People employed	**47 699**	40 898
Salaries paid (Rm)	**10 703**	8 713
Training expenditure (Rm)	**171**	116
Donations to social responsibility causes (Rm)	**46**	36
Distance travelled by our road fleet excluding rental vehicles (million kilometres)	**487**	463
Employee fatalities	**10**	9
Road accidents involving our fleet	**963**	1 050
Volume spillages (kilolitres)	**115,43**	77,27
Electricity purchased (million kWh)	**164**	155
Fuel consumed (million litres)	**271**	248
Biofuel consumed (million litres)	**0,25**	1,30
CO_2 emissions (tonnes)	**1 072 636**	1 010 925

Developing our people

The group continues with its substantial investment in the development of employees at all levels and spent R171 million on skills development and training during the year.

To date 153 senior executives have completed a leadership programme which was customised for Imperial's diversified and decentralised business model focusing on its need for entrepreneurial and innovative leaders. The group's formal development strategy also includes the next level of management, with 74 having graduated during the past year. We have 139 participants currently enrolled in the programme.

A future talent pipeline is being nurtured through a graduate development programme which currently provides 108 university graduates with hands-on workplace experience and mentorship, providing insight into the Imperial culture and the practical skills required in business.

Our automotive Technical Training Academies are some of the largest providers of technical training in the South African market and provided training for over 610 technical apprentices during the year.

Our impact in society

During the year we continued to invest in our communities and made good progress in our journey towards greater environmental sustainability.

Our flagship community investment vehicle is the Imperial and Ukhamba Community Development Trust, which promotes effective learning and teaching at eight underprivileged schools serving 10 000 learners in Gauteng.

Since its establishment, Ukhamba has generated significant value from its investments. Ukhamba Trust owns 47% of Ukhamba and Ukhamba Community Development Trust owns 6%. A portion of the value created was paid out to Ukhamba's shareholders during December 2011. As a result, the Ukhamba Trust made a distribution of approximately R350 million to its 15 000 beneficiaries. The Imperial and Ukhamba Community Development Trust also received a payout of approximately R50 million, which will serve as a valuable endowment for education into the future.

Appreciation

The group's performance during the year reflects the calibre and commitment of our people, and we thank all our employees for the contribution they have made during the year.

We also value highly the ongoing support shown by our suppliers, customers, partners and the public sector, and appreciate the input of board members and colleagues on the executive committee.

We would like to extend a special note of thanks to Tak Hiemstra, executive director, strategic development, who retires at the end of September 2012. In his 20 years of dedicated service to Imperial Holdings, Tak has played a key role as a member of the central leadership team and as an inspiring colleague to all of us. We look forward to his ongoing contribution as a non-executive director.

Prospects

In the short term, we expect trading conditions in the southern African logistics division to remain challenging. The pressure on our manufacturing client base persists and volumes remain under pressure. In the medium to long term, the fundamentals of the logistics market are very good as customers outsource more of their activities to logistics specialists and expectations are that industry growth will exceed that of GDP. Given Imperial's infrastructure and network, it is ideally positioned to capitalise on these growth opportunities and gain more business.

Expansion into Africa is a key priority and will continue to gain momentum. CIC will also play a key role in our African expansion into the fast-growing FMCG sector. Acquisitions in both South Africa and the rest of Africa will be a further growth driver.

The strong growth experienced in our international logistics division over the past three years has created a substantial base for further growth. The Lehnkering acquisition and the favourable terms of the financing arrangements will make a positive impact on the results for the coming financial year as it will make a contribution for the full year. Despite the economic crisis in Europe, we are positive about the medium-term prospects of our international logistics business. It is well positioned in attractive niches in the logistics industry in Germany and acquisitions could be a further growth driver. Our management in Germany continues to be vigilant in assessing the situation across Europe in order to be able to react to any significant developments that affect our related business and volumes.

In a competitive car rental market, we are focused on improving brand awareness and yield, while optimising our fleet size and managing costs even tighter. Used vehicle demand is expected to improve on the back of a weaker currency as the gap between the cost of new and used vehicles widens. Results from our tourism operations will continue to be affected by global economic conditions.

The growth rate of new vehicle sales in South Africa is expected to slow as the base is now substantially higher, however the recent reduction in interest rates will support demand. Despite the recent weakening of the currency, cars remain affordable as vehicle price increases lag inflation. The growth in the car parc of our brands will enable us to earn increasing annuity income streams from parts and service activities. Businesses that augment and are allied to our motor-related activities should also continue to grow.

The Autoparts business is not affected directly by new vehicle sales and should continue to perform solidly as initiatives to expand its product range and geographic footprint bear fruit. Goscor will continue performing well as it capitalises on a strong order book, growth in its rental business and after-sales maintenance opportunities.

While underwriting conditions are unpredictable, earnings in the financial services division should grow in the future. We have not yet reached our full potential in this market and there is still significant opportunity in this area of the group due to our positioning in the motor industry. Regent's investment portfolio continues to be conservatively managed. LiquidCapital will continue leveraging its position by innovating new products and partnerships to create new sources of revenue and growth. It will generate growing annuity earnings on the back of new business being placed on its book in the current strong vehicle sales cycle.

Overall, our businesses are well positioned in each of their markets to seek growth opportunities in and adjacent to their existing industries. Despite significant organic and acquisitive growth during the last few years, the group's financial position remains strong and can therefore take advantage of such opportunities as they arise.

The group experienced strong growth over the past number of years and has established a much higher level of performance. Given current market conditions, growth is expected in the 2013 financial year, albeit at a slower rate.

Hubert Brody
Chief executive officer

Hafiz Mahomed
Financial director
21 August 2012

Five-year review

The historical review is shown for five years. Previously the group included the leasing and capital equipment and aviation divisions. The aviation division was discontinued and the leasing and capital division was unbundled. The five-year review reflects a better comparison of the group as it is now constituted. Accordingly the information is disclosed for continuing operations only.

	Definitions	2012 Rm	2011 Rm	2010 Rm	2009 Rm	2008 Rm
Extracts from income statement						
Revenue		**80 830**	64 667	53 438	52 219	55 927
Operating profit		**5 638**	4 526	3 288	2 453	2 992
Net financing costs		**(681)**	(554)	(597)	(923)	(807)
Income from associates and joint ventures		**46**	34	174	107	278
Income tax expense		**(1 382)**	(1 272)	(911)	(502)	(707)
Tax rate (%)		***29,3***	***30,7***	***31,0***	***32,1***	***38,5***
Profits attributable to non-controlling interests		**(408)**	(346)	(241)	(160)	(162)
Headline earnings attributable to ordinary shareholders (excluding discontinued)		**3 007**	2 608	1 811	1 294	1 142
Headline earnings attributable to ordinary shareholders (including discontinued)		**3 007**	2 608	1 841	1 327	1 333
Extracts from cash flow statement						
Cash generated by operations (before capital expenditure on motor vehicles for hire, net financing costs and taxation paid)		**7 440**	6 077	4 376	4 649	3 633
Cash flow from investing activities (including capital expenditure on motor vehicles for hire)		**(4 230)**	(1 931)	(1 883)	(1 276)	(2 423)
Net debt raised (including discontinued)		**1 335**	967	250	3 108	3 014
Free cash flow (including discontinued)	1.	**3 770**	3 452	2 190	3 016	2 316
Extracts from statement of financial position						
Total assets (including discontinued)		**45 698**	36 533	34 223	33 315	37 932
Total assets (excluding discontinued)		**45 698**	36 533	32 999	32 365	33 492
Operating assets	2.	**41 575**	32 815	29 506	28 677	30 276
Operating liabilities	3.	**18 046**	14 495	12 750	11 107	11 984
Net working capital	4.	**4 606**	3 245	2 882	2 693	4 190
Net interest-bearing debt	5.	**6 642**	4 418	5 075	5 580	8 892
Imperial Holdings' shareholders' interest		**14 666**	11 973	11 140	9 774	9 605
Non-controlling interest		**1 223**	1 043	806	587	811
Contingent liabilities		**46**	61	201	256	595
Ratios						
Efficiency						
Revenue to average net operating assets (times)	6.	**3,9**	3,7	3,1	2,9	3,3
Revenue relating to sales of goods to average inventory (times)	7.	**5,6**	5,3	4,9	4,6	4,1
Revenue to average net working capital (times)		**20,6**	21,1	19,2	15,2	14,3
Profitability						
Operating profit to net operating assets (%)	8.	**24,0**	24,7	19,6	14,0	16,4
Operating profit to gross operating assets (%)		**13,5**	13,8	10,8	13,7	17,8
Operating margin (%)	9.	**7,0**	7,0	6,2	4,7	5,3
Return on average ordinary shareholders' interest (based on core earnings) (%)	10.	**23,4**	20,3	17,1	9,4	12,0
Return on invested capital (%)	11.	**16,3**	16,5	12,2	11,5	9,6
Weighted average cost of capital (%)	12.	**9,7**	10,1	10,5	10,9	11,2
Solvency						
Interest cover by operating profit (times)		**8,3**	8,2	5,5	2,7	3,7
Net debt to EBITDA (times) (including preference shares)		**0,9**	0,7	1,1	1,5	2,2
Total shareholders' equity to total assets (excluding discontinued) (%)		**34,8**	35,6	34,9	32,0	31,1
Net interest-bearing debt as a % of total shareholders' equity		**41,8**	33,9	42,5	53,9	85,4
Liquidity						
Free cash flow to headline earnings (including discontinued) (times)	13.	**1,25**	1,32	1,19	2,27	1,74
Unutilised banking facilities		**6 045**	8 000	6 358	10 209	11 685

	Definitions	2012 Rm	2011 Rm	2010 Rm	2009 Rm	2008 Rm
Investing in the future						
Cost of new acquisitions		**1 886**	943	389	351	490
Expansion capital expenditure		**1 125**	687	963	640	1 595
Net replacement capital expenditure		**1 467**	841	830	1 037	1 017
Staff training hours		**1 306 135**	1 379 615	935 945	325 943	704 786
Capital commitments		**1 112**	1 007	882	544	509
Statistics						
Total new and used vehicles retailed		**172 321**	154 824	138 398	116 353	163 025
Number of transport fleet vehicles		**6 075**	6 030	6 559	6 774	6 335
Distance travelled by transport fleet (million kilometres)		**487**	463	426	419	463
Number of vehicles for hire (car rental and tourism only)		**16 599**	17 026	18 015	14 792	14 262
Number of employees		**47 699**	40 898	35 968	34 353	36 760
Staff costs (Rm)		**10 703**	8 713	7 515	7 236	6 623
Wealth created per employee (R'000)		**380**	360	339	320	293
Total taxes and levies paid (Rm)	14.	**1 572**	1 543	1 054	706	1 049
Share performance						
Headline earnings per share (cents)		**1 566**	1 370	976	698	615
Core earnings per share (cents)		**1 623**	1 234	962	491	798
Dividends per share (cents)		**680**	480	350	200	245
Earnings yield (%)	15.	**9,1**	11,3	11,4	12,0	11,7
Price:earnings ratio (times)	16.	**11,0**	8,9	8,8	8,4	8,6
Dividends yield (%)		**4,0**	4,0	4,1	3,4	4,6
Net asset value per share (cents)	17.	**7 479**	6 137	5 529	4 820	4 732
Market prices (cents)						
– closing		**17 200**	12 125	8 580	5 830	5 275
– high		**17 729**	13 245	10 750	6 700	14 849
– low		**9 420**	8 450	5 650	3 957	4 800
Total market capitalisation at closing prices (Rm)	18.	**36 093**	25 320	18 095	12 367	11 190
Value of shares traded (Rm)		**30 099**	26 937	22 964	14 258	23 801
Value traded as a percentage of average capitalisation (%)		**98**	124	151	121	117
Exchange rates used						
Rand to Euro						
– average		**10,37628**	9,49383	10,59240	12,34965	10,76285
– closing		**10,39350**	9,55000	9,39390	10,87650	12,31950
Rand to US Dollar						
– average		**7,75379**	7,06489	7,59948	9,05373	7,31880
– closing		**8,20000**	6,70000	7,65850	7,73490	7,82000
Rand to Botswana Pula						
– average		**1,05177**	1,07226	1,13700	1,24012	1,18539
– closing		**1,07170**	1,03200	1,08329	1,14941	1,15848
Rand to Australian Dollars						
– average		**7,99178**	6,80385	6,70843	6,66988	6,56948
– closing		**8,40150**	6,56600	6,55590	6,34330	7,65790

Definitions

1. *Free cash flow – 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.*
2. *Operating assets – all assets less loans receivable, taxation assets, cash and cash equivalents and assets held for sale.*
3. *Operating liabilities – all liabilities less all interest-bearing borrowings, taxation liabilities and liabilities directly associated with assets classified as held for sale.*
4. *Net working capital – consists of inventories, trade and other receivables, provisions for liabilities and other charges and trade and other payables.*
5. *Net interest-bearing debt – include total interest-bearing borrowings plus non-redeemable preference shares less cash resources.*
6. *Revenue to net operating assets (times) – calculated by dividing revenue with average net operating assets.*
7. *Revenue relating to sales of goods to inventory (times) – revenue relating to sales of goods divided by average inventory.*
8. *Operating profit to net operating assets (%) – operating profit per the income statement divided by net operating assets.*
9. *Operating margin (%) – operating profit per the income statement divided by revenue.*
10. *Return on average ordinary shareholders' interest (core) (%) – core earnings divided by average shareholders' interest (calculated by using the opening and closing balances) attributable to Imperial Holdings' shareholders.*
11. *Return on invested capital (%) – return divided by invested capital. Return is calculated using profit after tax and minorities, increased by the after-tax effects of net finance and exceptional items. Invested capital is a 13-month average of shareholders' equity plus preference shares plus debt (interest-bearing borrowings long-term and short-term minus long-term loans receivable) minus non-financial services cash and cash equivalents.*
12. *Weighted average cost of capital (%) – calculated by multiplying the cost of each capital component by its proportional weight and then summing, therefore: WACC = (after-tax cost of debt % X debt weighting) + (cost of equity X average equity weighting).*
13. *Free cash flow to headline earnings ratio – free cash flow divided by headline earnings.*
14. *Total taxes & levies paid – made up of SA normal taxation, secondary tax on companies, foreign taxation, rates and taxes, skills development, unemployment insurance fund levies and carbon emissions tax.*
15. *Earnings yield (%) – the headline earnings per share divided by the closing price of a share.*
16. *Price:earnings ratio (times) – the closing price of a share divided by the headline earnings per share.*
17. *Net asset value per share – shareholders' equity excluding minorities divided by total ordinary and preferred ordinary shares in issue net of treasury shares. (the deferred ordinary shares only participate to the extent of their par value of 0,04 cents).*
18. *Total market capitalisation at closing prices (Rm) – total ordinary shares in issue before treasury shares multiplied by the closing price.*

Divisional review

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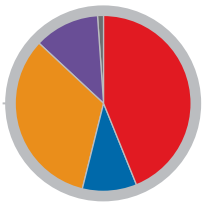
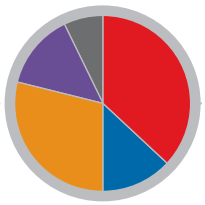
Financial services page 80

Net operating assets June 2012 (%)



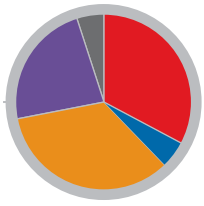
Logistics 44%
Car rental and tourism 10%
Distributorships 33%
Automotive retail 12%
Financial services 1%

Net operating assets June 2011(%)



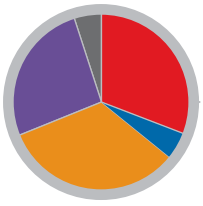
Logistics 37%
Car rental and tourism 13%
Distributorships 29%
Automotive retail 14%
Financial services 7%

Revenue June 2012 (%)



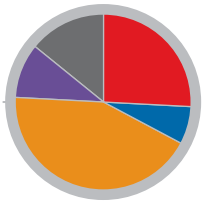
Logistics 33%
Car rental and tourism 5%
Distributorships 34%
Automotive retail 23%
Financial services 5%

Revenue June 2011(%)



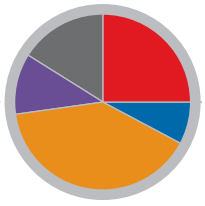
Logistics 31%
Car rental and tourism 5%
Distributorships 33%
Automotive retail 26%
Financial services 5%

Operating profit June 2012 (%)



Logistics 26%
Car rental and tourism 7%
Distributorships 43%
Automotive retail 10%
Financial services 14%

Operating profit June 2011(%)



Logistics 25%
Car rental and tourism 8%
Distributorships 40%
Automotive retail 11%
Financial services 16%

The logistics division operates in two key markets – southern Africa and Europe.

SA logistics is the largest third-party logistics and supply chain management provider, offering integrated solutions to a diverse range of customers in 14 African countries through over 55 operating entities.

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

LOGISTICS

Key data – Logistics

	% growth	2012 Rm	2011 Rm
Revenue	34	27 704	20 636
Profit from operations	33	1 508	1 136
Operating margin (%)		5,4	5,5
Net operating assets	52	10 374	6 837
Revenue to net operating assets (times)		2,7	3,0
Weighted average invested capital	51	8 639	5 718
Return on invested capital (%)		10,6	12,3
Return on invested capital (based on core earnings) (%)		12,4	12,5
Weighted average cost of capital (%)		10,2	10,2
Net capital expenditure	65	1 309	795
Statistics			
Number of transport fleet vehicles	1	6 075	6 030
Number of barges		78	59
Number of ships		102	66
Kilometres travelled by transport fleet (million kilometres)		487	463
Fuel consumed (million litres)		235	252
CO_2 emissions (tonnes)		853 466	817 196
Volume spillages (kilolitres)		115,43	77,27
Number of employees	27	28 201	22 119
Road accidents		125	105
Number of road-related injuries (employees only)		66	70
Number of road-related fatalities (employees only)		9	5
Number of road-related fatalities (third-party only)		59	46
Number of non-road-related injuries		84	122
Number of non-road-related fatalities		2	1

Divisional review continued

SA LOGISTICS

Marius Swanepoel
CEO of SA logistics

Key stats

- Employs more than 21 000 people in southern Africa, including over 4 750 truck drivers and 3 500 merchandisers
- Manages more than 5 500 vehicles
- Employs over 2 000 subcontractor vehicles
- Operates from more than 968 locations in 14 countries
- Provides product handling and storage in facilities exceeding 750 000 m^2, including hazardous-certified warehouses

Highlights

Significant contract gains and renewals

Acquisitions contributed positively

Achieved level 3 B-BBEE rating

Gold Award at the Logistics Achiever Awards relating to supply chain solutions in the fruit industry

First place in the Best Energy Saving and Transport categories at the Enviropaedia Eco Logics Awards

Received the African Access National Business Award for contribution to addressing the skills gap in the industry

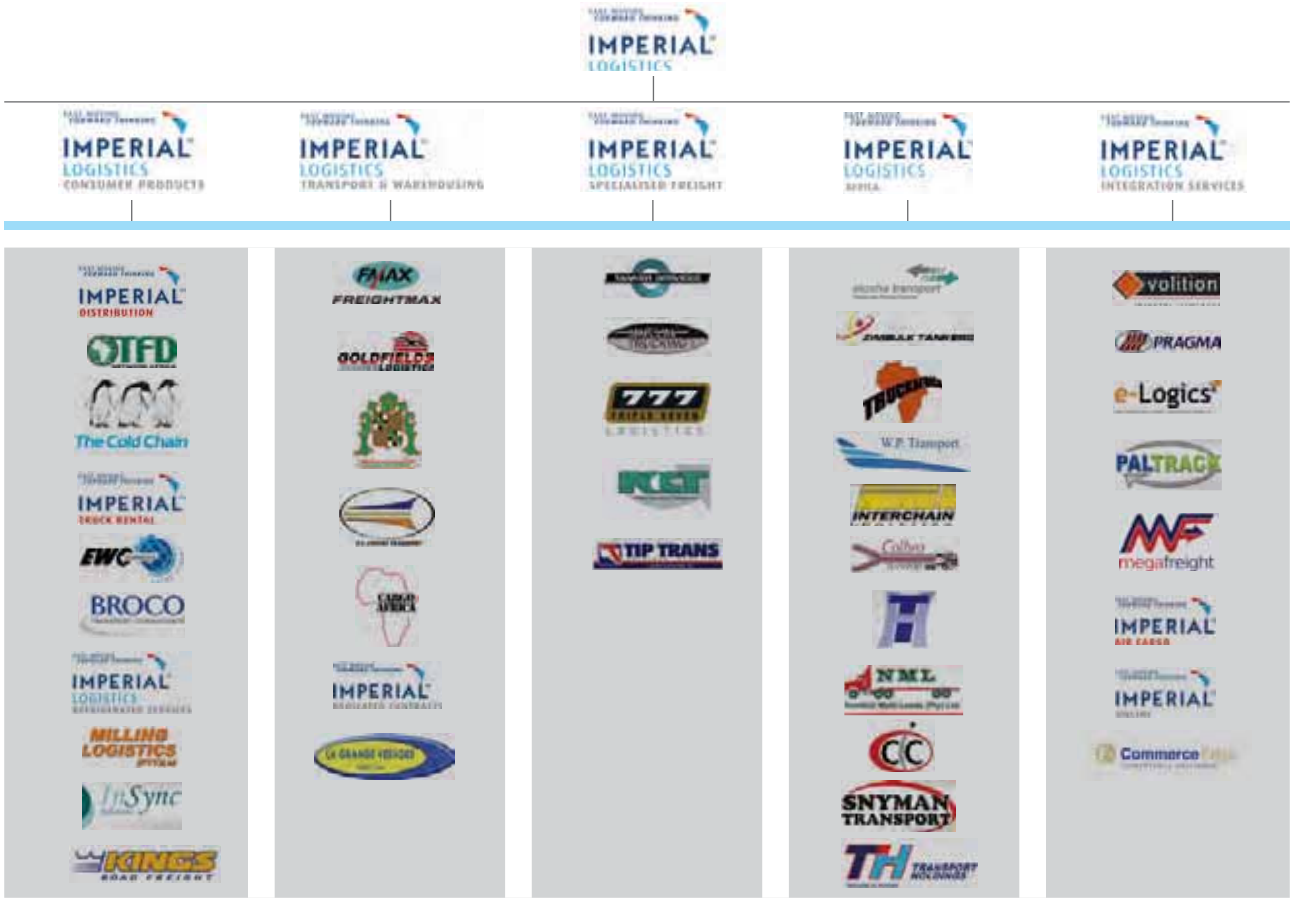
Divisional overview

With extensive operations throughout southern Africa and a growing African footprint, Imperial SA logistics partners with clients to leverage the value inherent in their supply chains, thereby contributing to revenue, bottom-line and return on investment. The company acts as an extension of its clients' business, collaborating with them on building their brands and unlocking the competitive advantage contained in a complex and dynamic logistics environment.

A combination of pre-eminent supply chain management skills and an extensive resource base of transportation, warehousing and distribution operations help to differentiate the division. It applies best-of-breed integrative processes and technology solutions to manage operational processes across end-to-end value chains, and optimises the benefits of being a large, multi-branded business while retaining agility, customer focus and an entrepreneurial flair.

The division's strategic focus is in four key areas: enhancing its service offering through strategic acquisitions; winning significant new business in key markets; expanding industry knowledge to better serve these markets; and establishing a powerful footprint in Africa.

It is a multi-branded business with five core divisions, managed on a decentralised basis with exposure to diverse markets, industries, countries and clients.



Strategic acquisitions

Key acquisitions during the period included:

- 70% stake in La Grange Transport, a Tulbagh-based business that provides access to the lucrative Western Cape fruit industry
- 80% in Kings Transport, a load consolidation business, which strengthens the division's ability to service customers with smaller loads
- 60% of IJ Snyman Transport, an established cross-border transporter that operates in Angola, DRC, Namibia, South Africa and Zambia. This strengthens the group's African presence and capacity
- 60% of Synchronised Logistics Solution, an automotive logistics and supply chain specialist which boosts our ability to service the time-sensitive and accuracy-focused automotive industry

Winning new business in key markets

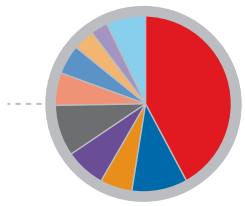
During the year the division was awarded new contracts which included some sizeable contracts in the mining and petrochemical industries. Contracts were renewed with companies across a broad spectrum of industries including glass manufacturing, FMCG, petrochemical, steel manufacturing and mining. The division's current sales pipeline contains significant new business opportunities in a broad spectrum of industry sectors.

Current industry exposure and revenue by activity is illustrated in the opposite graph.

Establishing a footprint in Africa

Imperial Logistics will continue to expand into Africa through selective acquisitions and alignment with its customers' African expansion strategies. The recent acquisition of IJ Snyman Transport and the increased shareholding in Transport Holdings are good examples of this strategy.

Contribution to revenue by industry(%)



FMCG 42%
Fuel and gas 10%
Mining 6%
Wood and paper 7%
Cement, bricks and construction 9%
Agriculture 6%
Chemicals 5%
Glass 4%
Steel, metals and auto 3%
Other 7%

Divisional review continued

Operating units

SA logistics has five operating divisions:

Consumer products	Transport and warehousing	Specialised freight
Offers integrated supply chain solutions to a wide range of FMCG, retail and agriculture businesses.	Delivers full-spectrum logistics and supply chain services including long-haul and cross-border transport, distribution, cargo consolidation, warehousing and supply chain management.	With a large modern tanker fleet the division provides specialised transport services to various industries throughout Africa. It is the leader in the petrochemical, industrial chemical, cement, fuel, liquid petroleum gas and food-grade products industries.

Market conditions

The manufacturing sector of the South African economy is currently weak and a number of our South African logistics customers are under pressure. Despite volume pressure in our customer base, we continue to benefit from the trend to outsourcing by companies who want a viable and cost-effective option and prefer to focus on their core business. With many of our clients looking for cost reduction and efficiency improvements, we are focused on providing significant additional value-added services to our clients.

Results

The division faced a challenging trading environment but gained and retained a number of significant contracts. Acquisitions also contributed positively. Several of our customers experienced strike action in July 2011 and volumes were under pressure throughout the year. Volumes in the manufacturing sector suffered in the second half. CIC, which is involved in the distribution of FMCG products into many African markets, performed well despite increased competition. It was included for a full year against eight months in the prior period.

Despite challenging trading conditions, the operating margin was in line with the prior year. CIC, which operates at lower margins than the rest of the division, also impacted margins but it generates good returns.

The consumer logistics business was negatively impacted by weak volumes, mainly in our manufacturing client base. This affected all businesses in the supply chain, including our warehousing and distribution operations. The Cold Chain also experienced difficult trading conditions and whilst the operations have been stabilised, it continues to underperform from a trading perspective.

Our transport and warehousing business, which services the manufacturing, mining, commodities and construction industries, performed satisfactorily, despite volumes being under pressure. New contract gains made a positive contribution to results.

The specialised freight business produced good results as volumes grew in the fuel and gas markets due to new contract gains. The

Results

R million	**2012**	2011	Change %	**H2 2012**	H2 2011	Change % on H2 2011	**H1 2012**	**Change % on H1 2012**
Revenue	**16 457**	13 788	19,4	**8 146**	7 286	11,8	**8 311**	**(2,0)**
Operating profit	**910**	786	15,8	**397**	350	13,4	**513**	**(22,6)**
Operating margin (%)	**5,5**	5,7		**4,9**	4,8		**6,2**	

The Africa division

With operations across 14 African countries, manages total cargo flow and end-to-end logistics. Expansion plans include establishing operations in West Africa, as well as the Great Lakes region. The acquisition of CIC Holdings, an FMCG distribution business, has significantly increased the scope of operations by providing the ideal platform and network to take advantage of the fast-growing consumer market in Africa.

Integration services

Offers consulting and advisory services across the entire supply chain. The division continues to make a valuable contribution to the intellectual capital of the division, specifically by assisting other divisions to expand and integrate client solutions and offer value added services to their customers.

Footprint in Africa

cement and sulphuric acid markets were under pressure, whilst volumes in bulk food and chemicals remain stable.

A tipper business which mainly services the mining industry, was established two years ago and is now contributing meaningfully to the division's results.

In the Africa division, transport volumes were under pressure. We experienced lower volumes being transported from South Africa into the rest of Africa, as other trade corridors become more reliable and cost effective. Certain customers in our Namibia business were also under pressure during the period. CIC, which is involved in the distribution of FMCG products into many African markets, continues to enjoy good growth and performed well on the back of buoyant consumer spending in its markets, although we are experiencing a heightened level of competition.

Integration services produced good results with Volition and E- Logics performing well. The division continues to make a valuable contribution to the intellectual capital of the group, specifically by assisting other divisions to expand and integrate client solutions and offer value added services to their customers. Megafreight performed well but due to a dispute, we are in negotiations with our co-shareholders, who own 40%, to acquire our shareholding.

Gross capital expenditure of R1 287 million was incurred. The net investment in the fleet is higher than the prior year, which is in line with the scheduled replacement cycle.

Risks and opportunities

Risks	Opportunities
• Low economic growth	• New business gains from existing clients
• Import substitution	• New contract gains (trend to outsourcing)
• Lacklustre consumer demand	• Acquisitions
• Lack of infrastructure investment	• Africa expansion
	• Rail opportunities

Divisional review continued

Sustainability

Our people

Skills development, safety, health and transformation are focus areas in the SA logistics division.

The company invests in ongoing safety training and monitors and reports on all safety-related incidents. During the year, there were 125 road accidents, 66 road-related injuries to employees, nine road-related fatalities to employees and 59 road-related fatalities to third party individuals. Total non-road related injuries and fatalities amounted to 84 and two respectively.

HIV/Aids and other life threatening diseases have a significant impact on the trucking industry. SA logistics makes an annual investment in the Trucking Wellness Programme, which was initiated by the National Bargaining Council for the Road Freight and Logistics Industry. This investment contributes to six of the 22 total Roadside Wellness Centres, which include a training facility with a peer educator and a fully equipped clinic with a registered nursing sister.

Skills development focuses on all employees, from those in entry-level positions up to senior management. Around R87 million was invested in this area during the year.

SA logistics' B-BBEE status has been steadily improving since 2007 and the company is a verified level 3 contributor.

Our impact on the environment

SA logistics' key potential environmental impacts arise from fuel emissions, water used for washing of vehicles and the transportation of materials and substances on behalf of clients that may pose a threat to the environment.

There were 170 environmental incidents during the year, including spillages of 115 kilolitres. All spillages, even those of a litre or less, are recorded and reported and none of the spillages during the year was significant. Stringent policies are in place and appropriate steps taken to ensure that spillage of any hazardous substances transported on behalf of clients is dealt with responsibly.

During the year SA logistics won first place in the Best Energy Saving and Transport categories at the Enviropaedia Eco Logics Awards.

Imperial Logistics' extensive list of initiatives within its 'green logistics evolution' won it the Transport Award. The initiatives include world-class driver training and employee engagement, the introduction of South Africa's first Euro 5 vehicles, 'extra distance' studies and network redesign to eliminate logistics inefficiencies, as well as the application of nitrogen powered transport refrigeration.

The SA logistics division's total carbon emissions were 695 688 tCO_2e during the year, of which 639 016 tCO_2e were scope 1 and 56 673 tCO_2e were scope 2 emissions. It has installed sophisticated fuel management systems that allow it to track the fuel consumption for each vehicle, and expects the system to help us improve our fuel efficiency by between 10% and 15%.

Commitment to our customers

While SA logistics is a large multi-branded business, it has a strong focus on understanding and meeting the unique needs of customers in each of the industries in which it operates and on customising its service offerings accordingly. It acts as a strategic partner to customers' businesses, providing them with sustainable, resilient supply chains that support their growth, profitability and return on investment.

As a business partner, it engages with customers on an ongoing basis and measures key customer satisfaction indicators, tracking the results of such surveys to facilitate a quick response to any customer issues that may arise.

Key macro and performance drivers

Macro drivers	Performance drivers
• GDP growth	• Cost control and efficiencies
• Interest rates	• Strict asset management/fleet utilisation
• Exchange rates	• Return on invested capital
• Consumer spending	• Working capital efficiency
• Manufacturing activity	• Integration of logistics services
• Infrastructure efficiency	• Broadening service offerings to clients
• Fuel price	

Outlook and strategic objectives

In the short term, we expect trading conditions to remain challenging. In the medium to long term, the prospects of the logistics market are good as customers outsource more of their activities to logistics specialists and expectations are that the industry will grow faster than GDP growth. Given Imperial's infrastructure and network, it is ideally positioned to capitalise on theses growth opportunities and win more contracts from existing and new clients.

Expansion into Africa is a key priority and will continue to gain momentum. CIC will also play a key role in our African expansion into the fast-growing FMCG sector. Acquisitions in both South Africa and the rest of Africa will be a further growth driver.

Strategic objectives

- Use our strong positioning in the markets we operate in to capitalise on the growth opportunities presented by the logistics industry
- Expansion into Africa
- Invest in African supply chain management capabilities as we follow our clients into Africa
- Support our customers to invest in route to market solutions
- Target a long-term return on invested capital – minimum of 4% above cost of capital

Divisional review continued

INTERNATIONAL LOGISTICS

Gerhard Riemann
CEO of international logistics

Key stats

- Two million m^2 of storage capacity
- 740 inland vessels (180 owned)
- Around 400 trucks
- 20 hazardous goods warehouses with 328 000 pallet places
- Biggest fleet of subcontracted inland water vessels in Europe
- Handles 95 million tonnes of transport and handling volume per year
- Employs around 7 000 people

Highlights

Excellent performance from all major business units; results exceeded expectations

Significant contract gains and renewals

Acquisition of 100% of Lehnkering, one of Europe's leading full-service specialist logistics companies that primarily serves the chemical, agricultural, petrochemical and steel industries

Acquisition of 74,9% of Dettmer Bulk Reederei, a dry bulk shipping business operating on the Rhine and the German canal system

Imperial Shipping Group received the Green Award for high ecological standards

Divisional overview

Imperial Logistics International provides holistic and tailor-made logistics solutions in the German and broader European economies. It services clients in the chemical; automotive; steel; energy; pulp and paper; metal; mechanical engineering and plant construction; and food industries. Of these, the chemicals, automotive and steel industries contribute the most significant portion to the company's revenue.

The company is a leader in many of its niche markets and acts as a strategic partner to clients by providing logistics services along the entire supply chain. Its services play a key role in trade flows in and out of Germany and it makes a significant contribution to the country's powerful manufacturing and export industries.

The business combines own transport capacities with chartered vehicles for superior service and enhanced returns. It operates through five key divisions: Imperial Shipping Group, Lehnkering Logistics & Services, Neska, Panopa and Brouwer Shipping & Chartering.

IMPERIAL LOGISTICS INTERNATIONAL

Operating units

Imperial Shipping Group

The leading inland waterway shipping company in Europe, Imperial Shipping Group comprises 23 operating companies in Germany, the Netherlands, Belgium, Luxembourg, France, Romania and Austria.

It provides dry bulk services; chartering services; liquid cargo services; and short sea and special services. Materials transported include coal, iron ore, bulk, liquid bulk, gas, chemicals, mineral oils, steel, construction materials, agricultural products, heavy lift and project cargo.

The group has a fleet of around 740 vessels, of which it owns approximately 180, with a total load capacity of 1,3 million tonnes. It transports more than 60 million tonnes of dry and liquid bulk materials on all major European inland waterways and coastal areas each year.

Lehnkering

Lehnkering is one of Europe's leading full-service specialist logistics companies, servicing the chemical, agricultural, petrochemical and steel industries. It offers a complete range of logistics solutions, including inland waterway shipping of gas, liquid and dry bulk cargo; road transportation; warehousing; and distribution services across Central and North Western Europe. The inland waterway shipping activities of Lehnkering are now housed in the Imperial Shipping Group. Lehnkering will in future be the focused chemical logistics unit of Imperial Logistics International.

The company also provides complementary specialist value-added services, such as procurement services of raw materials, manufacturing and packaging of agricultural and fine chemicals, onsite contract logistics and tank cleaning.

Panopa

Panopa is a leading logistics service provider in the steel, automotive and spare-parts industries, offering services that include consulting and planning, warehouse management, order picking and sequencing, partial processing and preliminary assembly, as well as transport and freight forwarding. It operates two large multi-user warehouses that deliver spare parts globally to a number of blue-chip customers.

Panopa has a storage capacity of 650 000m^2.

Neska

Neska operates bulk and container terminals in the main industrial centres along Germany's inland waterways. It has total storage capacities of approximately 960 000m^2 and manages the transshipment of:

- 1,4 million containers
- 1,5 million tonnes of paper and forestry products
- 1 million tonnes of refractory products
- 1 million tonnes of ferro alloys and minerals
- 1 million tonnes of aluminium
- 800 000 tonnes of steel
- 220 000 tonnes of coal
- 200 000 tonnes of sand and gravel

Brouwer (associate)

Brouwer is a specialist in worldwide chartering. Its activities include:

- Worldwide shipment of all bulk commodities such as grain and grain products, feedstuff, steel, coke, coal, timber and scrap
- Pipe, project and heavy-lift cargoes
- Arrangement of cargo handling services worldwide, including domestic transport
- Operating and handling of time charters
- Clearance and agency in all German ports

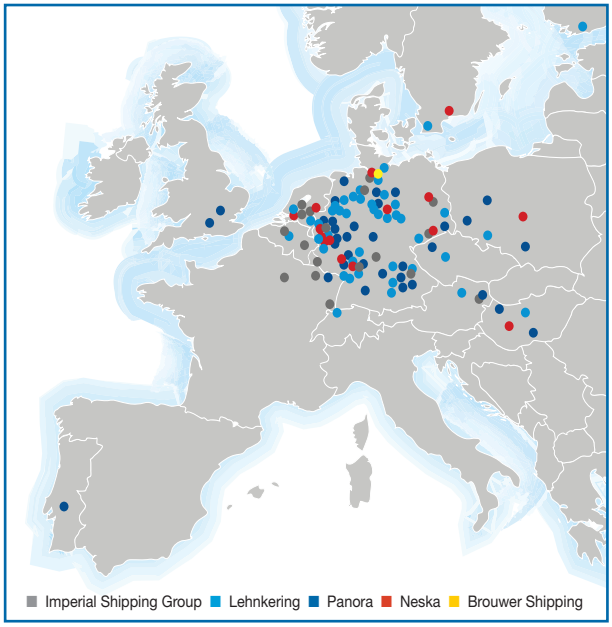
Divisional review continued

Market conditions

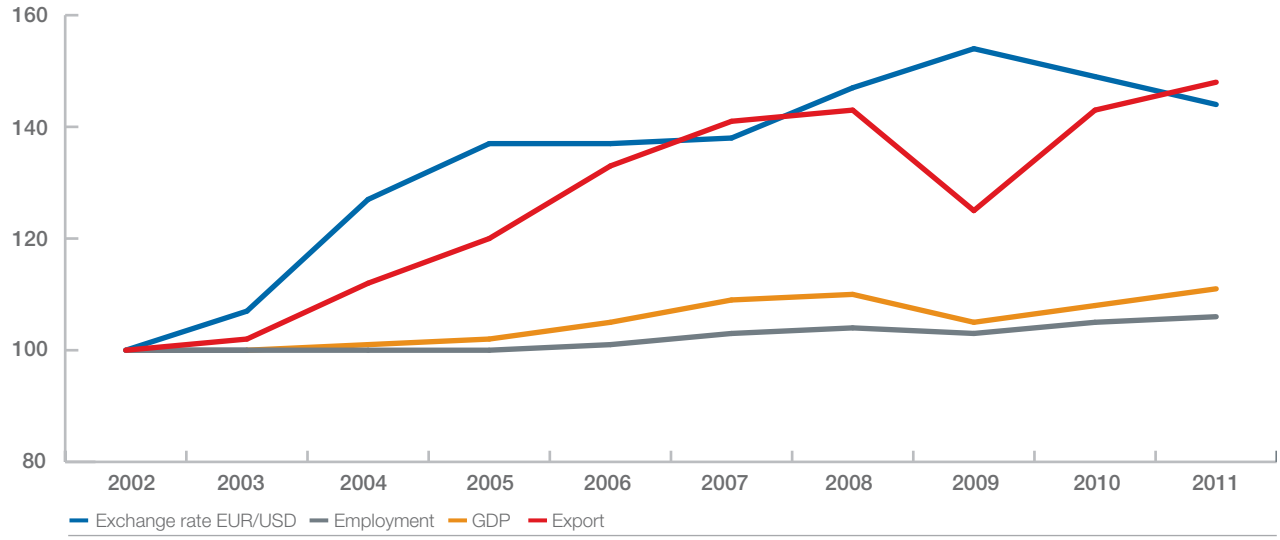
German industries, and in particular export-oriented sectors where the majority of Imperial Logistics International's customer base operates, have enjoyed significant growth. A weaker Euro has also contributed to the positive performance of these industries.

The European logistics market has a total value of €930 billion, with Germany contributing about 23% of the value. The top 10 logistics service providers in the European market have a combined market share of approximately 12%. The market is therefore highly fragmented and presents significant consolidation opportunities.

Footprint in Europe



EUR/USD exchange rate, German employment, GDP and exports (2002 – 2011)



Source: German Bundesbank.

Results

International logistics (EUR)

Euro million	2012	2011	Change %	H2 2012	H2 2011	Change % on H2 2011	H1 2012	Change % on H1 2012
Revenue	**1 087**	716	51,8	**690**	377	83,0	**397**	**73,8**
Operating profit	**59**	38	55,3	**39**	22	77,3	**20**	**95,0**
Operating margin (%)	**5,4**	5,3		**5,7**	5,8		**5,0**	

International logistics (ZAR)

R million	2012	2011	Change %	H2 2012	H2 2011	Change % on H2 2011	H1 2012	Change % on H1 2012
Revenue	**11 247**	6 848	64,2	**7 088**	3 639	94,8	**4 159**	**70,4**
Operating profit	**598**	350	70,9	**396**	194	104,1	**202**	**96,0**
Operating margin (%)	**5,3**	5,1		**5,6**	5,3		**4,9**	

Imperial Logistics International achieved an outstanding result and the strong performance in the first half continued into the second half of the year, not only as a result of the Lehnkering acquisition but also due to new contract gains and solid trading conditions in Germany. Imperial Logistics International's key markets, namely steel, automotive manufacturing, chemicals and export industries in Germany, performed well and their growth exceeded our expectations. Revenue growth was experienced across all major business units. Excluding the contribution from Lehnkering, the revenue and operating profit grew 11% and 16%, in Euro terms, respectively.

The group's shipping activities, and that of Lehnkering, have been integrated into one unit, namely the Imperial Shipping Group. The division had an excellent year in a market where volumes were strong.

The integration of the newly acquired Lehnkering was successful and it performed in line with expectations. Lehnkering will, subsequent to its integration into the group be housing all our chemical industry logistics activities in Europe, except for shipping. This includes warehousing, road transport and chemical manufacturing services.

Panopa, which provides parts distribution and in-plant logistics services to automotive, machinery, and steel manufacturers, performed well. Contract gains and renewals, combined with a solid market especially in the automotive and machinery segment, were the main drivers of growth and improved profitability.

Neska performed satisfactorily and benefited from increased volumes on the back of increased export and import activity. Despite the European economic crisis, transshipment volumes in the bulk segment remained stable. The paper, liquid chemical and food segments experienced growth. Although container volumes were strong, rates remain subdued.

Gross capital expenditure of R344 million was incurred. This is higher than the prior year, but in line with the growth being achieved in this division.

Risks and opportunities

Risks	Opportunities
• Change in transport flows	• Drive for efficiency in the logistics supply chain
• Exchange rates	• Environmentally friendly logistics solutions
• Decreasing foreign trade growth	• Exposure to industries with good medium- to long-term growth prospects
• European economic crisis	• Trend to outsourcing
	• Following our customer base into other geographies

Divisional review continued

Sustainability

Our people

The availability of skilled staff is crucial for the success of our business. Imperial Logistics International supports skills development on various levels in many areas including language training, logistics and accounting.

In Poland, Panopa has collaborated closely with the University of Poznan and developed a logistics degree at bachelor and master's levels. To date, numerous Panopa employees have received this qualification. Other businesses within the Imperial Logistics International group sponsor university studies for employees.

The most important skills development initiative involves training school-leavers in line with Germany's 'Duales System' (dual system), which helps young people to gain professional knowledge and experience while studying theory. Roughly 8% of the company's total staff complement is currently participating in these programmes.

While broad-based black economic empowerment is a model specific to South Africa, the integration of people from different cultures is equally important in Europe where the labour market is open to all people living in countries in the European Union. It is vital to gain access to skilled workforces outside home markets, particularly in Germany which has a large contingent of people approaching retirement. Imperial Logistics International has a diverse workforce of different nationalities and diversity and cultural awareness training programmes play a central role in ensuring the seamless integration of these cultures into a unified workforce.

Quality, environment, health and safety

Imperial Logistics International is committed to the highest quality, environment, health and safety (QEHS) standards, as these affect the wellbeing of the company's employees, the quality and service delivered to its customers, and its impact on the environment.

All divisions meet internationally acknowledged standards including:

- Guidelines on occupational safety and health management: NLF/ILO-OSH 2001
- Specifications for occupational health and safety management: OHSAS 18000
- Standards related to environmental management: ISO 14001
- Standards related to quality management systems: ISO 9001
- Guidelines on safety and security for customs procedures: AEO (Authorised Economic Operator).

Certain divisions also meet with customer-specific requirements. Panopa, for example, has VDA (Verband Deutsche Automobilhersteller/Association of Germany Automotive Manufacturer) 6.2. certification, a requirement for service providers in the automotive industry.

Continuous risk analysis processes monitor adherence to occupational health and safety standards and measure performance in this area.

Issues of energy efficiency and green logistics are a key priority in the European market. With a focus on intelligently networking all carriers and by expanding its intermodal division Neska directs commodities to its terminals and many goods are transported by truck only for the final leg of their destination.

The former Lehnkering Shipping Services is registered with the Oil Companies International Marine Forum (OCIMF) and holds Tanker Management Self-Assessment certification for environmental and safety management performance. It is the only inland shipping company to hold a level 2 category in this regard.

The Cologne branch of Neska and the Imperial Shipping Group specialise in the proper storage and handling of animal feed. TÜV Rheinland confirmed the companies' compliance with the internationally recognised GMP+ standard. It covers all aspects of manufacture, including trade, collection, storage and transshipment of animal feed.

In 2011/12, six tankers and one gas tanker of the Imperial Shipping Group received the Green Award for high ecological standards. An application for further vessels has been submitted.

Key macro and performance drivers

Macro drivers	Performance drivers
• German GDP growth	• Cost control and efficiencies
• Export growth out of Germany	• Strict asset management
• Global trade growth	• Working capital efficiency
• Business and industrial activity	• Return on invested capital
• Infrastructure efficiency	
• Fuel price	

Outlook and strategic objectives

The strong growth experienced in our international logistics division over the past three years has created a substantial base for further growth. The Lehnkering acquisition and the favourable terms of the financing arrangements will make a positive impact on the results for the coming financial year as it will make a contribution for the full year. Despite the economic crisis in Europe, we are positive about the medium-term prospects of our international logistics business. It is well positioned in attractive niches in the logistics industry in Germany and acquisitions could be a further growth driver. Our management in Germany continues to be vigilant in assessing the situation across Europe in order to be able to react to any significant developments that affect our related business and volumes.

Strategic objectives

- Maximise position in current niches and segments
- Take advantage of trend to outsourcing
- Pursue acquisitions in areas we currently operate – mainly through consolidation and diversification
- Follow our customer base into other geographies, eg Eastern Europe, South America

Divisional review continued

CAR RENTAL AND TOURISM

Osman Arbee
CEO of car rental division and chairman of tourism, motor dealership and automotive parts distribution division

Moeketsi Mosola
CEO of tourism division

Highlights

Revenue up 15% in spite of tough market conditions

Europcar voted Africa's leading car hire company at the 2011 World Travel Awards for the sixth consecutive year

Edusport, which contributed significantly to the division during its first full reporting year, secured the sale of packages for the 2014 FIFA World Cup

Europcar acts as lead sponsors of Green Office Week in South Africa

Successfully rebranded our commercial vehicle rental business to Europcar Van Rental

Opened Europcar Learning Centre which will host training of 1 100 employees

Divisional overview

The car rental side of the division rents vehicles to corporate, government, leisure, insurance, replacement and inbound tourism customers. The defleeted used cars are sold in the market by Autopedigree. Accident damaged vehicles are repaired by in-house panel shops. This model helps to optimise our position in the motor value chain and enhances our returns.

The tourism side of the division services the local and international customers with business and leisure products, and sports tourism incentive packages. It has a fleet of 88 coaches.

Key indicators

	Growth %	2012 Rm	2011 Rm
Revenue	15	**3 801**	3 313
Profit from operations	8	**380**	351
Operating margin (%)		**10,0**	10,6
Net operating assets	(4)	**2 429**	2 522
Revenue to net operating assets (times)		**1,6**	1,3
Revenue relating to sales of goods to inventory (times)		**4,5**	3,0
Weighted average invested capital	3	**2 659**	2 594
Return on invested capital (%)		**10,0**	9,7
Weighted average cost of capital (%)		**8,7**	8,7
Net capital expenditure	65	**601**	365
Number of new and used vehicles sold		**7 885**	8 646
Number of vehicles for hire		**16 599**	17 026
Number of employees		**3 046**	3 058
Number of used car dealerships		**56**	66

Divisional review continued

Operating units

The car rental division comprises three business units: car rental, used car sales and panel shops.

Car rental

The core car rental brands are Europcar and Tempest Car Hire. Europcar operates in South Africa, Botswana, Namibia, Swaziland and Lesotho, with a focus on delivering service excellence in line with global standards, while Tempest Car Hire covers the price-sensitive market, mainly offering compact and economy vehicles.

The car rental business also includes a number of niche rental brands. These include Europcar Van Rental; Europcar Chauffeur Drive; Maui/Britz, which focuses on camper homes and 4x4 vehicles; Holidayautos (associate), a broking business which specialises in local and international outbound leisure car rentals; and Gage Car Hire, a broking business which specialises in the insurance vehicle replacement market.

Used car sales

Imperial's strategy is to dispose of the majority of its car rental fleet into the retail market by offering consumers affordable, low-mileage vehicles and a range of value-adding services including finance (via joint ventures and financial institutions) and insurance. This is done primarily through Auto Pedigree, the largest used car dealer network in South Africa with 68 branches. Complementary businesses in the used car sales entity include AA Autobay, which facilitates the private sale of vehicles between individuals online and through a branch network, and Imperial Auto Auctions which specialises in motor vehicle auctions.

Panel shops

Imperial's panel shops include Imperial Auto Body, Imperial Proteam Autobody and Danmar Autobody, which collectively service the car rental fleet, other motor vehicle businesses within the Imperial group, the consumer market and leading insurance companies. Imperial Auto Body houses four major structural repair shops, four speed-repair shops, a salvage administration unit and an assessment centre, while Danmar Autobody has a well-established industry reputation and is the approved supplier for major motor vehicle manufacturers that include Mercedes-Benz, Land Rover, Jaguar, Toyota, Volkswagen, Hyundai, Kia, Ford, Mazda and Nissan, amongst others. Leveraging synergies with the car rental business, Danmar customers can drop off damaged vehicles for assessments at selected branches and collect a rental car from Europcar. The panel shops procure all their parts requirements from Imperial dealerships.

Market conditions

The car rental market remains highly competitive. The pressure on rental rates, which was mainly created by the oversupply of vehicles subsequent to the 2010 FIFA World Cup, is however easing, as market capacity is better utilised due to improved demand in certain sectors. Rates in the international inbound and leisure rental markets are still depressed. The depressed international economic environment, especially in Europe continues to affect inbound tourism volumes.

The used car market is sluggish due to the recent influx of a number of affordable entry-level vehicles into the market, which compete in a similar price-bracket with low-mileage used vehicles. This has placed the Auto Pedigree business under pressure during the year.

Competition in the panel shop industry is high, and is exacerbated by the country's low motor vehicle insurance penetration levels.

The tour operating market is yet to recover from the economic downturn and low levels of inbound tourism that persists. In addition, the market saw an influx of touring buses for the 2010 FIFA World Cup and this has led to a sharp increase in competition, particularly from small, low-overhead, owner managed operators who can compete aggressively on price.

Results

R million	**2012**	2011	Change %	**H2 2012**	H2 2011	Change % on H2 2011	**H1 2012**	**Change % on H1 2012**
Revenue	**3 801**	3 313	14,7	**1 862**	1 646	13,1	**1 939**	**(4,0)**
Operating profit	**380**	351	8,3	**170**	153	11,1	**210**	**(19,0)**
Operating margin (%)	**10,0**	10,6		**9,1**	9,3		**10,8**	

The division performed well in the second half notwithstanding a sluggish used vehicle market. Trading conditions in the car rental business improved with utilisation at 71% and revenue per day increasing by 4%. The average rental fleet size was 8% up from last year, mainly due to higher demand. Both volumes of international inbound and local leisure remained subdued.

The tourism side of the business is divided into tour operations, transport and sports and events.

Tourism and tour operations	Transport	Sports and events
Tour operations During the year, Springbok Atlas Tours, Eastgate Safaris' and Grosvenor Tours' inbound touring operations restructured and were consolidated to form the Springbok Atlas touring division. This division specialises in inbound leisure and incentive tours, providing services that include escorted coach tours, self-drive and tailormade tours, luxury tailormade and specialist business travel, and game drive and transport services.	Springbok Atlas Luxury Charter and Springbok Atlas Passenger Transport have a fleet of 88 vehicles in South Africa that range from microbuses to luxury coaches and large buses. It specialises in coach charter and contract passenger transport.	Edusport is a relatively new addition to the company, having been acquired in March 2011. The year under review represents its first full year of reporting. It specialises in inbound and outbound sports travel, school travel and corporate incentive travel. It has exclusive appointments to some of the world major sporting events.

Retail unit sales at Auto Pedigree were lower with operating margins also depressed. This had a negative impact on the overall divisional margins. The stock position at Auto Pedigree has improved significantly and organisational improvements in the business were necessary. The business performance is now expected to improve.

The panel business performed below expectation, but its performance improved in the latter part of the year following management and structural changes.

Low inbound tourism volumes persist and the inbound tour operator business has been restructured and consolidated to reduce costs. The coach charter fleet has also been reduced to improve utilisation in a market that is oversupplied. Edusport and Grosvenor Tours performed well with the former benefiting from arranging outbound tours to the Rugby World Cup in New Zealand.

Risks and opportunities

Car rental

Risks	Opportunities
• Weakness in local and international travel	• Increasing revenue per day
• Weak economic growth in southern Africa and Europe	• Seek new revenue sources
• Organised crime	• Increasing fleet utilisation
• Change in international distribution channel	• Rental of commercial vehicles
• Stronger online brokers	• Chauffeur service
• New public transport system	• Leveraging off Europcar, National and Alamo networks
• Low barriers to entry	• Exploiting new source markets ie emerging markets
• Increase in interest rates	

Divisional review continued

Risks and opportunities continued

Auto Pedigree

Risks	Opportunities
• Weak economic growth in South Africa	• Wholesale and auction market
• Affordable new cars	• Sale of value-added products and financial services
	• Increase in new car prices

Panel shops

Risks	Opportunities
• Increased cost of labour	• Cross-selling opportunities with group companies
• Parts availability	• Retaining and growing business from insurance companies
• Fragmented industry	• Growing market share

Tourism

Risks	Opportunities
• Exchange rate and interest rate fluctuations	• Expansion into contract-based passenger transport market
• Weak economic growth in South Africa	• Targeting new tourism markets for southern Africa
• Depressed economies in source markets affecting international travel eg Europe	• Business tourism and conferencing
• Organised crime	• New revenue sources through value-added services
• Low barriers of entry in tourism market	

Sustainability

Our people

The car rental business invests in a learnership programme to bring young, historically disadvantaged recruits into the business. During the year 81 employees participated in learnership programmes, 43 of whom were female. During the year 41 learners completed the self-funded learnership programme and of these 20% were absorbed by the business into various positions. A new intake of 36 unemployed graduates were signed up for the programme during the year. We continue to invest extensively in training for panel shop artisans on an ongoing basis.

During the year, 3 122 employees benefited from a range of training initiatives that focus on this area of the business.

Transformation and employment equity continue to be a focus across all businesses, with Tempest Car Rental and Europcar achieving level 2 and level 3 B-BBEE accreditations respectively.

Safety is an important issue for drivers and workshop employees in the touring operations and transport charter businesses. Ongoing training and strict maintenance systems and standards have contributed to an outstanding safety record and there were no significant accidents or safety related incidents in these businesses during the year.

The division's skills development spend increased by 49% during the year.

Our impact on the environment

The car rental and tourism industry's key environmental impacts arise from fuel emissions and vehicle wash bays. Recognising the importance of managing this impact responsibly, businesses within this division have invested in a number of environmental programmes.

In line with Imperial's water conservation management and efficiency strategy to reduce fresh water consumption by improving water use efficiencies and water recycling, the car rental and tourism vehicle wash bays are increasingly using water recycling facilities. 100 million litres of water was saved at the Europcar and Tempest Car Hire facilities.

The car rental divisions also reduce carbon emissions through the recycling of various waste streams including windshields, tyres, oil, paper and consumer waste that includes paper, tin, plastic and glass.

Europcar cut their energy use significantly as part of their carbon emission reduction strategy. The company sponsored South Africa's Green Office Week for the third consecutive year, matching every indigenous tree that was purchased or planted by participants.

Springbok Atlas continued its partnership with Ezemvelo KZN Wildlife on the Conservation on Wheels programme, which promotes biodiversity education among rural communities and children. During the year 3 600 children benefited from the programme.

Commitment to our customers

The car rental and tourism division services a wide range of customers, from corporates and insurance companies, to travel agents and private individuals. The needs of these customers vary significantly across the various different businesses and customer service remains critical to all operations. In a highly competitive industry, it is a key point of differentiation and all businesses conduct ongoing customer service indexing to track service levels, identify areas for improvement for the training of staff.

Key macro and performance drivers

Macro drivers	Performance drivers
• SA and international economic growth	• New contract gains
• Consumer spending	• Price escalations and yield management
• Interest rates	• Customer service
• Exchange rates	• Cost control, fleet utilisation and efficiencies
• New vehicle supply and pricing	• Maximising return on capital
• Differential between new and used car pricing	
• Licensing and toll fees	
• Fuel price	

Outlook and strategic objectives

In a competitive car rental market, we are focused on improving brand awareness and yield management, while optimising our fleet size and managing costs even tighter. Used vehicle demand is expected to improve on the back of a weaker currency as the gap between the cost of new and used vehicles widens. Results from our tourism operations will continue to be affected by global economic conditions.

Strategic objectives

Car rental

- Continue to build on the global Europcar brand
- Manage costs tightly and improve utilisation
- Improve return on invested capital
- Maximise positioning in commercial vehicle rental
- Grow unit sales in Auto Pedigree's target market
- Improve contribution from panel shops to divisional results

Tourism

- Continuously look to enrich our tourism businesses
- Grow international inbound and outbound channels through partnerships
- Streamline the business to be competitive

Divisional review continued

DISTRIBUTORSHIPS

Manny de Canha
CEO of Associated Motor Holdings

Daan van der Linde
CEO of Imperial parts division

Highlights

Exceptional performance with operating profit up 33%

Car parc of imported brands continues to grow with well-established brands like Hyundai and Kia

Hyundai Elantra – voted SA car of the year 2011; Kia Picanto was voted number two

Goscor acquired 51% of Hi-Reach Manlift distributing Genie aerial work platforms (cherry pickers)

Acquisition of 70% of Datadot, a business that installs microdots as a security identification system used in the detection of theft

Acquisition of 67,5% of Bobcat – leading distributor of compact equipment for the mining and construction industries. Their offering includes the sale, rental and after-market support for their products

The autoparts businesses continue to perform solidly and generate healthy returns

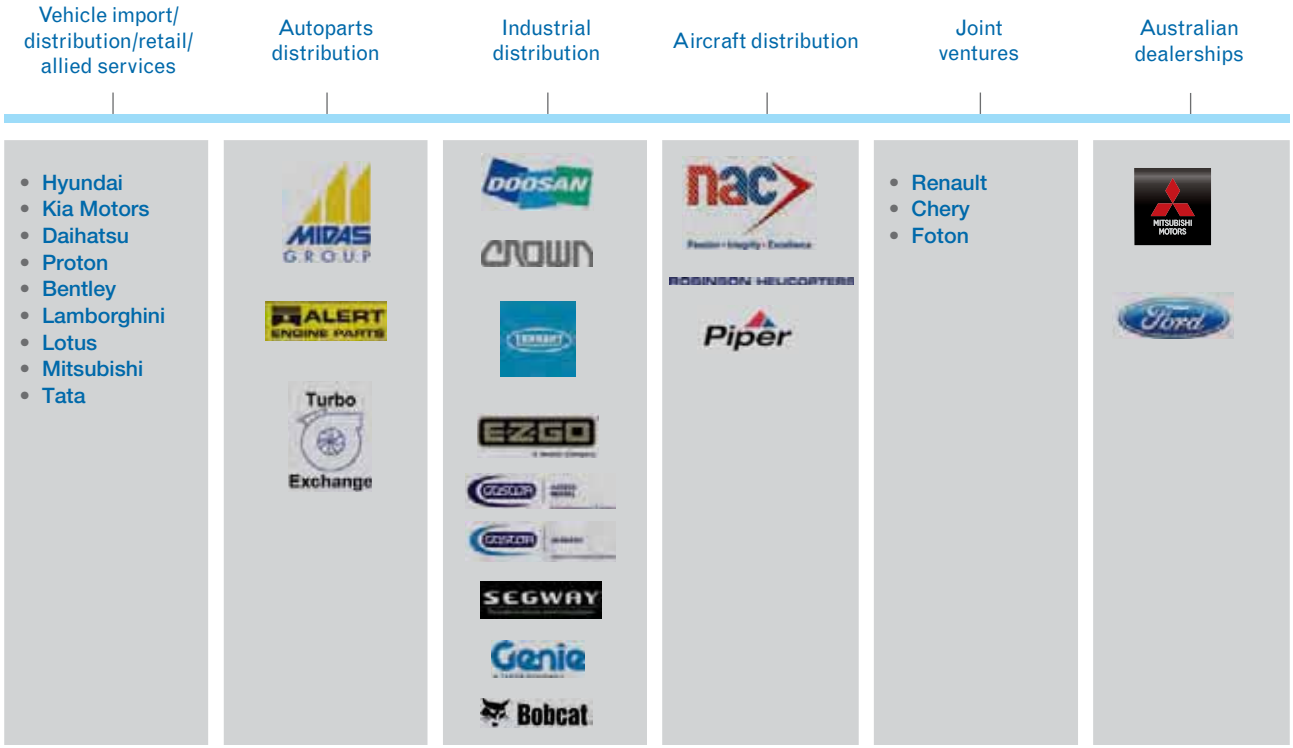
Divisional overview

The distributorships division comprises a number of individual businesses that import and distribute a range of passenger and light commercial vehicles, automotive products and parts, industrial equipment and motorcycles on behalf of local and international principals. NAC, which offers a comprehensive range of general aviation services to the fixed wing and helicopter market, is also housed in this division.

A number of individual brands are housed within the division and many of them compete against each other. While they are reported together under the division, they are managed under separate dedicated management teams.

The division comprises six operating units: vehicle import, distribution, retail and allied services; autoparts distribution; industrial distribution; aircraft distribution; joint ventures; and Australian dealerships.

Distributorships



Key indicators

	Growth %	2012 Rm	2011 Rm
Revenue	29	**28 318**	21 947
Profit from operations	33	**2 456**	1 844
Operating margin (%)		**8,7**	8,4
Net operating assets	46	**7 933**	5 447
Revenue to net operating assets (times)		**3,6**	4,0
Revenue relating to sales of goods to inventory (times)		**4,4**	4,4
Weighted average invested capital	29	**7 708**	5 961
Return on invested capital (%)		**21,9**	22,2
Return on invested capital (based on core earnings) (%)		**22,0**	22,2
Weighted average cost of capital (%)		**9,9**	10,0
Net capital expenditure	12	**383**	342
Number of new vehicles sold		**72 745**	65 428
Number of used vehicles sold		**36 204**	31 455
Number of aircraft sold		**57**	45
Number of employees	9	**8 669**	7 931
Number of dealerships		**112**	85

Divisional review continued

Operating units

Vehicle import, distribution, retail and allied services

This unit imports and distributes a number of motor vehicle and motorcycle brands to a dealer network through approximately 112 owned and a number of independent dealers across South Africa. Motor vehicle brands include Hyundai, Kia, Daihatsu, Mitsubishi, Tata, Lamborghini, Bentley, Lotus and Proton. A well-established retail network facilitates a comprehensive after-sales service that includes financial services, vehicle services, parts supply and accessories. The division also imports Kawasaki, Aprilla and Triumph motorcycles and related accessories.

The division expanded its activities into the importation and distribution of electric personal transporters through the acquisition of 60% of Segway and in security identification of vehicles through the acquisition of 70% of Datadot. Datadot installs micro dots used in the detection of motor vehicle theft and are also used to identify and protect motorcycles, trailers, marine craft, home, business and personal assets.

Outdoor media company, Graffiti, specialises in vehicle and truck branding and a range of wrapping solutions for the advertising industry.

Autoparts distribution

Autoparts distribution is involved in wholesaling and distributing vehicle parts and accessories for motor vehicles that are generally outside manufacturer warranty and service plans. The division includes Midas, which sells parts and accessories through more than 500 owned or franchised retail outlets, workshops, fitment centres, distribution centres and warehouses. Alert Engine Parts is one of the largest distributors of engine components. Its range spans top-quality house brands and those from original equipment manufacturers, and services the southern African automotive after-sales market. Turbo Exchange is a highly specialised and leading distributor and refurbisher of turbochargers.

Industrial distribution

This division is aligned to Imperial's strategy of growing its business in other industries that complement its existing distribution expertise. It includes the Goscor Group, which imports, distributes and rents forklifts, cherry pickers and cleaning equipment and specialised welding, tooling, and powered products, and provides after-sales parts and services for a range of represented brands. Its brands include Crown, Bendi, Doosan, Tenant and now Genie.

Goscor recently acquired 51% of Hi-Reach Manlift, which is the sole distributor in South Africa of the Genie range of mobile elevating work platforms, cherry pickers and other related equipment. It also acquired 80% of Goscor Access Rental, through which products in Goscor Hi-Reach are rented.

The newly acquired Bobcat, a leading supplier of compact equipment into the construction, mining and agricultural sectors. There are inherent synergies between Goscor and Bobcat including cross-selling opportunities.

E-Z-GO, a distributor of golf carts. Its market includes golf courses and estates, as well as the healthcare and hospitality industries.

Market conditions

Strong growth continued in the motor vehicle market throughout the financial year to June 2012. The market benefited from improving bank approval rates, low interest rates, real growth in disposable income and low vehicle inflation. In total, the South African vehicle market has improved for the 12 months to June 2012 by 13%. An increase in the number of affordable, quality entry-level brands contributed to the growth in new vehicle sales.

The average age of vehicles in southern Africa's eight million car parc is 12 years. This benefits the autoparts business which captures the market of vehicles older than five years and those outside warranty or service plans. Some pressure on discretionary products, like camping equipment and accessories, was experienced.

Trading conditions within the industrial distribution market were positive, and the division benefited from the strong order book and growth in market share of Goscor's products.

Aircraft sales have improved on the back of improved demand and increasing bank availability for finance of this asset class.

Aircraft distribution (NAC)

Through NAC Imperial offers a full range of aviation services that include new and used aircraft sales, maintenance, flight operations, pilot training and chartering to the fixed wing and helicopter markets. It is an authorised dealer and distributor for Bell and Robinson Helicopters, Piper, Diamond, Tecnam, Pacific Aerospace, Daher-Socata, Dassault Falcon, Embraer, Kodiac Quest, Nextant 400XT and Netjets. It is also an authorised service centre for Hawker and Beechcraft.

Joint ventures

Through joint venture agreements with Renault SAS France, Tata Motors India and the Bidvest Group, Imperial distributes Renault and Chery/Foton motor vehicles.

Australian dealerships

Through the Australian dealerships division, Imperial has six Ford dealerships in Sydney, Australia, a Ford parts distribution centre and a Mitsubishi dealership.

Results

R million	2012	2011	Change %	H2 2012	H2 2011	Change % on H2 2011	H1 2012	Change % on H1 2012
Revenue	**28 318**	21 947	29,0	**14 728**	10 904	35,1	**13 590**	**8,4**
Operating profit	**2 456**	1 844	33,2	**1 294**	1 028	25,9	**1 162**	**11,4**
Operating margin (%)	**8,7**	8,4		**8,8**	9,4		**8,6**	

This division had an exceptional year with operating profit up 33%. In South Africa, new vehicle registrations as reported to NAAMSA by Associated Motor Holdings (AMH) and Amalgamated Automobile Distributors (AAD) were 20% higher, compared to a market increase of 13%. The improved stock availability of key models has allowed this division to gain market share in the second half. Unit sales were up 34% in the second half versus the prior year. As a result, our imported brands have strengthened their market positions significantly. The growing vehicle parc of our imported brands will secure good future levels of after-market activity for our dealerships, which are performing better.

Divisional review continued

Margins improved due to positive operating leverage and the growing after-market parts and service business. Our strategy of hedging our imports assisted in dealing with a weakening currency.

The Australian dealerships performed well with new retail unit sales increasing by 2% while used vehicle sales were 21% up.

In the autoparts division, Midas continues to perform satisfactorily, although some pressure on discretionary products like camping equipment and accessories was experienced. The engine parts businesses performed well and Turbo Exchange made a full year contribution versus four months in the prior year.

The Goscor Group performed very well, trading ahead of expectations. Crown and Doosan continue to increase their market share whilst maintaining a strong order book. Graffiti and E-Z-GO performed satisfactorily, whilst businesses like Carfind, KMSA, Segway and Datadot continue to grow.

The newly acquired Bobcat, a leading supplier of compact equipment into the construction, mining and agricultural sectors, complements our existing offering of quality products and after-sales service. There are inherent synergies between Goscor and Bobcat as well as cross-selling opportunities and it is a valuable addition to this division.

NAC performed better with aircraft sales increasing on the back of higher demand and increasing availability of bank funding for this asset class. The group has entered into negotiations for the possible sale of NAC as our aviation interest in the context of the group is very small.

Risks and opportunities

Risks	Opportunities
• Interest rate increases	• Expand value-added product sales (financial services, parts and service)
• Sustained Rand weakness	• Increase industry diversification
• Availability of consumer credit	• Optimise positioning in motor value chain
• Increased competition	• Expansion of parts business into Africa including Malawi, Zimbabwe, Zambia, Botswana and Mozambique.
• Reliance on key distribution relationships	• Untapped growth potential in truck parts industry

Sustainability

Our people

Skills development and transformation are focus areas for the division.

Associated Motor Holdings has extensive training programmes covering HERSETA accredited technical training, management programmes through business schools and customised middle management training programmes leading to NQF level 5 qualification.

The autoparts industry struggles to attract an influx of young people, and this presents potential succession and skills pipeline challenges. The division mitigates these risks by investing heavily in learnership, apprenticeship and other intake programmes.

During the year 96 learners completed their training, while 139 apprentices were trained. Product training continues to be implemented on an ongoing basis, through the division's importers.

The division continued to focus on improving its B-BBEE scorecard during the year, and good inroads were made in improving the diversity of lower and middle management. Across the division's companies, B-BBEE levels continue to improve. Midas is currently a level 3 B-BBEE contributor and our other distribution businesses are making steady progress in improving their ratings as well.

Our impact on the environment

Businesses in the division are involved in various initiatives to manage and reduce their environmental impact. For example, Midas has a partnership with the Rose Foundation to collect used oil and oil filters. Other businesses have implemented projects to install low-energy lighting in various premises and new planned premises will be underpinned by green building techniques and principles.

Commitment to our customers

The distributorships division services a broad range of customers, and each business manages customer relationships individually. Customer satisfaction indices are run on a regular basis by each company.

Key macro and performance drivers

Macro drivers	Performance drivers
• Economic growth	• Vehicle sales
• Bank credit extension	• Market share
• Interest rates	• Brand awareness
• Emerging middle class	• Cost containment and overhead absorption
• Ageing car parc	• Sales of value-added products
• Regulatory landscape	• Capital management
• Exchange rates	
• Employment growth	

Outlook and strategic objectives

Strategic objectives

- Increase market share in the SA vehicle market
- Grow annuity-type income from parts, service and after-sales activity
- Expand product range in auto parts and industrial distribution businesses
- Add more industrial brands to current distribution network
- Identify acquisition opportunities in new areas of distribution and services related to existing activities and new areas like mining and engineering

The growth rate of new vehicle sales in South Africa is expected to slow as the base is now substantially higher; however the recent reduction in interest rates will support demand. Despite the recent weakening of the currency, cars remain affordable as vehicle price increases lag inflation. The growth in the car parc of our brands will enable us to earn increasing annuity income streams from parts and service activities. Businesses that augment and are allied to our motor-related activities should also continue to grow.

The autoparts business is not affected directly by new vehicle sales and should continue to perform solidly as initiatives to expand its product range and geographic footprint bear fruit. Goscor will continue performing well as it capitalises on a strong order book, growth in its rental business and after-sales maintenance opportunities.

Divisional review continued

AUTOMOTIVE RETAIL

Philip Michaux
CEO of automotive retail

Divisional overview

The automotive retail division comprises commercial, passenger and light commercial dealerships in South Africa, commercial and van dealerships in the United Kingdom, and non-OEM products which include Beekman, Jurgens Ci and Safari Centre.

Highlights

Very good performance – operating profit up 15%

Level 3 or 4 B-BBEE rating for major brands, including Mercedes-Benz, Volkswagen, Toyota, Jurgens Ci and Beekman Canopies

Beekman Canopies performed well and increased market share

Imperial Toyota gained significant brand exposure through sponsorship of South Africa's Toyota Motorsport Hilux team in the 2012 Dakar Rally

Key indicators

	Growth %	2012 Rm	2011 Rm
Revenue	14	**19 560**	17 150
Profit from operations	15	**573**	497
Operating margin (%)		**2,9**	2,9
Net operating assets	5	**2 755**	2 631
Revenue to net operating assets (times)		**7,1**	6,5
Revenue relating to sales of goods to inventory (times)		**7,5**	7,4
Weighted average invested capital		**3 174**	2 924
Return on invested capital (%)		**12,0**	12,2
Weighted average cost of capital (%)		**9,8**	9,7
Net capital expenditure	192	**228**	78
Number of new and used vehicles sold		**55 427**	49 143
Number of new vehicles sold		**36 196**	30 563
Number of used vehicles sold		**19 231**	18 580
Number of employees	4	**6 590**	6 364
Number of dealerships		**110**	113

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AUTOMOTIVE RETAIL

South African dealerships		UK dealerships	Non-OEM products
Passenger and light commercial	Commercial South Africa	Commercial United Kingdom	Accessory and leisure

Cargo Motors
Mercedes-Benz
Dodge
Jeep
Mitsubishi Motors
Chrysler
Imperial Honda
Honda
Opel
Imperial
Chevrolet
Isuzu
BMW
Mini
Hyundai
Volkswagen
Audi
Ford
Imperial Ford & Mazda
Mazda
Jaguar
Land Rover
Fiat
Imperial Nissan
Nissan
Renault
Imperial Toyota
Toyota
Lexus

Cargo Motors
Freightliner
Mercedes-Benz
Fuso
Imperial
Isuzu Trucks
UD Trucks
MAN
Imperial Toyota
Hino
Imperial Commercials

Imperial Commercials
DAF
Renault Trucks
Hino
Mackworth
Fiat Professional
Nissan
Volkswagen Commercial Vehicles
MAN
Ford
Isuzu Trucks

Beekman
Jurgens Ci
Jurgens
Safari
Gypsey
Sprite
Campworld
Howling Moon
WJ Motorhomes
Safari Centre 4x4 Stores

Management report

Divisional review continued

Operating units

South African dealerships

The South African dealerships unit is involved in the sale of new and used motor vehicles in the commercial, passenger and light commercial vehicle markets. It also includes the sale of related financial services (which is reported under the financial services division), parts and vehicle servicing. Franchised dealerships represent virtually every major OEM brand, including Audi, BMW, Chevrolet, Chrysler, Dodge, Ford, Freightliner, FUSO, Hino, Honda, Hyundai, Isuzu, Jaguar, Jeep, Land Rover, Lexus, MAN, Mazda, Mercedes-Benz, Mini, Mitsubishi, Nissan, Opel, Renault, Toyota, UD Trucks, Volkswagen and Volvo. There are also 14 standalone commercial vehicle dealerships.

UK dealerships

In the United Kingdom the automotive retail division is involved exclusively in the commercial vehicle market, from light commercial to medium, heavy and extra-heavy commercial vehicles. It sells new and used vehicles and vans as well as related financial services, parts and servicing. There are 28 franchised dealerships representing major brands that include Volkswagen, Isuzu, Nissan, Fiat, Ford, DAF, Hino and MAN.

Non-OEM products

Through Beekman Canopies and Jurgens Ci, Imperial manufactures and sells caravans, canopies and related products.

Beekman Canopies is one of two major canopies manufacturers in South Africa. Two facilities, located in the Western Cape and North West provinces, manufacture over 100 models of fibreglass canopies and related accessories.

Jurgens Ci is a major caravan manufacturer in South Africa. A parts and accessories business imports camping-related products which are distributed through a Campworld dealer network of 36 branches.

Jurgens Ci houses major brands including Jurgens, Jurgens Safari, Sprite Gypsey, Howling Moon, WJ Motor Homes and Campworld. During the year the company acquired Prestige Safari Centre, offering a one-stop shop for 4x4 accessories and outdoor equipment.

Market conditions

Conditions remained good in the South African motor industry during the year under review. Recovery in the commercial vehicle market and the growth in new vehicle sales have been driven by improving bank approval rates, low interest rates, real growth in disposable income and low vehicle inflation. The luxury vehicle market was, however, less buoyant and the used car market was sluggish.

Market conditions in the United Kingdom were very competitive but the division's specialised focus on commercial vehicles, introduction of vans into its dealerships and the leading brands it represents stood it in good stead.

Reduced consumer spending on leisure activities affected sales in the caravan and outdoor equipment market.

Results

R million	**2012**	2011	Change %	**H2 2012**	H2 2011	Change % on H2 2011	**H1 2012**	**Change % on H1 2012**
Revenue	**19 560**	17 150	14,1	**9 683**	8 628	12,2	**9 877**	**(2,0)**
Operating profit	**573**	497	15,3	**312**	280	11,4	**261**	**19,5**
Operating margin (%)	**2,9**	2,9		**3,2**	3,2		**2,6**	

The division performed well and produced good growth in operating profit for the year. The operating margin was also maintained at a healthy 2,9%. New passenger car and LCV sales of the division rose 17%, ahead of growth in this segment of the vehicle market, which was up 13%. There was a notable shift in the mix to entry-level vehicles. As a result, the mid-priced and luxury vehicle markets were less buoyant.

The narrowing gap between new and used vehicle prices affected used vehicle sales, with volume growth subdued in a generally sluggish market.

The commercial vehicle market in SA, which tends to lag the growth in the passenger car market also improved during the period, with a 13% rise in unit sales across all brands.

Growth in after-sales parts and service revenue was slow but the strong growth in new car sales over the last few years bodes well for the future.

In the UK, the truck dealerships performed well despite a market that remained depressed. The strategy to add an LCV business to our existing footprint is very successful and contributed positively.

Beekman Canopies performed well, with sales up on last year. Sales volumes at Jurgens Ci were however lower due to a caravan market that is suffering from lower consumer spending on leisure activities.

Risks and opportunities

Risks	Opportunities
• Interest rate increases	• Growing middle class in South Africa
• Sustained currency weakness	• Group business and improved inter-group synergies
• Low economic growth	• Expand camping-related product sales in SA
• Declining consumer spend and credit appetite	• Growth of Jurgens in Australian market
• Key OEM relationships	• Growth in supply of vehicles to full maintenance lease business
	• Leverage off streamlined network of dealerships and well-balanced portfolio
	• Growing parts and service revenues contributed from increase in motor vehicle car parc

Sustainability

Our people

Skills development, transformation and safety are the key driving human resource-related issues for businesses operating in the automotive retail division.

In line with its skills development strategy, the business continues to invest in ongoing apprenticeship programmes to secure a steady pipeline of technical skills. During the year, it opened two new apprentice schools. Both the Wadeville and Cape Town facilities have training capacity in both diesel and petrol, and will complement the existing petrol training centre in Germiston. These new centres have tripled the company's training capacity, from 500 to 1 500 apprentices.

The division continues to drive the transformation agenda. While progress was made in the area of employment equity, this area requires ongoing focus, both from an attraction and a retention point of view. The majority of franchises operating in the division are either level 3 or 4 B-BBEE contributors.

Our impact on the environment

In line with Imperial Holdings' increased focus on environmental sustainability, businesses within the automotive retail division measure and report on carbon emissions, water usage, biodiversity and waste management.

The brands and businesses within the automotive retail division are involved in a variety of initiatives to support environmental awareness and sustainability.

Commitment to our customers

Businesses within the automotive retail division service a wide range of customers, from the vehicle manufacturers to corporates and the end-consumer. Customer service to each of these groups is of paramount importance to retaining market share and fostering mutually beneficial relationships.

Businesses within the division conduct independent customer satisfaction surveys on an ongoing basis, and franchises assessed externally by manufacturers to ensure they meet the customer service standards and sales expectations of the brand. Businesses also track and respond to customer service complaints posted through various social media channels.

Key macro and performance drivers

Macro drivers	Performance drivers
• GDP and employment growth	• New business gains – fleet and full maintenance leasing
• Availability of bank finance	• Sale of value-added products
• Interest rates	• Customer service index

Divisional review continued

- New vehicle supply and pricing
- Cost control and efficiencies
- Pending legislation and toll roads
- Capital management
- Fuel price

Outlook and strategic objectives

Although the motor vehicle market enjoyed good growth, the rate of growth is expected to slow. The recent reduction in interest rates will however support demand for new cars. Despite the recent weakening of the currency, cars remain affordable as vehicle price increases lag inflation.

With a streamlined network of dealerships and a well-balanced portfolio, the focus will be on organic growth and optimising synergies between the key components of vehicle sales, related financial services and parts and service.

In the non-OEM businesses, the division will continue to focus on growth in the steel body market, expand its manufacturing activities into new market segments in order to counter the stagnant caravan sales market, and increase the penetration of sales of parts and accessories.

Strategic objectives

- Target best in industry returns and operating margins
- Focus on organic growth and optimising synergies between vehicle sales, related financial services and parts and service
- Increase parts and accessory sales in Jurgens
- Jurgens is actively expanding its manufacturing activities in order to counter the stagnant caravan sales market. It is now also active in the manufacture of canvas products, road and off-road trailers, canopies and truck bodies

Divisional review continued

FINANCIAL SERVICES

Jurie Strydom
CEO of Regent Insurance Group

David Smith
CEO of LiquidCapital

Highlights

Regent individual life business performed well, with net premium income up 16%

Strong performance from Regent's Lesotho and Botswana subsidiaries

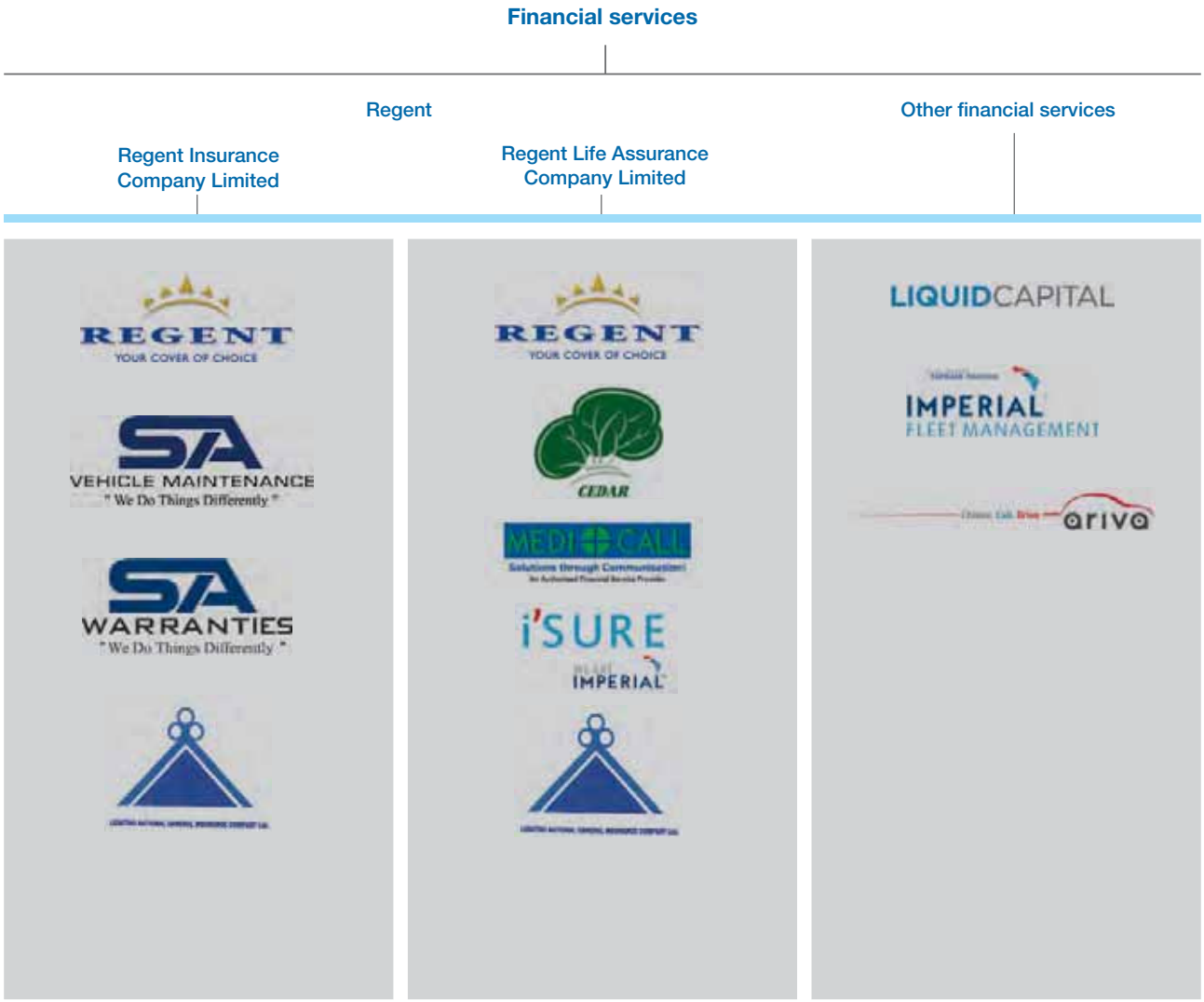
Excellent performance from other financial services with LiquidCapital the major contributor

A joint venture saw Regent appointed underwriter for Clicks Financial Services, which is well-positioned to sell insurance products to its approximately three million Club customers

LiquidCapital launched the new Ariva product, a private leasing joint venture initiative with a leading listed retail group, providing alternative funding solutions for the entry level car market

LiquidCapital saw continued growth in policy sales, with funds under management exceeding R2 billion and representing over 600 000 active contracts

Investment in and enhancement of LiquidCapital's core competence in fleet management and administration



Divisional overview

The financial services division is central to Imperial's strategy of optimising its position in the vehicle-sales value chain. It provides customers with a range of financial services and products, from vehicle financing via joint venture alliances to insurance and maintenance plans, and leverages off Imperial's strong distribution and retail network capability in the motor vehicle industry.

In addition to these vehicle-related financial services, the division also sells life and short-term insurance products to the broader South African market.

The financial services division is separated into the businesses that fall under Regent Insurance, and those that are grouped under Other financial services, the primary business of which is LiquidCapital.

Imperial's motor retail and distribution businesses have cell captives with Regent. For reporting purposes, the results of these are included in the financial services division.

The division also includes Imperial Fleet Management, a joint venture alliance with WesBank, through which we offer full maintenance leasing (FML) solutions to clients.

Divisional review continued

Operating units

Regent

Regent is Imperial's insurance business and offers a range of life and short-term insurance products to Imperial's customers, as well as the broader market.

In the short-term insurance market, Regent's offering spans a range of specialised products that provide cover to meet the unique needs of business and individual customers. Offerings include cover for passenger cars, commercial vehicles, travel, property, goods-in-transit, accident and health, amongst others.

As a part of the vehicle-sales value chain Regent's short-term insurance business also underwrites extended warranties, credit shortfall, tyre cover and paint and dent protection. It also manages a significant book of warranty funds.

The primary channels through which these products are sold include banks and dealers, brokers, a call centre and through LiquidCapital.

Regent's life business offers specialist niche life insurance products to individuals and groups, targeting the emerging market. With a historical base and strong position in the credit life market, Regent has expanded its life product range to include funeral cover and savings products. Through Cedar Employee Benefits, Regent also offers a range of employee benefits and consulting services.

Other financial services

LiquidCapital is the most significant contributor to the other financial services business. Positioned as a one-stop-shop for motor-related financial services products, it provides a full suite of value-added financial products and vehicle financing solutions.

LiquidCapital primarily leverages Imperial's extensive dealer network to market and sell its products. Call centres act as a secondary sales channel for LiquidCapital products and also provide an important sales channel for Regent's products. The company's direct consumer-facing channel, launched in the current year, has gained traction and brand recognition in the consumer market.

The business is also involved in contract maintenance, roadside assistance, service plans and vehicle maintenance products which it develops and administers in-house. It has some 600 000 active contracts under management.

During the year LiquidCapital launched the new Ariva product, a private leasing joint venture initiative with a leading listed retailer JD Group. The product provides alternative motor vehicle financing solutions to the entry level car market.

Fleet management is an additional focus area within other financial services. Imperial Fleet Management (IFM), a joint venture with WesBank, provides funding, insurance, sourcing, maintenance, disposal, leasing, logistical fleet management and value-adding services.

LiquidCapital manages its own demonstration and rental fleet of around 8 000 vehicles. It also delivers back-office services to IFM.

Market conditions

Insurance underwriting conditions were weaker than the prior year, particularly in the short-term industry. Investment markets were also less favourable with lower interest rates and volatile equity markets.

The current cycle in the motor industry favours our financial services division as high levels of new contracts are generated, which provides a valuable growing annuity earnings underpin to our earnings.

Results

	2012	2011	Change %	H2 2012	H2 2011	Change % on H2 2011	H1 2012	Change % on H1 2012
Insurance								
Revenue	**3 112**	2 808	10,8	**1 631**	1 454	12,2	**1 481**	**10,1**
Operating profit	**419**	525	(20,2)	**206**	275	(25,1)	**213**	**(3,3)**
Adjusted investment income	**175**	206	(15,0)	**95**	63	50,8	**80**	**18,8**
Adjusted underwriting result	**244**	319	(23,5)	**111**	212	(47,6)	**133**	**(16,5)**
Operating margin	***13,5***	*18,7*		***12,6***	*18,9*		***14,4***	
Underwriting margin	***7,8***	*11,4*		***6,8***	*14,6*		***9,0***	
Other financial services								
Revenue	**887**	601	47,6	**535**	316	69,3	**352**	**52,0**
Operating profit	**356**	235	51,5	**225**	140	60,7	**131**	**71,8**
Operating margin (%)	***40,1***	*39,1*		***42,1***	*44,3*		***37,1***	
Total financial services								
Revenue	**3 999**	3 409	17,3	**2 166**	1 770	22,4	**1 833**	**18,2**
Operating profit	**775**	760	2,0	**431**	415	3,9	**344**	**25,3**
Operating margin (%)	***19,4***	*22,3*		***19,9***	*23,4*		***18,8***	

The financial services division as a whole performed satisfactorily.

Regent's underwriting result declined 24% from R319 million to R244 million. The primary driver behind the underwriting result was a deteriorating claims experience in the short-term motor comprehensive business and certain other specialised lines. The performance of Regent's other significant product lines in the short-term insurance business (Adcover, Paintech and Warranties) performed better and showed growth from the prior year. Regent disposed of its marine and aviation insurance books during the second half of the year.

The individual life business had an excellent year, with gross written premiums up 16% for the year.

Regent Botswana and Regent Lesotho also performed well.

Investment returns were lower year on year, reflecting the low interest rate environment. Regent's exposure to equity markets increased from the prior year but still remains low relative to our exposure to interest-bearing investments.

The growth in other financial services was exceptional and it performed ahead of expectation. LiquidCapital has benefited from its exposure to the motor industry, which has shown strong growth especially in the entry-level segment of the market where our distributorships division is well positioned. The growth in the number of new maintenance plans written on the back of the strong new vehicle market provides a valuable annuity earnings underpin to our future profits.

The value of the advances book generated in our joint ventures with financial institutions to provide financing for vehicles has grown encouragingly, as have the funds under service, maintenance plans, warranties and roadside assistance.

The release from the funds created on the sale of service and maintenance plans was significantly higher than prior years due to a change in accounting estimate. Due to the lack of history, these releases have previously been accounted for at the end of a specific contract's life. As these funds have now been in the group for a number of years with a good history of trends and claims experience, we have changed our accounting estimate on recognising these releases throughout the contract life, resulting in a normalised additional operating profit of R117 million in this year.

Volumes in Imperial Fleet Management are improving with a good pipeline of new business.

Divisional review continued

Key indicators

	Growth %	2012 Rm	2011 Rm
Revenue	17	**3 999**	3 409
Profit from operations	2	**775**	760
Adjusted investment income	(15)	**175**	206
Adjusted underwriting result	(24)	**244**	319
Other financial services	52	**356**	235
Operating margin (%)		**19,4**	22,3
Weighted average invested capital	1	**1 809**	1 783
Return on invested capital (%)		**31,4**	29,4
Weighted average cost of capital (%)		**12,2**	12,4
Return on embedded value – Life assurance (%)		**18,8**	20,8
Solvency ratio – short-term (%)		**43,7**	46,4
Capital adequacy ratio – Life assurance		**4,4**	4,2
Net capital expenditure		**307**	(33)
Number of employees	4	**1 090**	1 045
Number of policies sold			
– Short-term policies		**378 863**	368 795
– Life policies		**219 207**	239 170

Risks and opportunities

Risks	Opportunities
• Increased competition	• Leverage synergies between group companies
• Volatile investment markets	• Continue to launch innovative new products
• High claims experience	• Further expansion of sales channels and distribution reach
• Management of changing regulatory environment	• Growing relationships with business partnerships
• Policy lapse rates	• Continued expansion into lower and middle- income groups
	• Growth of Ariva and alternative vehicle financing opportunities
	• Growth in the fleet business

Sustainability

Our people

The attraction, development and retention of skills are key priorities in the financial service division.

During the year Regent focused on the development of management and leadership, with ongoing participation in continuing developments.

LiquidCapital's dedicated training centre continued to focus on upskilling call centre agents in sales skills, product knowledge and accreditation training in line with Financial Services Board (FSB) requirements. In total, 220 employees participated in training programmes run through the centre during the year. Call centre agents also benefited from on-the-job coaching and mentoring. Several managers participated in the group's management development programme as well as various other training sessions.

LiquidCapital and Regent improved their overall B-BBEE ratings to level 3 and level 4 respectively.

Our impact on the environment

By nature the financial services industry has a low direct impact on the environment and is therefore not a material focus area for Imperial's financial services businesses.

However, in line with a group-wide commitment to sustainability and environmental responsibility, both Regent and the other financial services businesses track and report on a range of environmental indicators including power, water and paper usage.

Commitment to our customers

Customer service, the protection of customer rights and the importance of meeting ongoing customer needs are important to the financial services division.

Customer service is an important differentiator in a competitive market and a key focus area for all the division's businesses, the majority of which conduct regular customer satisfaction indexing surveys to measure and improve upon customer service levels.

Various pieces of legislation govern customer rights, including the Consumer Protection Act, and the proposed Treating Customers Fairly and Protection of Personal Information Bills. Imperial's financial services businesses comply with all current customer-related legislation and have implemented proactive plans to prepare for proposed legislation. For example, during the year LiquidCapital commissioned an external audit on customer data security which involved intensive penetration testing.

Key macro and performance drivers

• Macro drivers	• Performance drivers
• Economic growth	• Distribution channels and retention of clients
• Interest rates	• Customer satisfaction
• Motor vehicle sales	• Maximising return on capital
• Regulation	• Assumed risk and reinsurance
• Disposable income	• Economies of scale
• Underwriting cycles	• Innovation

Outlook and strategic objectives

Whilst underwriting conditions are unpredictable, earnings in the financial services division should grow in the future. We have not yet reached our full potential in this market and there is still significant opportunity in this area of the group due to our positioning in the motor industry. Regent's investment portfolio continues to be conservatively managed.

LiquidCapital will continue leveraging its position by innovating new products and partnerships to create new sources of revenue and growth. It will generate growing annuity earnings on the back of new business being placed on its book in the current strong vehicle sales cycle.

Strategic objectives

Regent	Other financial services
• Improve operating and cost management efficiencies	• Develop and grow alternative affordable financial channels for entry-level market motor vehicle buyers
• Optimise the motor product offering and leverage the position of the Imperial group	• Leverage and develop additional core competencies in fleet services and managed maintenance
• Continue to develop the life insurance business offering in the emerging market	• Develop and grow the consumer-facing channel and entrench the brand
• Seek new strategic partnerships where we can leverage off each other's skills set and add value	• Seek new strategic partnerships where we can leverage off each other skills set and add value

"EXCELLENT FIRMS DON'T BELIEVE IN EXCELLENCE – ONLY IN CONSTANT IMPROVEMENT AND CONSTANT CHANGE"

Tom Peters

Abridged annual financial statements

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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, the AC 500 standards issued by the Accounting Practices Board and in the manner required by the South African Companies Act, 2008.

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 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 abridged annual financial statements, which have been prepared using information required by IAS 34 *Interim Financial Reporting*, set out on pages 90 to 122, are an extract of the audited consolidated annual financial statements. These consolidated annual financial statements are electronically available on the compact disc attached and on the group website at www.imperial.co.za.

The group's independent external auditors, Deloitte & Touche have confirmed that the abridged annual financial statements are derived from the audited consolidated annual financial statements and their unmodified report appears on page 89.

The abridged annual financial statements 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

21 August 2012

Preparer of abridged annual financial statements

These abridged annual financial statements have been prepared under the supervision of R Mumford CA(SA).

R Mumford
General manager group finance

21 August 2012

Report of the independent auditor to the shareholders of Imperial Holdings Limited on the abridged consolidated annual financial statements

The accompanying abridged consolidated annual financial statements set out on pages 90 to 122, which comprise the consolidated statement of financial position as at 30 June 2012, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and related notes, are derived from the audited consolidated annual financial statements of Imperial Holdings Limited for the year ended 30 June 2012. We expressed an unmodified audit opinion on those consolidated annual financial statements in our report dated 21 August 2012. Those consolidated annual financial statements, and the abridged annual financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The abridged consolidated annual financial statements do not contain all the disclosures required by International Financial Reporting Standards (IFRS). Reading the abridged consolidated annual financial statements; therefore, is not a substitute for reading the audited consolidated annual financial statements of Imperial Holdings Limited.

Directors' responsibility for the abridged consolidated annual financial statements

The directors are responsible for the preparation of the abridged consolidated annual financial statements in accordance with the framework concepts and the measurement and recognition requirements of IFRS, the AC 500 standards as issued by the Accounting Practices Board, the information as required by International Accounting Standard (IAS) 34 – *Interim Financial Reporting* and the requirements of the Companies Act of South Africa, 2008.

Auditor's responsibility

Our responsibility is to express an opinion on the abridged consolidated annual financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 – *Engagements to Report on Summary Financial Statements*.

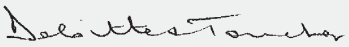
Opinion

In our opinion, the abridged consolidated annual financial statements derived from the audited annual financial statements of Imperial Holdings Limited for the year ended 30 June 2012 are consistent, in all material respects, with those financial statements, in accordance with the framework concepts and the measurement and recognition requirements of IFRS, the AC 500 standards as issued by the Accounting Practices Board, the information as required by IAS 34 *Interim Financial Reporting* and the requirements of the Companies Act of South Africa, 2008.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 30 June 2012, we have read the directors' report, the audit committee report and the remuneration report for the purpose of identifying whether there are material inconsistencies between those reports and the audited annual financial statements.

These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited annual financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.



Deloitte & Touche
Registered Auditors
Per MJ Comber
Partner

21 August 2012

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

National Executive: LL Bam (Chief Executive), AE Swiegers (Chief Operating Officer), GM Pinnock (Audit), DL Kennedy (Risk Advisory), NB Kader (Tax), L Geeringh (Consulting & Clients & Industries), JK Mazzocco (Talent & Transformation), CR Beukman (Finance), M Jordan (Strategy), S Gwala (Special Projects), TJ Brown (Chairman of the Board), MJ Comber (Deputy Chairman of the Board)

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

B-BBEE rating: Level 2 contributor in terms of the Chartered Accountancy Profession Sector Code

Member of Deloitte Touche Tohmatsu Limited

Report of the audit committee

for the year ended 30 June 2012

The audit committee has pleasure in submitting this report, which has been approved by the board and has been prepared in accordance with the South African Companies Act No 71 of 2008 (the Act) and incorporating the recommendations of King III.

Members of the audit committee and attendance at meetings

The audit committee consists of the non-executive directors listed below and meets at least four times per annum in accordance with its charter. All members are suitably skilled and experienced and act independently as described in the Act. The members of the committee in respect of the year ended 30 June 2012 comprised Mr MJ Leeming (chairman), Ms P Langeni, Mr RJA Sparks and Mr Y Waja (the committee), all of whom are independent non-executive directors of the company and whose appointments were approved by shareholders at the AGM held on 1 November 2011.

The same members are being recommended by the board for appointment for the financial year ending 30 June 2013. Their appointments are being put to shareholders for approval at the next AGM on 31 October 2012. The abridged curricula vitae of the members are included on pages 22 to 24 of the integrated annual report.

During the year under review, four meetings were held and attendance of those meetings is set out in the table below.

Member	Meetings attended
MJ Leeming (Chairman)	4
P Langeni	4
RJA Sparks	4
Y Waja	4

Functions of the audit committee

The audit committee has adopted a formal charter, approved by the board, setting out its duties and responsibilities as prescribed in the Act and incorporating additional duties delegated to it, by the board. The group applies a combined assurance model.

The committee is satisfied that, for the 2012 financial year, it has performed all the functions required to be performed by an audit committee as set out in the Act and the committee's terms of reference.

The audit committee has discharged the functions in terms of its charter and ascribed to it in terms of the Act as follows:

- Reviewed the interim, preliminary and year-end group financial statements and abridged financial statements, and integrated report, culminating in a recommendation to the board to adopt them. In the course of its review the committee:
  - took appropriate steps to ensure the financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), the AC 500 standards and the requirements of the Act;
  - considered and, when appropriate, made recommendations on internal financial controls;
  - dealt with any concerns or complaints on accounting policies, internal audit, the auditing or content of group annual financial statements, and internal financial controls; and
  - reviewed matters that could have a significant impact on the organisation's financial statements.
- Reviewed external audit reports on the annual financial statements.
- Reviewed the board-approved internal audit charter. No amendments were recommended to the board by the committee.
- Reviewed and approved the internal audit plan.
- Reviewed internal audit and risk management reports and, where relevant, made recommendations to the board.
- Evaluated the effectiveness of risk management, controls and governance processes.
- Considered reports relating to legal compliance and litigation, reported cases of fraud, and whistleblowing reports.
- Reviewed sustainability requirements for external assurance of material sustainability issues.
- The committee has satisfied itself that the external auditors, Deloitte & Touche, are independent of the group and that the appointment of Mr MJ Comber as the designated auditor and IFRS adviser is in compliance with the Auditing Profession Act, 2005 and the Listings Requirements of the Johannesburg Securities Exchange Limited (JSE) and recommending their reappointment by shareholders.
- Approved audit fees and engagement terms of the external auditor.
- Determined the nature and extent of allowable non-audit services and approved contract terms for non-audit services by the external auditor.

The functions of the committee are also performed for each subsidiary company of Imperial Holdings Limited that has not appointed an audit committee, provided that the committee delegates the performance of such functions to subcommittees referred to as finance and risk review committees. Divisional finance and risk review committees have been constituted and these committees report significant issues to the group audit committee. Each divisional finance and risk review committee is chaired by an independent chairman with no operational role in the group.

Internal audit

The audit committee has oversight of the group's annual financial statements and reporting process, including the system of internal financial control. It is responsible for ensuring the group's internal audit function is independent and has the necessary resources, standing and authority in the organisation to discharge its duties. The committee oversees cooperation between internal and external auditors, and serves as a link between the board of directors and these functions. The head of internal audit reports functionally to the chair of the committee and administratively to the chief executive.

Attendance

The internal and external auditors, in their capacity as auditors to the group, attended and reported at all meetings of the audit committee. The group risk management function was also represented by the head of risk. Executive directors and relevant senior managers attended meetings by invitation.

Confidential meetings

Audit committee agendas provide for confidential meetings between committee members and the internal and external auditors.

Independence of the external auditor

During the year the audit committee reviewed a representation by the external auditor and, after conducting its own review, confirmed the independence of the auditor, Deloitte & Touche.

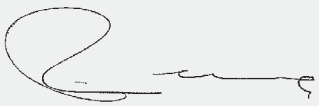
Expertise and experience of financial director and the finance function

As required by 3.84(h) of the JSE Listings Requirements, the audit committee has satisfied itself that the financial director, Mr AH Mahomed, has the appropriate expertise and experience.

In addition, the committee satisfied itself that the composition, experience and skills set of the finance function met the group's requirements.

Discharge of responsibilities

The committee determined that during the financial year under review it had discharged its legal and other responsibilities as outlined in its terms of reference. The board concurred with this assessment.



MJ Leeming
Chairman
21 August 2012

Remuneration committee report

for the year ended 30 June 2012

Chairman's message

Imperial has always maintained a balanced remuneration policy, seeking to remunerate its executives and employees fairly, without losing sight of the changes in the market, the influence of society in general, and the social circumstances in the countries in which we operate.

Our reports in past years have aimed to give stakeholders a transparent view of executive remuneration in our group and we aim to continue doing so. We have also taken note of the need by various stakeholders in JSE listed companies for greater transparency in communicating the drivers of remuneration levels.

For this reason we have enhanced our remuneration report by providing additional disclosures regarding the measurements employed in determining the level of short-term incentives paid as well as vesting of long-term incentives.

We trust that this report will provide adequate and relevant information to all our stakeholders and invite stakeholders to interact with us if the disclosures contained in this report can be further enhanced to provide meaningful insight to all stakeholders.

TS Gcabashe
Chairman of the committee
21 August 2012

Governance

Role of the committee

The remuneration and nomination committee's (the committee) duties include providing the board with advice and guidance regarding:

- accurate and transparent disclosure of directors' remuneration;
- the composition of the board to enable it to execute its duties effectively;
- the establishment and implementation of remuneration policies in relation to non-executive directors, executive directors and other executives' remuneration to ensure that the company remunerates directors and executives fairly and responsibly;
- approval of the general composition of remuneration packages and the criteria for and amounts of bonus and incentive awards of executives;
- increases to non-executive directors' fees;
- significant changes to the group pension and provident funds and medical aid schemes;
- the administration of share-based incentive schemes;
- the development and implementation of formal succession plans for the board, chief executive officer and senior management appointments;
- the establishment of a formal process for the appointment of directors and the identification of suitable members of the board; and
- induction and ongoing training and development of directors.

Membership of the committee

The members of the committee during the year were Mr TS Gcabashe (Chairman), Ms SL Botha, Ms P Langeni, Mr RJA Sparks and Mr A Tugendhaft, all of whom are non-executive directors. Mrs SL Botha was appointed as a member of the committee with effect from 1 January 2012. The board considered the position of chairman of the committee, which is also chaired by the board chairman, and is of the opinion that the best interests of the company and of shareholders are served by not appointing a separate chairman who is not also the board chairman.

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.

The committee had four meetings during the past financial year.

The table details attendance of committee meetings during the year.

Member	Meetings attended
TS Gcabashe*	4
SL Botha*	2/2
P Langeni*	4
RJA Sparks*	4
A Tugendhaft	4

**Independent*

Our remuneration policy

Our remuneration policy was approved by shareholders at the annual general meeting held on 1 November 2011 and is again being put to shareholders at the annual general meeting to be held on 31 October 2012 for approval by non-binding advisory vote.

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 and it is framed around the following key principles:

- Total rewards are set at levels that are responsible and competitive within the relevant market;
- 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

Executives' remuneration comprises the following principal elements:

- Base salary
- Annual incentive bonus
- Long-term incentive and retention schemes, both share and cash-based
- Other non-cash benefits

The committee seeks to ensure an appropriate balance between the fixed and performance-related elements of executive 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.

Fixed remuneration

The fixed remuneration of each executive is set to be responsible and competitive compared to similar companies, which are comparable in terms of size, market sector, business complexity, and international scope.

When determining annual base salaries, factors taken into account include inflation and salary trends, company performance, individual performance and changes in responsibilities.

Incentive bonuses

All executives 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 each bonus based on performance criteria set at the start of the performance period. The criteria differ depending on the position of each executive and the division in which each operates and include:

- Core earnings per share and divisional operating profit growth targets.
- Return on invested capital targets.
- Black economic empowerment and employment equity targets.
- Divisional returns.
- A discretionary component comprising no more than 20% of the total. This component allows the committee to make adjustments in circumstances which could not be foreseen at the start of the period or are not in the control of a particular executive, such as a general market downturn or the demise of a significant competitor, which could affect divisional performance downwards or upwards beyond the control of the executive in question.

In respect of certain key individuals, long-term retention arrangements have been entered into, linked to individual and business performance, which arrangements mature up to June 2013.

Long-term incentive schemes

The group employs three long-term share incentive plans as well as a long-term Cash Retention Plan (CRP) and participation in the schemes by executives is based on criteria set by the committee. The share-based schemes are:

- Share Appreciation Rights Scheme (SAR)
- The Conditional Share Plan (CSP)
- The Deferred Bonus Plan (DBP)

Remuneration committee report continued

for the year ended 30 June 2012

Allocation model

Allocations of SAR and DBP are made annually based on the following criteria:

- Performance of the participant
- The job grading of the participant
- Key retention considerations regarding participants.

The quantum of allocations of SAR and DBP is calculated using a model developed by PricewaterhouseCoopers and is determined on the basis of the expected value of an allocation expressed as a percentage of total cost to company fixed remuneration. This percentage allocated is determined by retention considerations and the job grading of the participant, which also determines whether a participant receives SAR and DBP or only SAR.

The schemes embody the following elements:

The SAR

Selected participants receive annual grants of share appreciation rights, 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 being met. The performance conditions and performance period are determined by the board on an annual basis in respect of each new grant of rights. The SAR vest after three years and must be exercised within four years from vesting.

The current performance targets employed in the SAR are the achievement of specified targets set by the committee for growth in the company's core earnings per share, relative to the growth in core earnings per share or HEPS of a selected peer group of 20 JSE listed companies and the return on invested capital of Imperial Holdings (ROIC) compared to its weighted average cost of capital, over a three year performance period.

For each grant of SAR, 50% of the SAR awards are subject to the achievement of the core EPS performance condition and 50% of the SAR awards are subject to the achievement of the ROIC performance condition. The extent to which each performance condition has been met is determined on the vesting date as follows:

Core EPS condition

- If the core EPS of the company is below the lower quartile of the selected peer group, 0% of the SARs subject to the core EPS condition vest.
- If the core EPS of the company is equal to the lower quartile of the selected peer group, 30% of the SARs subject to the core EPS condition vest.
- If the core EPS of the company is equal or above the upper quartile of the selected peer group, 100% of the SARs subject to the core EPS condition vest.
- Linear vesting occurs between 30% and 100% depending on the company's performance relative to the peer group if the company falls in the second or third quartile.

ROIC condition

- If the average ROIC for the company over the performance period is lower than the average weighted average cost of capital (WACC) of the company over the performance period, none of the SARs subject to the ROIC condition vest.
- If the average ROIC over the performance period is equal to the average WACC over the performance period, 30% of the SARs subject to the ROIC condition vest.
- If the average ROIC over the performance period is equal or above a predetermined target percentage, all of the SARs subject to the ROIC condition vest.*
- Linear vesting occurs between 30% and 100% depending on the company's performance if ROIC is between WACC and the target percentage.

**The target percentage for ROIC is expressed as WACC plus 4% in 2012.*

The targets and measuring terms relating to each issue are detailed in a letter of grant. After vesting, the rights may be exercised by a participant within a predetermined period and 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 the issue of new shares or lastly by settling the value in cash.

The Conditional Share Plan (CSP)

The CSP is utilised in exceptional circumstances only. Employees 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 to date.

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). On the condition that the participant remains in the employ of the group and retains the bonus shares over a fixed three-year period a matching award of Imperial shares is made on vesting. A participant remains the owner of the bonus shares for the duration of the three-year period and enjoys all shareholder rights in respect of the bonus shares. Bonus shares can be disposed of by the participant at any stage, but the matching award is not made to the extent that the bonus shares are sold 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 the issue of new shares or lastly by settling the value in cash.

Cash Retention Plan (CRP)

Selected participants receive annual grants of Cash Retention Plan rights, which are conditional rights to receive a cash payment. This scheme is designed to supplement SAR awards. Vesting of rights is subject to performance conditions being met. The performance conditions and performance period are determined by the board on an annual basis in respect of each new grant of rights and these are specifically tailored to drive divisional profitability.

The performance targets employed in the CRP issued to date are the achievement of specified divisional and group targets set by the committee for growth in profit before interest and tax (PBIT), relative to a performance period target determined by the committee and the return on invested capital of the participant's division (ROIC) compared to its weighted average cost of capital of the particular business unit, over a three year performance period.

For each grant of CRP, 50% of the awards are subject to the achievement of the PBIT performance condition and 50% of the awards are subject to the achievement of the ROIC performance condition. The extent to which each performance condition has been met is determined on the vesting date and linear vesting takes place between nil and 100%.

The targets and measuring terms relating to each issue are detailed in a letter of grant and are independently verified prior to vesting.

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, DBP and CRP. Non-executive directors may not be awarded rights in any of the incentive schemes.

A total of 11 631 363 share appreciation rights remain unexercised in terms of the SAR scheme at an average price of R102,01 per share. A total of 747 271 DBP rights have been taken up and a further 111 930 remain unexercised. No rights have been allocated in terms of the CSP.

Hedge

The group hedges its exposure to deliver shares in terms of share based long-term incentive schemes by taking out hedges or buying back shares to avoid dilution associated with the issue of shares. All past awards have been fully hedged through the purchase of call options except for the 2009 award in respect of which Imperial bought back shares which are being held as shares repurchased and will be utilised in respect of shares that have to be delivered in 2012.

Retirement schemes

Executives participate in contributory retirement schemes which include pension and provident funds established by the group. Executive retirement is governed by their retirement scheme rules subject to the ability of the company to enter into fixed term contracts to extend the services of any executive within certain prescribed limits.

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 maintained car, provident fund contributions, medical insurance, death and disability insurance. The provision of these benefits is considered to be market competitive for executive positions.

Remuneration committee report continued

for the year ended 30 June 2012

Succession policy and plans

The committee formally considers succession plans for executives and regularly reviews identified successors for key positions in the group.

External appointments

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

Directors' and prescribed officers' service contracts

Directors' and prescribed officers' contracts are all terminable on between one and three months' notice, with the exception of that of GW Riemann, who is employed on a fixed-term contract that terminates at the earliest on 30 June 2013.

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

Directors' remuneration

Non-executive directors' fees

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 after consideration of the fees paid by comparable companies, responsibilities taken by the non-executive directors and considerations relating 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 and fees for services on committees as follows:

– Chairman*	R368 500	(2011: R346 000)
– Deputy chairman*	R185 000	(2011: R173 250)
– Board member	R185 000	(2011: R173 250)
– Assets and liabilities committee chairman*	R97 500	(2011: R91 500)
– Assets and liabilities committee member	R65 000	(2011: R61 000)
– Audit committee chairman*	R212 300	(2011: R181 500)
– Audit committee member	R106 700	(2011: R91 000)
– Risk committee chairman*	R100 500	(2011: R94 000)
– Risk committee member	R67 000	(2011: R63 000)
– Remuneration and nomination committee chairman*	R97 500	(2011: R91 500)
– Remuneration and nomination committee member	R65 000	(2011: R61 000)
– Social, ethics and sustainability committee chairman*	R97 500	(2011: R91 500)
– Social, ethics and sustainability committee member	R65 000	(2011: R61 000)

** Paid in addition to members' fee.*

Executive directors receive no directors' or committee fees for their services as directors in addition to their normal remuneration as employees.

Directors' fees for the next year

At the annual general meeting to be held on 31 October 2012, members will be requested to approve the following increases in non-executive directors' remuneration by special resolution in terms of section 66(9) of the Companies Act, 2008, as amended, granting authority to pay fees for services as directors, which shall be valid with effect from 1 July 2012 until the next annual general meeting of the company as follows:

– Chairman*	from R368 500 to R394 000
– Deputy chairman*	from R185 000 to R198 000
– Board member	from R185 000 to R198 000
– Assets and liabilities committee chairman*	from R97 500 to R104 000
– Assets and liabilities committee member	from R65 000 to R69 500
– Audit committee chairman*	from R212 300 to R227 000
– Audit committee member	from R106 700 to R114 000
– Risk committee chairman*	from R100 500 to R107 000
– Risk committee member	from R67 000 to R72 000
– Remuneration and nomination committee chairman*	from R97 500 to R104 000
– Remuneration and nomination committee member	from R65 000 to R69 500
– Social, ethics and sustainability committee chairman*	from R97 500 to R104 000
– Social, ethics and sustainability committee member	from R65 000 to R69 500

** Paid in addition to members' fee.*

Non-executive directors also receive fees for services on divisional boards and financial and risk review committees. In arriving at the proposed fees, cognisance was taken of market trends and the increased responsibilities of non-executive directors in terms of new legal, governance and JSE requirements.

Executive directors' and prescribed officers' remuneration

The table below provides an analysis of the emoluments paid to executive and non-executive directors and prescribed officers of the company for the year ended 30 June 2012.

	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	2012 Total R'000	2011 Total R'000	Expected value of long-term incentive awards made in 2012 (note 2) R'000	Expected value of long-term incentive awards made in 2011 (note 2) R'000
Non-executive directors										
SL Botha					123	63	186			
T Dingaan (note 3)					185	410	595	558		
S Engelbrecht					185	67	252	236		
TS Gcabashe					553	227	780	732		
P Langeni					185	254	439	443		
MJ Leeming					185	506	691	617		
JR McAlpine								388		
V Moosa					185	162	347	326		
RJA Sparks					185	374	559	512		
A Tugendhaft					369	130	499	468		
Y Waja					185	580	765	653		
Total					2 340	2 773	5 113	4 933		
Executive directors										
OS Arbee	3 365	3 825	561	377			8 128	8 492	2 752	2 312
HR Brody	5 212	4 650	854				10 716	9 737	3 796	3 395
MP de Canha	3 807	4 585	620	5 159			14 171	8 156	3 093	2 474
RL Hiemstra	3 593	3 800	592	113			8 098	7 492		2 312
AH Mahomed	4 842	4 550	795				10 187	9 228	3 596	3 156
GW Riemann (note 4)	4 665	8 965	1 380	1 039		304	16 353	12 532		
M Swanepoel	3 412	3 500	695	180			7 787	7 232	2 655	2 312
Total	28 896	33 875	5 497	6 868		304	75 440	62 869	15 892	15 961
Total all directors	28 896	33 875	5 497	6 868	2 340	3 077	80 553		15 892	
Total all directors – June 2011	26 920	28 147	4 963	2 562	2 526	2 684		67 802		15 961
Prescribed officers (note 5)										
DD Gnodde*	2 408		389	5 058			7 855	6 203		1 809
PB Michaux	2 162	2 725	451	187			5 525	5 144	1 938	1 117
JJ Strydom**	1 965	2 250	195				4 410		1 727	859
Total prescribed officers	6 535	4 975	1 035	5 245			17 790	11 347	3 665	
Total prescribed officers – June 2011	4 814	5 620	811	102				11 347		3 785
Total June 2012	35 431	38 850	6 532	12 113	2 340	3 077	98 343	79 149	19 557	19 746

**Resigned effective 30 April 2012.*

***Appointed 22 February 2012.*

Notes

1. *Other benefits – These include the fringe benefit value of company cars, motorcar allowances, long-term performance based retention payments and a once off benefit paid to DD Gnodde on termination of his employment.*
2. *This represents the expected value of all long-term incentive awards made in the reporting year, which expected value is calculated using a Black Scholes valuation model and assuming that 50% of the relevant performance targets will be reached.*
3. *R410 000 is paid by Ukhamba Holdings (Pty) Limited in respect of its chairman's fees.*
4. *Overseas based – GW Riemann is employed in Germany and his salary is paid in Euro, based on the market conditions in that country.*
5. *Disclosure for prescribed officers in terms of the Companies Act, 2008 for the full financial year. Prescribed officers are persons, not being directors, who either alone or with others exercise executive control and management of the whole or a significant portion of the business of the company. Although King III recommends that the remuneration of the top three earners who are not directors should be disclosed, this recommendation has substantially been incorporated in the Act by the prescribed officer disclosure and for this reason no further disclosure has been made in addition to that prescribed in the Act.*

Remuneration committee report continued

for the year ended 30 June 2012

Incentive schemes

Executive directors and prescribed officers 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 and prescribed officers are set out below.

Participation in the Share Appreciation Rights Scheme

	Commencement date	Price on commencement date (Rand)	Number of rights*	Number of rights exercised	Number of rights remaining	Vesting date
Executive directors						
OS Arbee	5 June 2008	49,46	369 031	369 031		
	18 June 2009	55,32	91 507		91 507	15 September 2012
	2 June 2010	96,71	56 333		56 333	16 September 2013
	14 June 2011	116,59	23 377		23 377	7 September 2014
	13 June 2012	170,57	44 743		44 743	26 August 2015
HR Brody	5 June 2008	49,46	529 904	529 904		
	18 June 2009	55,32	154 700		154 700	15 September 2012
	2 June 2010	96,71	92 540		92 540	16 September 2013
	14 June 2011	116,59	35 750		35 750	7 September 2014
	13 June 2012	170,57	66 936		66 936	26 August 2015
MP de Canha	5 June 2008	49,46	369 033	369 033		
	18 June 2009	55,32	100 186		100 186	15 September 2012
	2 June 2010	96,71	60 275		60 275	16 September 2013
	14 June 2011	116,59	25 011		25 011	7 September 2014
	13 June 2012	170,57	47 876		47 876	26 August 2015
RL Hiemstra	5 June 2008	49,46	369 031	369 031		
	18 June 2009	55,32	93 590		93 590	15 September 2012
	2 June 2010	96,71	56 306		56 306	16 September 2013
	14 June 2011	116,59	23 377		23 377	7 September 2014
AH Mahomed	5 June 2008	49,46	506 850	50 000	456 850**	
	18 June 2009	55,32	143 761		143 761	15 September 2012
	2 June 2010	96,71	85 996		85 996	16 September 2013
	14 June 2011	116,59	33 223		33 223	7 September 2014
	13 June 2012	170,57	62 203		62 203	26 August 2015
M Swanepoel	5 June 2008	49,46	369 032	369 032		
	18 June 2009	55,32	83 578		83 578	15 September 2012
	2 June 2010	96,71	53 323		53 323	16 September 2013
	14 June 2011	116,59	23 377		23 377	7 September 2014
	13 June 2012	170,57	44 743		44 743	26 August 2015
Prescribed officers						
PB Michaux	5 June 2008	49,46	157 262	157 262		
	18 June 2009	55,32	49 915		49 915	15 September 2012
	2 June 2010	96,71	30 750		30 750	16 September 2013
	14 June 2011	116,59	12 200		12 200	7 September 2014
	13 June 2012	170,57	31 241		31 241	26 August 2015
JJ Strydom	5 June 2008	49,46	97 343	97 343		
	18 June 2009	55,32	75 744		75 744	15 September 2012
	2 June 2010	96,71	25 264		18 140	16 September 2013
	14 June 2011	116,59	9 384		9 384	7 September 2014
	13 June 2012	170,57	29 342		29 342	26 August 2015

** The number of rights that will eventually vest is subject to the achievement of performance conditions linked to core EPS targets relative to a peer group of 20 JSE listed companies and ROIC targets relative to weighted cost of capital, and could be fewer than the number granted.*

*** Lapses 15 May 2015.*

Participation in the Deferred Bonus Plan

	Allocation date	Number of rights allocated	Number of shares committed to the plan+	Number of rights forfeited	Balance available to be taken up	Vested during the year	Balance remaining	Vesting date
Executive directors								
OS Arbee	5 June 2008	30 969	8 447			8 447		
			2 219				2 219	15 September 2012
			7 758	12 545			7 758	15 September 2013
	18 June 2009	10 545	10 545				10 545	15 September 2012
	2 June 2010	6 961	6 961				6 961	16 September 2013
	14 June 2011	11 671	10 406	1 265			10 406	7 September 2014
	13 June 2012	6 727			6 727			26 August 2015
HR Brody	5 June 2008	45 096	18 732			18 732		
			8 106				8 106	15 September 2012
			9 966	8 292			9 966	15 September 2013
	18 June 2009	15 280	15 280				15 280	15 September 2012
	2 June 2010	9 858	9 858				9 858	16 September 2013
	14 June 2011	16 526	12 089	4 437			12 089	7 September 2014
	13 June 2012	8 178			8 178			26 August 2015
MP de Canha	5 June 2008	30 967	16 253			16 253		
			2 788				2 788	15 September 2012
			11 926				11 926	15 September 2013
	18 June 2009	11 545	11 545				11 545	15 September 2012
	2 June 2010	7 448	7 448				7 448	16 September 2013
	14 June 2011	12 486	10 712	1 774			10 712	7 September 2014
	13 June 2012	8 064			8 064			26 August 2015
RL Hiemstra	5 June 2008	30 969	13 773			13 773		
			8 074				8 074	15 September 2012
			8 902	220			8 902	15 September 2013
	18 June 2009	10 785	10 785				10 785	15 September 2012
	2 June 2010	6 958	6 958				6 958	16 September 2013
	14 June 2011	11 671	10 406	1 265			10 406	7 September 2014
AH Mahomed	5 June 2008	43 150	18 456			18 456		
			8 243				8 243	15 September 2012
			13 736	2 715			13 736	15 September 2013
	18 June 2009	14 200	14 200				14 200	15 September 2012
	2 June 2010	9 161	9 161				9 161	16 September 2013
	14 June 2011	15 358	11 783	3 575			11 783	7 September 2014
	13 June 2012	8 003			8 003			26 August 2015
M Swanepoel	5 June 2008	30 968	19 925			19 925		
			6 636				6 636	15 September 2012
			3 323	1 084			3 323	15 September 2013
	18 June 2009	9 631	9 631				9 631	15 September 2012
	2 June 2010	6 589	6 589				6 589	16 September 2013
	14 June 2011	11 671	9 641	2 030			9 641	7 September 2014
	13 June 2012	6 156			6 156			26 August 2015

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

Remuneration committee report continued

for the year ended 30 June 2012

Participation in the Deferred Bonus Plan continued

	Allocation date	Number of rights allocated	Number of shares committed to the plan+	Number of rights forfeited	Balance available to be taken up	Vested during the year	Balance remaining	Vesting date
Prescribed officers								
PB Michaux	5 June 2008	18 476	4 591			4 591		
			3 680				3 680	15 September 2012
			8 231	1 974			8 231	15 September 2013
	18 June 2009	4 867	4 867				4 867	15 September 2012
	2 June 2010	3 167	3 167				3 167	16 September 2013
	14 June 2011	5 251	5 251				5 251	7 September 2014
	13 June 2012	4 793			4 793			26 August 2015
JJ Strydom	5 June 2008	11 436	10 036			10 036		
			1 364	36			1 364	15 September 2013
	18 June 2009	3 973		3 973				15 September 2012
	2 June 2010	2 602	2 602				2 602	15 September 2012
	14 June 2011	4 039	4 039				4 039	15 September 2011
	13 June 2012	3 957			3 957			26 August 2015

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

Gains by directors and prescribed officers on DBP and SAR allocated in 2008, which vested and were exercised after 15 September 2011

Director/prescribed officer	2012 R'000	2011 R'000
Executive directors		
OS Arbee	**35 098**	
HR Brody	**39 542**	
MP de Canha	**22 763**	
RL Hiemstra	**41 483**	
AH Mahomed	**5 565**	
M Swanepoel	**26 021**	
Prescribed officers		
DD Gnodde	**10 083**	
PB Michaux	**11 387**	
JJ Strydom	**7 780**	

Directors' and prescribed officers' interests in shares

Director/prescribed officer	2012 Beneficial number of shares	2012 Non-beneficial number of shares	2011 Beneficial number of shares	2011 Non-beneficial number of shares
Non-executive directors				
MJ Leeming		4 928		4 928
RJA Sparks	40 000		40 000	
Y Waja	927		927	
	40 927	4 928	40 927	4 928
Executive directors				
OS Arbee	119 052		36 266	
HR Brody	191 203		64 942	
MP de Canha	1 512 160		1 107 812	
RL Hiemstra	45 135		48 492	
AH Mahomed	74 869		63 796	
M Swanepoel	53 744		46 104	
	1 996 163		1 367 412	
Prescribed officers				
DD Gnodde *			15 206	
PB Michaux	32 269		24 536	
JJ Strydom**	28 476			
	60 745		39 742	
Total	2 097 835	4 928	1 448 081	4 928

* *Employed up to 30 April 2012.*
** *Appointed 22 February 2012.*

Approval

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

Consolidated statement of financial position

at 30 June 2012

	Notes	2012 Rm	2011 Rm
ASSETS			
Intangible assets	2	**4 234**	1 823
Investment in associates and joint ventures	3	**889**	770
Property, plant and equipment	4	**8 080**	6 550
Transport fleet	5	**4 336**	3 627
Vehicles for hire	6	**2 321**	2 057
Deferred tax assets		**930**	661
Investments and loans	7	**2 433**	2 413
Non-current financial assets	8	**242**	244
Inventories	9	**9 218**	7 589
Tax in advance		**195**	138
Trade and other receivables	10	**9 275**	7 130
Cash resources		**3 545**	3 531
Total assets		**45 698**	36 533
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and share premium	11	**22**	9
Shares repurchased	12	**(220)**	(220)
Other reserves		**503**	111
Retained earnings		**14 361**	12 073
Attributable to Imperial Holdings' shareholders		**14 666**	11 973
Non-controlling interests		**1 223**	1 043
Total shareholders' equity		**15 889**	13 016
Liabilities			
Non-redeemable, non-participating preference shares	13	**441**	441
Retirement benefit obligations		**590**	233
Interest-bearing borrowings	14	**6 098**	6 302
Insurance, investment, maintenance and warranty contracts	15	**3 222**	2 465
Deferred tax liabilities		**1 107**	549
Non-current financial liabilities	16	**348**	323
Provisions for liabilities and other charges	17	**1 652**	1 358
Trade and other payables	18	**12 234**	10 116
Current tax liabilities		**468**	524
Current portion of interest-bearing borrowings	14	**3 649**	1 206
Total liabilities		**29 809**	23 517
Total equity and liabilities		**45 698**	36 533

Consolidated income statement

for the year ended 30 June 2012

	Notes	2012 Rm	2011 Rm
Revenue		**80 830**	64 667
Net operating expenses		**(73 402)**	(58 646)
Profit from operations before depreciation and recoupments		**7 428**	6 021
Depreciation, amortisation, impairments and recoupments		**(1 790)**	(1 495)
Operating profit		**5 638**	4 526
Impairment of properties, net of recoupments		**(32)**	7
Amortisation of intangible assets arising on business combinations		**(128)**	(15)
Foreign exchange gains (losses)		**16**	(33)
Fair value losses on foreign exchange derivatives		**(26)**	(18)
Business acquisition costs		**(51)**	
Fair value gain on Lereko Mobility (Pty) Limited call option			279
Exceptional items	19	**(12)**	(46)
Profit before net financing costs		**5 405**	4 700
Finance costs including fair value gains and losses	20	**(736)**	(697)
Finance income	20	**55**	143
Income from associates and joint ventures	3	**46**	34
Profit before tax		**4 770**	4 180
Income tax expense	21	**(1 382)**	(1 272)
Net profit for the year		**3 388**	2 908
Net profit attributable to:			
Equity holders of Imperial Holdings Limited		**2 980**	2 562
Non-controlling interests		**408**	346
		3 388	2 908
Earnings per share (cents)	22		
Basic earnings per share		**1 552**	1 346
Diluted earnings per share		**1 474**	1 266

Consolidated statement of comprehensive income

for the year ended 30 June 2012

	2012 Rm	2011 Rm
Net profit for the year	**3 388**	2 908
Other comprehensive income:		
Exchange gains arising on translation of foreign operations	**210**	26
Movement in valuation reserves		
– Movement in valuation reserves	**19**	
– Realisation of available-for-sale investment by Ukhamba Holdings (Pty) Limited	**(19)**	
Movement in hedge accounting reserves	**443**	35
– Movement in hedge accounting reserves	**409**	39
– Share of other associates and joint ventures hedging reserve	**18**	(4)
– Income tax relating to hedging reserve movements	**16**	
Total comprehensive income for the year	**4 041**	2 969
Total comprehensive income attributable to:		
Equity holders of Imperial Holdings Limited	**3 578**	2 618
Non-controlling interests	**463**	351
	4 041	2 969

Consolidated statement of cash flows

for the year ended 30 June 2012

	Notes	2012 Rm	2011 Rm
Cash flows from operating activities			
Cash receipts from customers		**81 248**	64 275
Cash paid to suppliers and employees		**(73 808)**	(58 198)
Cash generated by operations before capital expenditure on rental assets	23.1	**7 440**	6 077
Expansion capital expenditure – rental assets		**(352)**	(157)
Net replacement capital expenditure – rental assets		**(505)**	(174)
– Expenditure		**(2 120)**	(1 900)
– Proceeds		**1 615**	1 726
Cash generated by operations		**6 583**	5 746
Net financing costs		**(681)**	(563)
Tax paid		**(1 522)**	(1 221)
		4 380	3 962
Cash flows from investing activities			
Acquisition of subsidiaries and businesses		**(1 886)**	(943)
Disposal of subsidiaries and businesses		**18**	
Expansion capital expenditure – excluding rental assets		**(773)**	(530)
– Property		**(406)**	(225)
– Transport fleet		**(367)**	(305)
Net replacement capital expenditure – excluding rental assets	23.2	**(962)**	(667)
– Intangible assets		**(83)**	(34)
– Plant and equipment		**(502)**	(408)
– Transport fleet		**(377)**	(225)
Proceeds from sale of Imperial Bank Limited			477
Dividend received from Ukhamba Holdings (Pty) Limited		**387**	
Net movement in other associates and joint ventures		**(94)**	78
Net movement in investments, loans and non-current financial instruments		**(63)**	(15)
		(3 373)	(1 600)
Cash flows from financing activities*			
Hedge cost premium paid		**(105)**	(205)
Repurchase of ordinary shares			(156)
Cost incurred on cancellation of shares repurchased			(8)
Dividends paid		**(1 350)**	(983)
Change in non-controlling interests		**(177)**	(51)
Repayment of IPL 3 and IC 01 corporate bonds			(2 026)
Proceeds from the issuance of IPL 5 and IPL 6 corporate bonds			2 034
Repayment of IC 02 corporate bond		**(522)**	
Proceeds on the Euro-syndicated bank term loan raised		**2 482**	
Decrease in interest-bearing borrowings		**(1 432)**	(225)
		(1 104)	(1 620)
Net (decrease) increase in cash and cash equivalents		**(97)**	742
Cash and cash equivalents at beginning of year		**2 926**	2 184
Cash and cash equivalents at end of year		**2 829**	2 926

* *There has been no cash flow for the share issue relating to the Deferred Bonus Plan.*

Consolidated statement of changes in equity

for the year ended 30 June 2012

	Share capital and share premium Rm	Shares repurchased Rm	Share-based payment reserve Rm	Hedging reserve Rm
Balance at 30 June 2010	10	(1 816)	(69)	(85)
Net attributable profit for the year				
Total other comprehensive income				35
Total comprehensive income for the year				35
Movement in statutory reserves				
Share-based equity reserve transferred to retained earnings on vesting			30	
Share-based equity cost utilisation including hedging cost			(205)	
Share-based equity cost charged to the income statement			122	
Consolidation of 5 864 944 Imperial shares held by Lereko Mobility (Pty) Limited as shares repurchased		(665)		
Purchase and cancellation of 16 000 000 ordinary shares from wholly owned subsidiary	(1)	2 000		
Share cancellation expenses				
Reserve reallocation		261		
Repurchase and cancellation of 1 465 719 ordinary shares from open market				
Dividend of 200 cents per ordinary share in September 2010				
Dividend of 267,5 cents per preferred ordinary share in September 2010				
Dividend of 220 cents per ordinary share in March 2011				
Non-controlling interests arising on acquisitions of businesses				
Net decrease in non-controlling interests				
Non-controlling interests share of dividends				
Balance at 30 June 2011	**9**	**(220)**	**(122)**	**(50)**
Net attributable profit for the year				
Total other comprehensive income				**393**
Transfer of reserves on disposal of assets				
Total comprehensive income for the year				**393**
Dividends declared by Ukhamba Holdings (Pty) Limited in excess of its carrying value				
115 060 ordinary shares issued at premium	**13**			
Movements in statutory reserves				
Share-based equity reserve transferred to retained earnings on vesting			**39**	
Share-based equity cost utilisation including hedging cost			**(136)**	
Share-based equity cost charged to the income statement			**107**	
Dividend of 260 cents per ordinary share in September 2011				
Dividend of 300 cents per ordinary share in March 2012				
Non-controlling interests arising on acquisitions of businesses, net of disposals				
Net decrease in non-controlling interests				
Non-controlling interests share of dividends				
Balance at 30 June 2012	**22**	**(220)**	**(112)**	**343**

Other reserves							
Statutory reserve Rm	Foreign currency translation reserve Rm	Premium paid on purchase of non-controlling interests Rm	Valuation reserve Rm	Retained earnings Rm	Attributable to Imperial Holdings' shareholders Rm	Non-controlling interests Rm	Total shareholders' equity Rm
265	33	(26)	315	12 513	11 140	806	11 946
				2 562	2 562	346	2 908
	21				56	5	61
	21			2 562	2 618	351	2 969
20				(20)			
				(30)			
					(205)		(205)
					122	(4)	118
			(309)	309	(665)		(665)
				(1 999)			
				(8)	(8)		(8)
				(261)			
				(156)	(156)		(156)
				(368)	(368)		(368)
				(39)	(39)		(39)
				(430)	(430)		(430)
						51	51
		(36)			(36)	(15)	(51)
						(146)	(146)
285	**54**	**(62)**	**6**	**12 073**	**11 973**	**1 043**	**13 016**
				2 980	**2 980**	**408**	**3 388**
	205		**19**		**617**	**55**	**672**
			(19)		**(19)**		**(19)**
	205			**2 980**	**3 578**	**463**	**4 041**
				305	**305**		**305**
					13		**13**
(133)				**133**			
				(39)			
					(136)	**(2)**	**(138)**
					107	**5**	**112**
				(506)	**(506)**		**(506)**
				(585)	**(585)**		**(585)**
						36	**36**
		(83)			**(83)**	**(63)**	**(146)**
						(259)	**(259)**
152	**259**	**(145)**	**6**	**14 361**	**14 666**	**1 223**	**15 889**

Segmental information – financial position

at 30 June 2012

	Group 2012 Rm	Group 2011 Rm	Logistics 2012 Rm	Logistics 2011 Rm	Car rental and tourism 2012 Rm	Car rental and tourism 2011 Rm
BUSINESS SEGMENTATION						
Assets						
Intangible assets	**4 234**	1 823	**3 602**	1 191	**54**	85
Investments, associates and joint ventures	**2 786**	2 548	**136**	99	**8**	7
Property, plant and equipment	**8 080**	6 550	**2 973**	1 858	**453**	436
Transport fleet	**4 336**	3 627	**4 381**	3 673		
Vehicles for hire	**2 321**	2 057			**1 783**	1 713
Non-current financial assets	**242**	244				
Inventories	**9 218**	7 589	**414**	254	**295**	398
Trade and other receivables	**9 275**	7 130	**5 631**	4 233	**216**	309
Cash in financial services businesses	**1 083**	1 247				
Operating assets	**41 575**	32 815	**17 137**	11 308	**2 809**	2 948
Deferred tax assets	**930**	661				
Loans to associates and other investments	**536**	635				
Tax in advance	**195**	138				
Cash resources	**2 462**	2 284				
Total assets per statement of financial position	**45 698**	36 533				
Liabilities						
Retirement benefit obligations	**590**	233	**590**	233		
Insurance, investment, maintenance and warranty contracts	**3 222**	2 465				
Trade and other payables and provisions	**13 886**	11 474	**6 050**	4 213	**380**	426
Non-current financial liabilities	**348**	323	**123**	25		
Non-interest-bearing liabilities	**18 046**	14 495	**6 763**	4 471	**380**	426
Non-redeemable, non-participating preference shares	**441**	441				
Interest-bearing borrowings	**9 747**	7 508				
Deferred tax liabilities	**1 107**	549				
Current tax liabilities	**468**	524				
Total liabilities per statement of financial position	**29 809**	23 517				
GEOGRAPHIC SEGMENTATION						
Operating assets	**41 575**	32 815	**17 137**	11 308	**2 809**	2 948
South Africa	**28 400**	26 811	**7 092**	7 377	**2 761**	2 904
Rest of Africa	**2 866**	1 454	**1 798**	962	**48**	44
Rest of world	**10 309**	4 550	**8 247**	2 969		
Non-interest-bearing liabilities	**18 046**	14 495	**6 763**	4 471	**380**	426
South Africa	**13 191**	12 101	**3 221**	2 792	**358**	409
Rest of Africa	**1 178**	605	**537**	370	**22**	17
Rest of world	**3 677**	1 789	**3 005**	1 309		
Interest-bearing borrowings	**9 747**	7 508	**6 216**	2 541	**1 196**	1 429
South Africa	**3 503**	4 227	**2 013**	1 833	**1 158**	1 449
Rest of Africa	**632**	320	**471**	239	**38**	(20)
Rest of world	**5 612**	2 961	**3 732**	469		
Gross capital expenditure	**4 913**	3 843	**1 631**	1 155	**1 588**	1 540
South Africa	**4 315**	3 383	**1 110**	830	**1 559**	1 529
Rest of Africa	**209**	103	**177**	89	**29**	11
Rest of world	**389**	357	**344**	236		
Gross capital expenditure	**4 913**	3 843	**1 631**	1 155	**1 588**	1 540
Less: Proceeds on disposal	**(2 252)**	(2 315)	**(322)**	(360)	**(987)**	(1 175)
Net capital expenditure	**2 661**	1 528	**1 309**	795	**601**	365

Distributor-ships 2012 Rm	Distributor-ships 2011 Rm	**Automotive retail 2012 Rm**	Automotive retail 2011 Rm	**Financial services 2012 Rm**	Financial services 2011 Rm	**Head office and eliminations 2012 Rm**	Head office and eliminations 2011 Rm
417	394	**129**	119	**32**	29		5
125	62	**7**	7	**2 208**	2 230	**302**	143
2 618	2 289	**1 704**	1 654	**143**	124	**189**	189
						(45)	(46)
402	263			**665**	498	**(529)**	(417)
				242	244		
5 955	4 619	**2 357**	2 112	**346**	230	**(149)**	(24)
2 044	1 383	**856**	748	**457**	478	**71**	(21)
				1 083	1 247		
11 561	9 010	**5 053**	4 640	**5 176**	5 080	**(161)**	(171)
82	33			**3 140**	2 432		
3 530	3 513	**2 297**	2 009	**1 732**	1 369	**(103)**	(56)
16	17	**1**				**208**	281
3 628	3 563	**2 298**	2 009	**4 872**	3 801	**105**	225
11 561	9 010	**5 053**	4 640	**5 176**	5 080	**(161)**	(171)
10 502	8 093	**4 363**	4 043	**4 241**	4 684	**(559)**	(290)
85	49			**935**	396		3
974	868	**690**	597			**398**	116
3 628	3 563	**2 298**	2 009	**4 872**	3 801	**105**	225
3 446	3 400	**1 850**	1 663	**4 300**	3 630	**16**	207
49	34			**572**	171	**(2)**	13
133	129	**448**	346			**91**	5
2 916	2 002	**858**	772	**(1 314)**	(916)	**(125)**	1 680
2 161	1 337	**739**	685	**(1 314)**	(916)	**(1 254)**	(161)
123	101						
632	564	**119**	87			**1 129**	1 841
553	726	**321**	222	**831**	185	**(11)**	15
533	688	**295**	188	**830**	182	**(12)**	(34)
1				**1**	3	**1**	
19	38	**26**	34				49
553	726	**321**	222	**831**	185	**(11)**	15
(170)	(384)	**(93)**	(144)	**(524)**	(218)	**(156)**	(34)
383	342	**228**	78	**307**	(33)	**(167)**	(19)

Segmental information – income statement

for the year ended 30 June 2012

	Group 2012 Rm	Group 2011 Rm	**Logistics 2012 Rm**	Logistics 2011 Rm	**Car rental and tourism 2012 Rm**	Car rental and tourism 2011 Rm
BUSINESS SEGMENTATION						
Revenue						
– Sale of goods	**46 881**	38 182	**3 362**	2 294	**1 166**	1 162
– Rendering of services	**30 953**	23 849	**24 140**	18 209	**2 428**	2 071
– Gross premiums received	**2 875**	2 558				
– Other	**121**	78	**119**	72		5
	80 830	64 667	**27 621**	20 575	**3 594**	3 238
Inter-segment revenue			**83**	61	**207**	75
	80 830	64 667	**27 704**	20 636	**3 801**	3 313
Operating expenses including cost of sales	**(73 671)**	(58 931)	**(25 300)**	(18 782)	**(2 915)**	(2 485)
Investment income	**186**	209				
Fair value gains on investments	**83**	76				
Depreciation, amortisation and impairments	**(1 806)**	(1 528)	**(910)**	(743)	**(506)**	(477)
Recoupments (excluding properties)	**16**	33	**14**	25		
Operating profit	**5 638**	4 526	**1 508**	1 136	**380**	351
Impairment of properties, net of recoupments	**(32)**	7	**8**	37		
Amortisation of intangibles arising on business combinations	**(128)**	(15)	**(125)**	(15)		
Foreign exchange gains/(losses)	**16**	(33)		(6)		
Fair value gains/(losses) on foreign exchange derivatives	**(26)**	(18)	**2**			
Business acquisition costs	**(51)**		**(47)**			
Fair value gain on Lereko Mobility (Pty) Limited call option		279				
Profit before net finance costs and exceptional items	**5 417**	4 746	**1 346**	1 152	**380**	351
Net finance cost including fair value gains and losses	**(681)**	(554)	**(322)**	(216)	**(134)**	(141)
Income from associates and joint ventures	**46**	34	**29**	17	**1**	1
Profit before tax and exceptional items	**4 782**	4 226	**1 053**	953	**247**	211
Income tax excluding tax on exceptional items	**(1 379)**	(1 271)	**(302)**	(360)	**(71)**	(61)
Profit after tax excluding exceptional items	**3 403**	2 955	**751**	593	**176**	150
GEOGRAPHIC SEGMENTATION						
Revenue	**80 830**	64 667	**27 704**	20 636	**3 801**	3 313
South Africa	**59 311**	50 330	**12 741**	11 333	**3 687**	3 171
Rest of Africa	**4 656**	3 120	**3 716**	2 455	**114**	142
Rest of world	**16 863**	11 217	**11 247**	6 848		
Operating profit	**5 638**	4 526	**1 508**	1 136	**380**	351
South Africa	**4 669**	3 922	**756**	644	**367**	324
Rest of Africa	**298**	239	**154**	142	**13**	27
Rest of world	**671**	365	**598**	350		
Net finance cost including fair value gains and losses	**681**	554	**322**	216	**134**	141
South Africa	**489**	474	**205**	194	**132**	138
Rest of Africa	**33**	27	**24**	17	**2**	3
Rest of world	**159**	53	**93**	5		

Operational segmental reporting

For management purposes, the group is organised into five major operating divisions – logistics, car rental and tourism, distributorships, automotive retail and financial services. These divisions are the basis on which the group reports its primary segment information.

This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

The segment profit includes revenue, operating costs and other income, net financing costs and the share of income from associates and taxes. Central administration costs and group eliminations are dealt with under head office and eliminations.

Distributor-ships 2012 Rm	Distributor-ships 2011 Rm	**Automotive retail 2012 Rm**	Automotive retail 2011 Rm	**Financial services 2012 Rm**	Financial services 2011 Rm	**Head office and eliminations 2012 Rm**	Head office and eliminations 2011 Rm
25 130	19 656	**17 193**	15 013			**30**	57
2 117	1 466	**1 749**	1 496	**484**	589	**35**	18
				2 875	2 558		
				2			1
27 247	21 122	**18 942**	16 509	**3 361**	3 147	**65**	76
1 071	825	**618**	641	**638**	262	**(2 617)**	(1 864)
28 318	21 947	**19 560**	17 150	**3 999**	3 409	**(2 552)**	(1 788)
(25 694)	(19 986)	**(18 888)**	(16 545)	**(3 431)**	(2 848)	**2 557**	1 715
				271	253	**(85)**	(44)
				83	76		
(171)	(124)	**(98)**	(99)	**(147)**	(133)	**26**	48
3	7	**(1)**	(9)		3		7
2 456	1 844	**573**	497	**775**	760	**(54)**	(62)
(43)		**(22)**	(2)	**6**		**19**	(28)
(4)						**1**	
(18)	5	**2**	1		(1)	**32**	(32)
5	(26)					**(33)**	8
(1)				**(2)**		**(1)**	
							279
2 395	1 823	**553**	496	**779**	759	**(36)**	165
(213)	(199)	**(111)**	(109)	**(1)**		**100**	111
29	18			**32**	18	**(45)**	(20)
2 211	1 642	**442**	387	**810**	777	**19**	256
(637)	(466)	**(132)**	(109)	**(201)**	(203)	**(36)**	(72)
1 574	1 176	**310**	278	**609**	574	**(17)**	184
28 318	21 947	**19 560**	17 150	**3 999**	3 409	**(2 552)**	(1 788)
24 932	19 120	**17 017**	15 410	**3 494**	3 155	**(2 560)**	(1 859)
321	268			**505**	254		1
3 065	2 559	**2 543**	1 740			**8**	70
2 456	1 844	**573**	497	**775**	760	**(54)**	(62)
2 411	1 813	**538**	461	**646**	692	**(49)**	(12)
2	1			**129**	68		1
43	30	**35**	36			**(5)**	(51)
213	199	**111**	109	**1**		**(100)**	(111)
177	169	**104**	105	**1**		**(130)**	(132)
7	7						
29	23	**7**	4			**30**	21

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 represents most of the major original equipment manufacturers (OEMs). It also manufactures and sells caravans and canopies.

Financial services – comprises insurance operations which are focused on a range of short-, medium- and long-term insurance and assurance products that are predominantly associated with the automotive market, the sale of warranty and maintenance products, income from joint ventures on the sale of financial services, cell captive arrangements and factoring of premium finance operations.

Notes to the abridged consolidated annual financial statements

for the year ended 30 June 2012

1. Basis of preparation

The abridged consolidated annual financial statements have been prepared in accordance with the recognition and measurement criteria of 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 2012 and the AC 500 standards issued by the Accounting Practices Board or its successor. The abridged consolidated annual financial statements has been prepared using the information required by IAS 34 – *Interim Financial Reporting*, and complies with the Listings Requirements of the JSE Limited and the Companies Act of South Africa, 2008. These abridged annual financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended 30 June 2012 as published in the attached compact disc and on the website: www.imperial.co.za.

These abridged consolidated annual financial statements were approved by the board of directors on 21 August 2012.

Accounting policies

The accounting policies adopted and methods of computation used in the preparation of the abridged consolidated annual financial statements are in terms of IFRS and are consistent with those of the annual financial statements for the year ended 30 June 2011 except where the group has adopted new or revised accounting standards.

New accounting standards

The group adopted accounting standards and interpretations that became applicable during the current reporting period. None of these have had a significant impact on the group's accounting policies and methods of computation, and there is therefore no impact on the current and prior year results.

Discontinued operations

Discontinued operations are immaterial to the group. Their results are included in continuing operations in the income statement and under head office and eliminations on the segment report. The impact on the trading result is insignificant and fair value adjustments of R112 million have been included in exceptional items.

Subsequent events

In terms of the Ukhamba black economic empowerment transaction, 1 131 910 deferred ordinary shares have converted to ordinary shares with effect from 1 July 2011. These shares will be listed on the Johannesburg Securities Exchange Limited.

Operational segmental reporting

For management purposes, the group is organised into five major operating divisions – logistics, car rental and tourism, distributorships, automotive retail and financial services. These divisions are the basis on which the group reports its primary segment information.

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 represents most of the major original equipment manufacturers (OEMs). It also manufactures and sells caravans and canopies.

Financial services – comprises insurance operations which are focused on a range of short, medium and long-term insurance and assurance products that are predominantly associated with the automotive market, the sale of warranty and maintenance products, income from joint ventures on the sale of financial services, cell captive arrangements and factoring of premium finance operations.

Impact of change in estimate in respect of maintenance vehicle plans

In prior years, revenue on vehicle maintenance plans was only recognised to the extent that parts and services were provided with the balance being recognised at the end of the maintenance plan. Up until the current year there was insufficient evidence to determine an established pattern for when such services were required to be performed and the costs relating thereto. As such the recognition of revenue could not be reliably determined and so, in accordance with the requirements of IAS 18 – *Revenue*, revenue was only recognised to the extent that costs had been incurred and the balance at the end of the maintenance plan.

During the current year, the pattern of vehicle maintenance services performed and the costs relating thereto for prior years was assessed and a reliable pattern was established. As a result, revenue on the vehicle maintenance plans is now recognised by reference to the established pattern of when maintenance services are performed, as this can now be reliably determined. This change has resulted in the recognition of an additional R117 million in operating profit for the period.

2. Intangible assets

	Cost Rm	Accumulated amortisation and impairment Rm	Net book value Rm
At 30 June 2012			
– Goodwill	**3 920**	**682**	**3 238**
– Computer software	**385**	**290**	**95**
– Customer lists and contracts	**942**	**143**	**799**
– Other intangibles	**145**	**43**	**102**
	5 392	**1 158**	**4 234**
At 30 June 2011			
– Goodwill	2 162	559	1 603
– Computer software	318	255	63
– Customer lists and contracts	99	15	84
– Other intangibles	129	56	73
	2 708	885	1 823

3. Investment in associates and joint ventures

	2012 Rm	2011 Rm
Listed shares at cost	**207**	177
Unlisted shares at cost	**223**	211
Share of post-acquisition reserves (net of impairments)	**126**	105
Carrying value of shares	**556**	493
Indebtedness by associates and joint ventures	**333**	277
	889	770
Valuation of shares		
Listed shares at market value	**487**	227
Unlisted shares at directors' valuation	**315**	302

The directors' valuation has been established by reference to the group's share of the net assets of the associates and joint ventures.

4. Property, plant and equipment

	Cost Rm	Accumulated depreciation and impairment Rm	Net book value Rm
At 30 June 2012			
– Land, buildings and leasehold improvements	**7 360**	**1 100**	**6 260**
– Equipment and furniture	**3 846**	**2 404**	**1 442**
– Motor vehicles	**445**	**189**	**256**
– Aircraft	**160**	**38**	**122**
	11 811	**3 731**	**8 080**
At 30 June 2011			
– Land, buildings and leasehold improvements	5 850	676	5 174
– Equipment and furniture	2 565	1 563	1 002
– Motor vehicles	325	130	195
– Aircraft	267	88	179
	9 007	2 457	6 550

Notes to the abridged consolidated annual financial statements continued

for the year ended 30 June 2012

		2012 Rm	2011 Rm
5.	**Transport fleet**		
	Cost	**8 659**	6 485
	Accumulated depreciation and impairment	**4 323**	2 858
		4 336	3 627
6.	**Vehicles for hire**		
	Cost	**2 995**	2 592
	Accumulated depreciation and impairment	**674**	535
		2 321	2 057
7.	**Investments and loans**		
	Investments		
	– Listed at market value	**1 816**	1 409
	– Unlisted at fair value	**413**	637
		2 229	2 046
	Loans – at amortised cost	**204**	367
		2 433	2 413
8.	**Non-current financial assets**		
	Reinsurance debtors – held at amortised cost	**242**	244
9.	**Inventories**		
	New vehicles	**4 349**	3 559
	Used vehicles	**2 886**	2 559
	Spares, accessories and finished goods	**1 343**	1 066
	New and used aircraft	**82**	84
	Fast moving consumer goods	**217**	146
	Fuel and oil	**69**	55
	Merchandise	**155**	65
	Work in progress	**117**	55
		9 218	7 589
10.	**Trade and other receivables**		
	Trade receivables	**8 640**	6 817
	– Gross receivables	**8 985**	7 227
	– Provision for doubtful debts	**(345)**	(410)
	Prepayments and other receivables	**465**	311
	Derivative financial instruments – hedging instrument	**170**	2
		9 275	7 130
11.	**Share capital and share premium**		
	Authorised share capital		
	394 999 000 (2011: 394 999 000) ordinary shares of 4 cents each	**15**	15
	50 000 000 (2011: 50 000 000) deferred ordinary shares of 4 cents each	**2**	2
	15 000 000 (2011: 15 000 000) preferred ordinary shares of 4 cents each	**1**	1
	1 000 (2011: 1 000) redeemable preference shares of 4 cents each		
	40 000 000 (2011: 40 000 000) non-redeemable, non-participating preference shares of 4 cents each	**2**	2
		20	20

	2012 Rm	2011 Rm
11. Share capital and share premium continued		
Issued share capital		
209 843 029 (2011: 208 826 352) ordinary shares of 4 cents each	**8**	8
14 110 992 (2011: 15 012 609) deferred ordinary shares of 4 cents each	**1**	1
4 540 041 (2011: 4 540 041) non-redeemable, non-participating preference shares of 4 cents each (see note 13)		
Share capital	**9**	9
Share premium – issued during the year	**13**	
Share capital and share premium	**22**	9

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 percent of the issued ordinary share capital at 30 June 2011.
- not more than five million non-redeemable non-participating preference shares.

Group share schemes	Number of rights 2012	2011
Total rights authorised and currently allocated in terms of group share schemes		
Share Appreciation Rights Scheme	**11 631 363**	18 503 389
Deferred Bonus Plan	**111 930**	223 072
Total rights currently allocated in terms of group share schemes	**11 743 293**	18 726 461

Directors' and prescribed officers' interests in issued share capital

At year-end the aggregate shareholdings of the directors and prescribed officers in the issued ordinary share capital of the company are detailed below.

	2012		2011	
Director/prescribed officer	Beneficial number of shares	Non-beneficial number of shares	Beneficial number of shares	Non-beneficial number of shares
Non-executive directors				
MJ Leeming		**4 928**		4 928
RJA Sparks	**40 000**		40 000	
Y Waja	**927**		927	
	40 927	**4 928**	40 927	4 928
Executive directors				
OS Arbee	**119 052**		36 266	
HR Brody	**191 203**		64 942	
MP de Canha	**1 512 160**		1 107 812	
RL Hiemstra	**45 135**		48 492	
AH Mahomed	**74 869**		63 796	
M Swanepoel	**53 744**		46 104	
	1 996 163		1 367 412	
Prescribed officers				
DD Gnodde			15 206	
PB Michaux	**32 269**		24 536	
JJ Strydom	**28 476**			
	60 745		39 742	
	2 097 835	**4 928**	1 448 081	4 928

Notes to the abridged consolidated annual financial statements continued

for the year ended 30 June 2012

		2012 Rm	2011 Rm
12.	**Shares repurchased**		
	7 864 456 (2010: 23 864 456) ordinary shares	**445**	(1 816)
	16 000 000 ordinary shares at R125,00 each were cancelled during 2011		2 000
	Valuation reserve reallocation relating to the share cancellation		261
	7 864 456 (2011: 7 864 456) ordinary shares	**445**	445
	Consolidation of 5 864 944 Imperial shares held by Lereko Mobility (Pty) Limited as shares repurchased	**(665)**	(665)
	13 729 400 (2011: 13 729 400) ordinary shares	**(220)**	(220)
13.	**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.		
	At a meeting of shareholders held on 16 August 2012, shareholders approved an amendment to the terms of the preference shares, increasing the dividend rate from 75% of the prime rate to 82,5% of the prime rate. The increase approximated to the potential benefit to the company resulting from the obligation of secondary tax on companies (STC) falling away, effective from the dividend payable on 1 October 2012.		
	The coupon is payable semi-annually on 1 April and 1 October and annually this amounts to R32 million (2011: R32 million) based on current rates of interest as included as part of financing cost.		
14.	**Interest-bearing borrowings**		
	Long-term		
	– Loans secured by mortgage bonds over fixed property	**86**	89
	– Liabilities under capitalised finance leases	**174**	131
	– Instalment sale creditors secured by assets	**105**	97
	– Corporate bonds	**6 069**	6 477
	– *Listed on the Bond Exchange of South Africa*		
	– Held at fair value – IC 02 – matured in May 2014		518
	– Held at amortised cost – IPL 4 – maturing in March 2014	**1 532**	1 531
	– Held at amortised cost – IPL 5 – maturing in September 2015	**500**	499
	– Held at amortised cost – IPL 6 – maturing in September 2017	**1 536**	1 535
	– *Listed on the gilt edged and fixed interest market of the London Stock Exchange*		
	– Held at amortised cost – Eurobond – maturing in April 2013	**877**	825
	– Held at fair value – Eurobond – maturing in April 2013	**1 624**	1 569
	– Syndicated bank term loan	**2 482**	
	– Unsecured loans	**115**	109
		9 031	6 903
	Short-term		
	– Unsecured loans, call borrowings and bank overdrafts	**716**	605
	Total borrowings	**9 747**	7 508
	Less: Current portion of interest-bearing borrowings	**3 649**	1 206
	Long-term borrowings	**6 098**	6 302

14. Interest-bearing borrowings continued

Summary of long-term borrowings by currency and year of redemption or repayment

	2017 and onwards Rm	2016 Rm	2015 Rm	2014 Rm	2013 Rm	2012 Rm	2011 Rm
SA Rand	1 548	505	17	1 607	289	3 966	4 423
British Pound					67	67	82
Euro	1 351	334	337	340	2 886	5 248	2 642
Australian Dollar					377	377	345
Other	4	9	18	27	31	89	16
	2 903	848	372	1 974	3 650	9 747	7 508

The impact of a 1% increase in interest rates will have an annualised R18 million (2011: R10 million) effect on group after-tax profit and equity.

	2012 Rm	2011 Rm
15. Insurance, investment, maintenance and warranty contracts		
Long-term insurance funds	585	557
Short-term insurance funds	481	479
Maintenance and warranty contracts	2 156	1 429
	3 222	2 465
16. Non-current financial liabilities		
Cross currency and interest-rate swap instruments	270	288
Contingent consideration	73	17
Loans payable	5	18
	348	323
17. Provisions for liabilities and other charges		
Leave pay	367	306
Bonuses	301	236
Warranty and after sales	75	137
Insurance claims	216	208
Long service payments	98	25
Dismantling and environmental risk	367	103
Other	228	343
	1 652	1 358
18. Trade and other payables		
Trade payables and other accruals	12 102	9 879
Deferred income	68	140
Derivative financial instruments	64	97
	12 234	10 116
19. Exceptional items		
Impairment of goodwill	(123)	(52)
Net (loss)/gain on disposal and rationalisation of investments in subsidiaries, associates and joint ventures	(1)	6
Fair value adjustments on discontinued operations	112	
Gross exceptional items	(12)	(46)
Tax expense	(3)	(1)
After-tax exceptional items	(15)	(47)
Attributable to non-controlling interests	11	1
Attributable to Imperial Holdings' shareholders	(4)	(46)

Notes to the abridged consolidated annual financial statements continued

for the year ended 30 June 2012

		2012 Rm	2011 Rm
20.	**Financing cost**		
	Non financial services businesses		
	Interest paid on financial liabilities not at fair value through profit or loss	**622**	559
	Interest paid on financial liabilities designated as fair value through profit or loss	**114**	147
	Foreign exchange loss on monetary items	**88**	62
	Fair value gains arising from interest-bearing borrowings and interest-rate swap instruments	**(88)**	(71)
	Finance cost including fair value gains and losses	**736**	697
	Finance income on financial assets not fair valued through profit and loss	**(55)**	(143)
		681	554

		2012 %	2011 %
21.	**Income tax expense**		
	Reconciliation of tax rates:		
	Profit before tax, excluding income from associates and joint ventures – effective tax rate	**29,3**	30,7
	Income tax effect of:		
	– Foreign tax differential	**0,1**	(0,4)
	– Tax assets not recognised	**(1,6)**	(1,1)
	– Disallowable charges/capital losses	**(2,6)**	(2,4)
	– Exempt/capital income	**4,7**	3,9
	– Secondary tax on companies	**(1,9)**	(2,6)
	– Capital gains tax	**(0,3)**	(0,6)
	– Tax rate adjustments	**(1,0)**	
	– Prior year net overprovisions	**1,3**	0,5
		28,0	28,0

		2012 Rm	2011 Rm
22.	**Earnings per share**		
	Basic earnings per share is calculated by dividing the net profit attributable to equity holders of Imperial Holdings by the weighted average number of ordinary shares in issue during the year.		
	Net profit attributable to equity holders of Imperial Holdings – basic earnings	**2 980**	2 562
	Savings of finance costs by associate on sale of Imperial shares	**21**	
	Diluted earnings	**3 001**	2 562
	Weighted average number of ordinary shares (million)	**192,0**	190,3
	Basic earnings per share (cents)	**1 552**	1 346
	For fully diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted for the dilutive effect of the deferred ordinary shares, potential shares under the share schemes and the group's share of Imperial shares that may be sold by an associate.		
	Weighted average number of ordinary shares (million)	**192,0**	190,3
	Adjusted for weighted average potential ordinary shares (million)	**11,6**	12,0
	Weighted average number of ordinary shares for diluted earnings (million)	**203,6**	202,3
	Diluted earnings per share (cents)	**1 474**	1 266

		2012 Rm	2011 Rm
22.	**Earnings per share** continued		
	Headline earnings and diluted headline earnings per share is calculated as follows:		
	Diluted earnings	**3 001**	2 562
	Impairment of assets	**49**	24
	Profit on disposal of assets	**(29)**	(60)
	Exceptional items	**12**	46
	Exceptional items included in income from associates and joint ventures	**19**	17
	Gain on sale of available for sale financial instrument, included in income from associates	**(19)**	
	Tax	**9**	15
	Non-controlling interests	**(14)**	4
	Headline earnings – diluted	**3 028**	2 608
	Saving of finance costs by associate on sale of Imperial shares	**(21)**	
	Headline earnings – basic	**3 007**	2 608
	Weighted average number of ordinary shares (million)	**192,0**	190,3
	Basic headline earnings per share (cents)	**1 566**	1 370
	Weighted average number of ordinary shares for diluted earnings (million)	**203,6**	202,3
	Diluted headline earnings per share (cents)	**1 487**	1 289
	Core earnings reconciliation^		
	Headline earnings – basic	**3 007**	2 608
	Saving of finance costs by associate on sale of Imperial shares	**21**	
	Headline earnings – diluted	**3 028**	2 608
	Amortisation of intangible assets arising on business combinations, other than goodwill	**128**	15
	Fair value gain on Lereko Mobility (Pty) Limited call option		(279)
	Business acquisition costs	**51**	15
	Headline earnings from discontinued operations	**(34)**	(7)
	Capital gains tax on post acquisition earnings of associates disposed	**2**	1
	Tax	**(47)**	(4)
	Non-controlling interests	**10**	
	Core earnings – diluted	**3 138**	2 349
	Saving of finance costs by associate on sale of Imperial shares	**(21)**	
	Core earnings – basic	**3 117**	2 349
	Weighted average number of ordinary shares (million)	**192,0**	190,3
	Basic core earnings per share (cents)	**1 623**	1 234
	Weighted average number of ordinary shares for diluted earnings (million)	**203,6**	202,3
	Diluted core earnings per share (cents)	**1 541**	1 161

^ *Core earnings excludes significant non-operational items of income and expenditure from reported headline earnings.*

Notes to the abridged consolidated annual financial statements continued

for the year ended 30 June 2012

		2012 Rm	2011 Rm
23.1	**Cash generated by operations before capital expenditure on rental assets**		
	Profit before net financing costs	**5 405**	4 700
	Adjustments for non-cash and other movements		
	Amortisation of intangible assets, net of recoupments	**176**	57
	Depreciation of property, plant and equipment	**507**	395
	Depreciation of transport fleet, net of recoupments	**593**	498
	Depreciation of vehicles for hire, net of recoupments	**643**	565
	Exceptional items	**17**	46
	Profit on disposal of property, plant and equipment	**(18)**	(36)
	Fair value gains on investments	**(83)**	(76)
	Impairment of assets	**49**	24
	Foreign exchange (gains) losses	**(44)**	15
	Fair value adjustments	**25**	(2)
	Impairment of non-current financial assets	**3**	
	Fair value gain on Lereko Mobility (Pty) Limited call option		(279)
	Recognition of share-based costs	**112**	122
	Net movement in insurance, investments, maintenance and warranty contracts	**757**	345
	Business acquisition costs	**51**	
	Increase in retirement benefit obligations	**5**	1
	Cash generated by operations before changes in working capital	**8 198**	6 375
	Working capital movements		
	Increase in inventories	**(893)**	(346)
	Decrease/(increase) in trade and other receivables	**352**	(392)
	(Decrease)/increase in trade and other payables and provisions	**(217)**	440
		7 440	6 077
23.2	**Net replacement capital expenditure – excluding rental assets**		
	Expenditure		
	– Intangible assets	**(84)**	(43)
	– Plant and equipment	**(792)**	(558)
	– Transport fleet	**(609)**	(473)
		(1 485)	(1 074)
	Proceeds on disposals		
	– Intangible assets	**1**	9
	– Plant and equipment	**290**	150
	– Transport fleet	**232**	248
		523	407
	Net expenditure		
	– Intangible assets	**(83)**	(34)
	– Plant and equipment	**(502)**	(408)
	– Transport fleet	**(377)**	(225)
		(962)	(667)
24.	**Dividends**		
	Ordinary shares		
	Interim		
	– In the current year a dividend of 300 cents per share was paid on 26 March 2012	**606**	
	– In the prior year a dividend of 220 cents per share was paid on 28 March 2011		445
	Final		
	– A dividend of 380 cents per share is payable on 1 October 2012	**772**	
	– In the prior year a dividend of 260 cents per share was paid on 26 September 2011		521
25.	**Commitments and contingent liabilities**		
	Capital commitments	**1 112**	1 007
	Contingent liabilities	**46**	61

Annexure A – new business combinations

Subsidiaries and businesses acquired	Nature of business	Operational segment	Date acquired	Interest acquired (%)	Purchase consideration transferred Rm
Lehnkering Group	Logistics	Logistics	January 2012	100	1 892
Transport Holdings Botswana Group	Transport logistics	Logistics	March 2012	80	66
Accordian Investments (Pty) Limited	Distributor and importer	Distributorships	July 2011	60	(11)
Watts Truck Centre Limited (Gloucester)	Vehicle sales and services	Automotive retail	February 2012	100	26
Bobcat Group	Industrial equipment	Distributorships	June 2012	67,5	19
Individual immaterial business combinations					249
Total purchase consideration transferred					**2 241**

Reason for the acquisitions

The Lehnkering Group, was acquired to expand the international logistics business and to benefit from synergies within the shipping business.

To expand our logistics business within Africa we acquired a further 40% interest in Transport Holdings Botswana Group, a previously held associate in which we held 40%.

To expand our distribution business we acquired a further 20% interest in Accordian Investments (Pty) Limited, a previously held associate in which we held 40%.

Watts Truck Centre Limited (Gloucester), was acquired to expand our automotive retail business within the United Kingdom.

Bobcat Group, was acquired to expand our distribution business.

Impact of the acquisitions on the results of the group	Total Rm	Lehnkering Group Rm	Transport Holdings Botswana Group Rm	Accordian Investments (Pty) Limited Rm	Watts Truck Centre Limited (Gloucester) Rm	Bobcat Group Rm	Individually immaterial acquisitions Rm
From the dates of acquisition, the acquired businesses contributed:							
Revenue	4 214	2 993	121	464	119		517
Attributable profit	111	96	3		1		11
Had all the acquisitions been consolidated from 1 July 2011 the income statement would have included:							
Revenue	7 817	5 867	313	464	317	223	633
Attributable profit	214	180	13		3	4	14

Annexure A – new business combinations continued

Fair value of assets acquired and liabilities assumed at date of acquisition:	Total Rm	Lehnkering Group Rm	Transport Holdings Botswana Group Rm	Accordian Investments (Pty) Limited Rm	Watts Truck Centre Limited (Gloucester) Rm	Bobcat Group Rm	Individually immaterial acquisitions Rm
Assets							
Intangible assets	872	857	3			1	11
Investments, loans, associates and joint ventures	55	40	3				12
Property, plant and equipment	1 045	935	11	2	4	11	82
Transport fleet	467	245	54				168
Vehicles for hire	50					47	3
Non-current financial assets	16	11					5
Deferred tax assets	97	91			2		4
Inventories	383	98	3	142	56	70	14
Tax in advance	28	25				2	1
Trade and other receivables	2 097	1 807	70	57	38	39	86
Loans due by group entities	52	40				12	
Cash resources	312	256	19		8	3	26
	5 474	4 405	163	201	108	185	412
Liabilities							
Retirement benefit obligations	342	342					
Interest-bearing borrowings	1 476	1 161	32	118		35	130
Deferred tax liabilities	435	395	11			5	24
Non-current financial liabilities	1						1
Trade and other payables and provisions	2 492	2 055	60	112	106	87	72
Loans due to group entities	142	8		16		39	79
Current tax liabilities	44	39	1				4
	4 932	4 000	104	246	106	166	310
Acquirees' carrying amount at acquisition	542	405	59	(45)	2	19	102
Less: Non-controlling interests	(58)		(28)	18		(6)	(42)
Net assets acquired	484	405	31	(27)	2	13	60
Purchase consideration transferred	2 241	1 892	66	(11)	26	19	249
– Cash	2 147	1 892	52	2	26	6	169
– Contingent consideration	76					13	63
– Fair value of other assets transferred	5			5			
– Fair value of previously held interest	13		14	(18)			17
Excess of purchase price over net assets acquired	1 757	1 487	35	16	24	6	189

Trade and other receivables acquired had gross contractual amounts of R2 110 million of which R13 million was doubtful. None of the goodwill is expected to be deductible for tax purposes. Non-controlling interests have been calculated based on their proportionate share in net assets.

Details of contingent consideration

The contingent consideration requires the group to pay the vendors an additional total amount of R76 million over three years if the entities' net profit after tax exceeds certain earnings targets.

Acquisition costs

Acquisition costs amounting to R51 million have been excluded from the purchase consideration and have been recognised as an expense during the year.

Annexure B – employment equity

Summary of employment equity report

Summary of global workforce	2012	2 011
South African (including foreign nationals)	**37 186**	34 757
Non-South African	**10 513**	6 141
Total workforce	**47 699**	40 898

Summary of the employment equity report in terms of section 22 of the Employment Equity Act of South Africa

	Male				Female				Foreign nationals		Total	Total
Occupational levels	**A**	**C**	**I**	**W**	**A**	**C**	**I**	**W**	**M**	**F**	**2012**	2011
Permanent staff												
Top management	7	2	11	168	6	3	5	16	2	1	**221**	225
Senior management	19	15	39	407	9	3	24	125	5		**646**	604
Professionally qualified and experienced specialists and mid-management	203	169	275	1 346	122	87	119	719	12	2	**3 054**	2 734
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	2 392	882	767	2 790	671	303	222	1 405	42	12	**9 486**	8 271
Semi-skilled and discretionary decision-making	8 999	1 731	582	1 050	1 648	658	331	1 508	127	5	**16 639**	15 731
Unskilled and defined decision-making	4 214	569	79	85	908	126	17	21	28	1	**6 048**	6 319
	15 834	**3 368**	**1 753**	**5 846**	**3 364**	**1 180**	**718**	**3 794**	**216**	**21**	**36 094**	33 884
Non-permanent staff	**589**	**96**	**47**	**100**	**134**	**33**	**6**	**42**	**42**	**3**	**1 092**	873
	16 423	**3 464**	**1 800**	**5 946**	**3 498**	**1 213**	**724**	**3 836**	**258**	**24**	**37 186**	34 757

Note: A = Africans; C = Coloureds; I = Indians; W = Whites

The above summary is in aggregation of all South African operating entities.

Declaration of preference and ordinary dividends

for the year ended 30 June 2012

Ordinary shareholders

Notice is hereby given that a gross ordinary dividend in an amount of 380 cents per ordinary share has been declared payable, by the board of Imperial, to holders of ordinary shares.

The ordinary dividend will be subject to a local dividend tax rate of 15%. The total secondary tax on companies (STC) credits utilised for the ordinary dividend amounted to R3 715 771. The number of ordinary shares in issue at the date of the declaration was 210 974 939 and consequently the STC credits utilised amounted to 1,76124 cents per share. The net ordinary dividend, to those shareholders who are not exempt from paying dividend tax, is therefore 323,26419 cents per share.

Preference shareholders

A further notice is hereby given that a gross preference dividend of 372,267 cents per preference share has been declared payable, by the board of Imperial, to holders of non-redeemable, non-participating preference shares.

The preference dividend will be subject to a local dividend tax rate of 15%. The total STC credits utilised for the preference dividend amounted to R78 334. The number of preference shares in issue at the date of the declaration was 4 540 041 and consequently the STC credits utilised amounted to 1,72540 cents per share. The net preference dividend, to those shareholders who are not exempt from paying dividend tax, is therefore 316,68576 cents per share.

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

	2012
Last day for preference shares and ordinary shares respectively to trade cum-preference dividend and cum-ordinary dividend	Thursday, 20 September
Preference and ordinary shares commence trading ex-preference dividend and ex-ordinary dividend respectively	Friday, 21 September
Record date	Friday, 28 September
Payment date	Monday, 1 October

The company's income tax number is 9825778719.

Share certificates may not be dematerialised/rematerialised between Thursday, 20 September 2012 and Friday, 28 September 2012, both days inclusive.

On Monday, 1 October 2012, 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 1 October 2012 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, 1 October 2012.

On behalf of the board

RA Venter
Group company secretary
21 August 2012

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 24th annual general meeting of shareholders will be held on Wednesday, 31 October 2012 at 09:00 in the boardroom of Imperial Holdings Limited, Imperial Place, Jeppe Quondam, 79 Boeing Road East, Bedfordview, Gauteng, or any adjournment or postponement thereof, to transact the following business and resolutions with or without amendments approved at the meeting.

The minutes of the meeting held on 1 November 2011 will be available for inspection at the registered office of the company until 16:00 on Tuesday, 30 October 2012 and up to 30 minutes immediately preceding the meeting.

This document is important and requires your immediate attention

If you are in any doubt about what action you should take, consult your broker, Central Securities Depository Participant (CSDP), banker, financial adviser, accountant or other professional adviser immediately.

If you have disposed of all your shares in Imperial, please forward this document together with the enclosed form of proxy to the purchaser of such shares or the broker, banker or other agent through whom you disposed of such shares.

This notice of annual general meeting is only available in English. Copies may be obtained at the registered office of the company and the transfer secretaries, Computershare Investor Services (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001.

Registered and corporate office

Imperial Place, Jeppe Quondam, 79 Boeing Road East, Bedfordview, Gauteng (PO Box 3013, Edenvale, 1610), South Africa.

Included in this document are the following:

- The notice of annual general meeting setting out the resolutions to be proposed at the meeting, together with explanatory notes. There are also guidance notes if you wish to attend the meeting or to vote by proxy.
- A proxy form for completion, signature and submission to the share registrars by shareholders holding Imperial ordinary shares in certificated form or recorded in sub-registered electronic form in "own name".

Reference in this notice of annual general meeting to the term "MOI", including references to a provision in the company's MOI, in this notice of annual general meeting (including all of the relevant ordinary and special resolutions contained herein) is used throughout to refer to the company's memorandum of association and its articles of association (which now form the company's MOI, as aforesaid).

Record date

The record date for the purpose of determining which shareholders of the company are entitled to receive notice of the 24th annual general meeting is Friday, 21 September 2012.

The record date for purposes of determining which shareholders of the company are entitled to participate in and vote at the annual general meeting is Friday, 26 October 2012.

Accordingly, only shareholders who are registered in the register of members of the company on Friday, 26 October 2012 will be entitled to attend, speak and vote at the 24th annual general meeting. Therefore the last day to trade in order to be eligible to participate and vote at the meeting is Friday, 19 October 2012.

Notice of annual general meeting continued

Electronic participation in the annual general meeting

Notice is hereby given that the 24th annual general meeting of shareholders of the company will be held on Wednesday, 31 October 2012 at 09:00 in the boardroom of Imperial Holdings Limited, Imperial Place, Jeppe Quondam, 79 Boeing Road East, Bedfordview, Gauteng. Shareholders or their proxies may participate in the meeting by way of a teleconference call and, if they wish to do so:

- must contact the company secretary (by email at the address rventer@ih.co.za) no later than 16:00 on Monday, 29 October 2012 in order to obtain a pin number and dial-in details for that conference call;
- will be required to provide reasonably satisfactory identification; and
- will be billed separately by their own telephone service providers for their telephone call to participate in the meeting.

1. Ordinary resolution number 1 – approval of the financial statements

"Resolved that the audited consolidated company annual financial statements of Imperial for the year ended 30 June 2012, including the directors' report, the audit committee report and the auditors' report, be adopted."

Percentage voting rights

The minimum percentage of voting rights that is required for this resolution to be adopted is 50% (fifty percent) of the voting rights plus 1 (one) vote to be cast on the resolution.

2. Ordinary resolution number 2 – appointment of the auditors

"Resolved that Deloitte & Touche be appointed as auditors of the company and Mr A Mackie as designated partner until the date of the next annual general meeting."

The audit committee has recommended the reappointment of Deloitte & Touche as auditors of the company with Mr A Mackie as designated partner.

Percentage voting rights

The minimum percentage of voting rights that is required for this resolution to be adopted is 50% (fifty percent) of the voting rights plus 1 (one) vote to be cast on the resolution.

3. Ordinary resolution number 3 – appointment of the members of the audit committee

"Resolved that the reappointment of the following independent non-executive directors, be elected as members of the company's audit committee by a separate vote in respect of each election:

3.1 Mr MJ Leeming
3.2 Ms P Langeni
3.3 Mr RJA Sparks
3.4 Mr Y Waja

A brief curriculum vitae of each of the directors offering themselves for election as members of the audit committee is contained on page 22 of the integrated annual report.

Percentage voting rights

The minimum percentage of voting rights that is required for each of resolutions 3.1 to 3.4 to be adopted is 50% (fifty percent) of the voting rights plus 1 (one) vote to be cast on each resolution.

The board has reviewed the expertise, qualification and relevant experience of the appointed audit committee members and recommends that each of these directors be re-elected.

4. Ordinary resolution 4 – reappointment of retiring directors

"Resolved that the re-election of the following directors, who retire by rotation in terms of the MOI, but being eligible and offering themselves for re-election, be authorised and confirmed by a separate vote with respect to each re-election:

4.1 Mrs T Dingaan
4.2 Ms P Langeni
4.3 Mr MJ Leeming
4.4 Mr MV Moosa"

A brief curriculum vitae of each of the directors offering themselves for re-election in terms of resolution number 4 is contained on page 22 of the integrated annual report.

The performance and contribution of each of the above directors offering themselves for re-election has been reviewed by the board and the board recommends that each of these directors be re-elected.

Percentage voting rights

The minimum percentage of voting rights that is required for each of the resolutions in 4 to be adopted is 50% (fifty percent) of the voting rights plus 1 (one) vote to be cast on each resolution.

5. Ordinary resolution number 5 – confirmation of the group's remuneration policy

"Resolved that, as a non-binding advisory vote, as recommended in the King Code of Governance for South Africa 2009, commonly referred to as King III, the group's remuneration policy as set out in the remuneration committee report on pages 92 to 101 of the integrated annual report be hereby confirmed."

6. Special resolution number 1 – directors' fees

"Resolved that in terms of section 66(9) of the Companies Act No 71 of 2008, as amended (the Companies Act), the company be and is hereby authorised, by a separate vote in respect of each item, to remunerate its directors for their services as directors and/or pay any fees related thereto on the following basis and on any other basis as may be recommended by the remuneration committee and approved by the board of directors, provided that the aforementioned authority shall be valid with effect from 1 July 2012 until the next annual general meeting of the company as follows:

– Chairman*	R394 000
– Deputy chairman*	R198 000
– Board member	R198 000
– Assets and liabilities committee chairman*	R104 000
– Assets and liabilities committee member	R69 500
– Audit committee chairman*	R227 000
– Audit committee member	R114 000
– Risk committee chairman*	R107 000
– Risk committee member	R72 000
– Remuneration and nomination committee chairman*	R104 000
– Remuneration and nomination committee member	R69 500
– Social, ethics and sustainability committee chairman*	R104 000
– Social, ethics and sustainability committee member	R69 500

Executive directors do not receive directors' fees.

**Paid in addition to a member's fee.*

Notice of annual general meeting continued

Reason and effect

The reason for special resolution number 1 is for the company to obtain the approval of shareholders by way of special resolution for the payment of remuneration to its non-executive directors in accordance with the requirements of the Companies Act.

The effect of special resolution number 1 is that the company will be able to pay its non-executive directors for the services they render to the company as directors without requiring further shareholder approval until the next annual general meeting.

Percentage voting rights

The minimum percentage of voting rights that is required for this resolution to be adopted is 75% (seventy-five percent) of the voting rights to be cast on the resolution.

7. Special resolution number 2 – authority for a specific repurchase of treasury shares

"Resolved that the board of directors of the company be hereby authorised, by way of specific authority to approve the specific purchase in terms, of sections 46 and 48 of the Companies Act and Listings Requirements of the JSE Limited (the JSE) (the Listings Requirements), by Imperial of its own ordinary shares held as treasury stock by Imperial Corporate Services (Proprietary) Limited, a wholly owned subsidiary of Imperial of up to 7 864 456 Imperial ordinary shares in one transaction or successive transactions, at a price of not less than 10% below the 30-day volume weighted average price (VWAP) of imperial ordinary shares on the trading day before any repurchase in terms of this authority is implemented.

As soon as any repurchase is implemented, an announcement will be published on SENS stating the date of the repurchase, the price of the repurchase per share and the number of shares being repurchased."

The specific repurchase of company shares may only be effected if:

- the company's MOI authorises same;
- the company or its subsidiaries do 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;
- the board of the company is of the opinion that, after considering the effect of the specific purchase:
  - the company and the group will be able to pay their debts as they become due in the ordinary course of business for a period of 12 months after the date of approval of the specific purchase;
  - the assets of the company and the group will be in excess of the liabilities of the company and the group for a period of 12 months after the date of approval of the specific purchase. For this purpose, the assets should be recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements which comply with the Companies Act;
  - the share capital and the reserves of the company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of approval of the specific purchase;
  - 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 approval of the specific purchase.
- the directors have passed a resolution authorising the repurchase, resolving that the company has satisfied the solvency and liquidity test as defined in the Companies Act and resolving that since the solvency and liquidity test had been applied, there have been no material changes to the financial position of the group.

The specific repurchase will have no financial effect on the group or its shareholders, other than in respect of transaction costs that are normally incurred in transactions of this nature, namely securities transfer tax (R2,16 million) which represents 0,005% of Imperial's market capitalisation of R41 billion, as at 21 August 2012. As this repurchase is intra-group, no significant cash will be flow outside of the Group and the financial effects have therefore not been disclosed as they are insignificant.

The repurchase will be effected in one transaction or in a series of transactions in aggregate no more than 7 864 456 shares. The company will utilise its internal resources to satisfy any cash requirements arising from the specific repurchase. The costs associated with the specific repurchase resolution are incorporated in the publication of the annual report and the notice of annual general meeting.

An application will be made to the JSE for the delisting of the treasury shares as and when the shares are repurchased and cancelled.

The additional information required to be disclosed in terms of paragraph 11.23 of the Listings Requirements, is contained under special resolution number 3.

Reason and effect

The reason for and effect of special resolution 3 is to grant the company the necessary authority in terms of sections 46 and 48 of the Companies Act and the Listings Requirements, to undertake a specific purchase of ordinary shares of four cents each in the issued share capital of the company from Imperial Corporate Services (Pty) Limited, which is a wholly owned subsidiary of Imperial. In terms of the Act, a subsidiary can only hold up to a maximum of 10% of a class of shares of the holding company. Imperial seeks to increase its ability to repurchase shares and hold these through its subsidiary. The treasury shares will, following repurchase, be cancelled as issued shares and restored to authorised share status.

Percentage voting rights

The minimum percentage of voting rights that is required for this resolution to be adopted is 75% (seventy five percent) of the voting rights to be cast on the resolution. In terms of the Listings Requirements and the provisions of the Companies Act, Imperial Corporate Services (Pty) Limited will be excluded from voting on the special resolution of shareholders required to authorise the specific repurchase, and any associates of Imperial Corporate Services (Pty) Limited.

8. Special resolution number 3 – 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 the provisions of sections 46 and 48 of the Companies Act and in terms of 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 MOI;
- 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 3;
- when the company has cumulatively repurchased 3% of the number of ordinary shares in issue on the date of passing of special resolution number 3, 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 second 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;
- a resolution by the board of directors that it has authorised the repurchase, that the company and its subsidiaries have satisfied the solvency and liquidity test as defined in the Companies Act and that, since the solvency and liquidity test was done, there have been no material changes to the financial position of the group;
- 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 3; 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 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.

Notice of annual general meeting continued

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 of 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 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 board approving the repurchase;
- the consolidated assets of the company and the group, fairly valued in accordance with the accounting policies used in the latest audited annual consolidated financial statements, will exceed its consolidated liabilities for a period of 12 months after the date of the board approving the repurchase;
- 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 board approving the repurchase; 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 board approving the repurchase.

and the directors have passed a resolution authorising the repurchase, resolving that the company and its subsidiary/ies, as the case may be, have satisfied the solvency and liquidity test as defined in the Companies Act and since the solvency and liquidity test had been applied, there have been no material changes to the financial position of the group."

Pursuant to and in terms of paragraphs 11.23 and 11.26 of the Listings Requirements, the directors of the company hereby state that:

- the intention of the company and 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 Listings Requirements require the following disclosures with respect to specific and general repurchases, some of which appear elsewhere in the integrated report of which this notice forms part:

- Directors and management — page 22 to 25
- Major shareholders — page 16
- Share capital of the company — page 114
- Directors' interest in securities — page 115

Litigation statement

In terms of section 11.26 of the Listings Requirements, the directors, whose names are given on page 22 of the integrated annual report of which this notice forms part, 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 group's financial position.

Directors' responsibility statement

The directors, whose names are given on page 22 of the integrated annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to the specific and general repurchase resolutions and certify that to the best of their knowledge and belief 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 this resolution contains all information required by law and the Listings Requirements.

No material changes to report

Other than the facts and developments reported on in the integrated 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 2012 year-end until the date of the notice of annual general meeting.

Reason and effect

The reason for and effect of special resolution number 3 is to authorise the company and/or its subsidiaries by way of a general authority to acquire their own issued shares on such terms, conditions and in such amounts as determined from time to time by the directors of the company subject to the limitations set out above and in compliance with section 48 of the Companies Act.

Statement of board's intention

The board has considered the impact of a repurchase of up to 5% (five percent) of the company's shares, being within the maximum permissible under a general authority in terms of the Listings Requirements. Should the opportunity arise and should the directors deem it in all respects to be advantageous to the company to repurchase such shares, it is deemed appropriate that the company or a subsidiary be authorised to repurchase the company's shares.

Percentage voting rights

The minimum percentage of voting rights that is required for this resolution to be adopted is 75% (seventy-five percent) of the voting rights to be cast on the resolution.

9. Ordinary resolution number 6 – authority to issue ordinary shares

"Resolved that, in terms of the Listings Requirements, the MOI and the Companies Act, 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 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 the aggregate number of ordinary shares able to be allotted and issued in terms of this resolution, shall be limited to 5% of the issued share capital at 30 June 2012."

Percentage voting rights

The minimum percentage of voting rights that is required for this resolution to be adopted is 50% (fifty percent) of the voting rights plus 1 (one) vote to be cast on the resolution.

10. Ordinary resolution number 7 – authority to issue shares for cash

"Resolved that, the directors of the company be and are hereby authorised by way of a general authority, to allot and issue any of the company's unissued shares placed under their control for cash, as they in their discretion may deem fit, without restriction, subject to the provisions of the Listings Requirements, and subject to the proviso that the aggregate number of ordinary shares able to be allotted and issued in terms of this resolution, shall be limited to 5% of the issued share capital at 30 June 2012, provided that:

- the approval shall be valid until the date of the next annual general meeting of the company, provided it shall not extend beyond 15 months from the date of this resolution;
- a paid press announcement giving full details, including the impact on net asset value and earnings per share, will be published after any issue representing, on a cumulative basis within any one financial year, 5% or more of the number of shares in issue prior to such issue;
- the company's securities which are the subject of the general issue of shares for cash, in the aggregate in any one financial year may not exceed 5% of the applicant's issued share capital (number of securities) of that class;
- in determining the price at which an issue of shares will be made in terms of this authority the maximum discount permitted will be 10% of the weighted average traded price of such shares, as determined over the 30-trading days prior to the date that the price of the issue is agreed between the issuer and the party subscribing for the securities. The JSE should be consulted for a ruling if the securities have not traded in such 30-business day period;
- any such issue will only be made to public shareholders as defined in paragraphs 4.25 to 4.27 of the Listings Requirements of the JSE and not to related parties; and
- any such issue will only be securities of a class already in issue or, if this is not the case, will be limited to such securities or rights that are convertible into a class already in issue."

Notice of annual general meeting continued

For listed entities wishing to issue shares for cash, it is necessary for the board not only to obtain the prior authority of the shareholders as may be required in terms of the MOI, but it is also necessary to obtain the prior authority of shareholders in accordance with the Listings Requirements. The reason for this resolution is accordingly to obtain a general authority from shareholders to issue shares for cash in compliance with the Listings Requirements.

Percentage voting rights

In terms of the Listings Requirements, the minimum percentage of voting rights that is required for this resolution to be adopted is 75% (seventy-five percent) of the voting rights to be cast on the resolution.

11. Ordinary resolution number 8 – authority to issue non-redeemable preference shares

"Resolved that, in terms of the Listings Requirements, the MOI and the Companies Act, 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 are 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."

Percentage voting rights

The minimum percentage of voting rights that is required for this resolution to be adopted is 50% (fifty percent) of the voting rights plus 1 (one) vote to be cast on the resolution.

12. Special resolution number 4 – authority to provide financial assistance

"Resolved that in terms of section 45(3)(a)(ii) of the Companies Act, as a general approval, the board of the company may from time to time authorise the company to provide any direct or indirect financial assistance, as defined in section 45(1) of the Companies Act, to any related or inter-related company or corporation as contemplated in section 45(2) of the Companies Act, for such amounts and on such terms and conditions as the board of the company may determine, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the company."

Reason

Imperial is a listed holding company with a large number of subsidiary companies which together comprise the Imperial group of companies. Imperial is not an operating company and all operations in the Imperial group are conducted by subsidiary companies of Imperial.

Imperial is from time to time, as an essential part of conducting its business, required to provide financial assistance to its subsidiary companies including related and inter-related companies in the form of operational loan funding, credit guarantees and general financial assistance as contemplated in section 45 of the Companies Act.

In terms of the Companies Act, which became effective on 1 May 2011, companies are required to obtain the approval of their shareholders by way of special resolution in order to provide financial assistance to subsidiaries and Imperial seeks approval for the board of the company until the next annual general meeting to authorise the provision by the company of financial assistance to any related or inter related company as contemplated in section 45(2) of the Companies Act. This means that the company is authorised to grant loans to its subsidiaries and to guarantee the debts of its subsidiaries. The financial assistance will be provided as part of the day-to-day operations of the company in the normal course of its business and in accordance with its MOI and the provisions of the Companies Act.

Effect

Special resolution number 4 will grant the directors of the company the authority until the next annual general meeting to authorise the provision by the company of financial assistance to any related or inter-related company as contemplated in section 45(2) of the Companies Act. This means that the company is authorised to grant loans to its subsidiaries and to guarantee the debts of its subsidiaries.

Compliance with section 45(3)(b)

The directors of Imperial will, in accordance with section 45(3)(b) of the Companies Act, ensure that financial assistance is only provided if the requirements of that section are satisfied, inter alia, that immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test set out in section 4(1) of the Companies Act.

Percentage voting rights

The minimum percentage of voting rights that is required for this resolution to be adopted is 75% (seventy five percent) of the voting rights to be cast on the resolution.

13. Special resolution number 5 – Memorandum of Incorporation

"Resolved that the company adopt a new Memorandum of Incorporation as contemplated in the Companies Act, to apply in substitution for and to the exclusion of the company's existing memorandum of association and articles of association."

Reason

Special resolution number 5 is proposed to enable the company to adopt a new MOI that will be in line with the requirements of the Companies Act, the Banks Act, the Listings Requirements and any applicable legislation. In addition to the Companies Act, changes to the Listings Requirements and developments in market practice require a substantial number of changes to the existing memorandum of association and articles of association of the company. Accordingly, it is considered more appropriate to adopt the proposed new MOI rather than to amend the existing memorandum of association and articles of association.

The proposed MOI will be available for inspection at the registered address of the company being Imperial Place, Jeppe Quondam, 79 Boeing Road East, Bedfordview, Gauteng, during office hours from 28 September 2012 to 31 October 2012 and will also be available on the company's website, www.imperial.co.za.

Effect

The new MOI will substitute the company's existing memorandum of association and articles of association in their entirety.

Percentage voting rights

The minimum percentage of voting rights that is required for this resolution to be adopted is 75% (seventy-five percent) of the voting rights to be cast on the resolution.

14. To transact such other business as may be transacted at an annual general meeting of shareholders

Voting and proxies

A shareholder holding shares in a certified form or who has dematerialised his/her shares with own name registration, entitled to attend and vote at the general meeting, is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the company. For the convenience of registered certificated shareholders or shareholders who have dematerialised their shares with own name registration, a form of proxy is attached hereto. Duly completed forms of proxy must be lodged at the registered office of the company or at the transfer secretaries at the addresses below by no later than 09:00 on Monday, 29 October 2012.

Every person present and entitled to vote at the general meeting shall, on a show of hands, have one vote only, and on a poll, shall have one vote for every ordinary share held or represented.

Section 63(1) of the Companies Act requires that meeting participants provide satisfactory identification.

Shareholders' rights regarding proxies in terms of section 58 of the Companies Act are as follows:

(1) At any time, a shareholder of a company may appoint any individual, including an individual who is not a shareholder of that company, as a proxy to—
   (a) participate in, and speak and vote at, a shareholders' meeting on behalf of the shareholder; or
   (b) give or withhold written consent on behalf of the shareholder to a decision contemplated in section 60.

Notice of annual general meeting continued

(2) A proxy appointment—
  (a) must be in writing, dated and signed by the shareholder; and
  (b) remains valid for—
    (i) one year after the date on which it was signed; or
    (ii) any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in subsection (c), or expires earlier as contemplated in subsection (8)(d).

(3) Except to the extent that the Memorandum of Incorporation of a company provides otherwise –
  (a) a shareholder of that company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder;
  (b) a proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
  (c) a copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of the shareholder at a shareholders' meeting.

(4) Irrespective of the form of instrument used to appoint a proxy –
  (a) the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;
  (b) the appointment is revocable unless the proxy appointment expressly states otherwise; and
  (c) if the appointment is revocable, a shareholder may revoke the proxy appointment by –
    (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and
    (ii) delivering a copy of the revocation instrument to the proxy, and to the company.

(5) The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of—
  (a) the date stated in the revocation instrument, if any; or
  (b) the date on which the revocation instrument was delivered as required in subsection (4) (c) (ii).

(6) A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the instrument appointing the proxy otherwise provides.

Shareholders who have dematerialised their shares and have not selected own name registration must advise their CSDP or broker of their voting instructions should they be unable to attend the general meeting but wish to be represented thereat. Dematerialised shareholders without own name registration should contact their CSDP or broker with regard to the cut-off time for their voting instructions. If, however, such members wish to attend the general meeting in person, then they will need to request their CSDP or broker to provide them with the necessary letter of representation in terms of the custody agreement entered into between the dematerialised shareholder and their CSDP or broker.

By order of the board

RA Venter
Company secretary

21 August 2012

Form of proxy

FAST MOVING
FORWARD THINKING
IMPERIAL™

Imperial Holdings Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1946/021048/06)
ISIN: ZAE000067211
Share Code: IPL
("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 Tuesday, 31 October 2012 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 (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received by no later than 09:00 on Monday, 29 October 2012.

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/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 number 1 – Financial statements				
2.	Ordinary resolution number 2 – Appointment of auditors				
3.	Ordinary resolution number 3 – Appointment of audit committee				
4.	Ordinary resolution number 4 – Appointment of directors				
	Ordinary resolution number 4.1 – Reappointment T Dingaan				
	Ordinary resolution number 4.2 – Reappointment P Langeni				
	Ordinary resolution number 4.3 – Reappointment MJ Leeming				
	Ordinary resolution number 4.4 – Reappointment MV Moosa				
5.	Ordinary resolution number 5 – Confirmation of remuneration policy				
6.	Special resolution number 1 – Directors' fees				
	6.1 Chairman	R394 000			
	6.2 Deputy chairman	R198 000			
	6.3 Board member	R198 000			
	6.4 Assets and liabilities committee chairman	R104 000			
	6.5 Assets and liabilities committee member	R 69 500			
	6.6 Audit committee chairman	R227 000			
	6.7 Audit committee member	R114 000			
	6.8 Risk committee chairman	R107 000			
	6.9 Risk committee member	R 72 000			
	6.10 Remuneration and nomination committee chairman	R104 000			
	6.11 Remuneration and nomination committee member	R 69 500			
	6.12 Social, ethics and sustainability committee chairman	R104 000			
	6.13 Social, ethics and sustainability committee member	R 69 500			
7.	Special resolution number 2 – Specific authority to repurchase company shares				
8.	Special resolution number 3 – General authority to repurchase company shares				
9.	Ordinary resolution number 6 – Authority over ordinary shares				
10.	Ordinary resolution number 7 – Authority to issue shares for cash				
11.	Ordinary resolution number 8 – Authority over unissued preference shares				
12.	Special resolution number 4 – Authority to provide financial assistance				
13.	Special resolution number 5 – Adoption of MOI				

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 _____ 2012

Signature _____

Assisted by (where applicable) _____

Notes to the 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 (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), to be received by no later than 09:00 on Monday, 29 October 2012.

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.

Corporate information

DIRECTORS

Non-executive

TS Gcabashe*, (Chairman) BA (Botswana), MURP (Ball State Univ, USA), PED, IMD Lausanne
SL Botha*, BEcon, BEcon (Hons)
T Dingaan, BProc, LLB, LLM, HDip (Tax)
S Engelbrecht*, BSc, MBL, MDP Insead
P Langeni*, BCom (Accounting)
MJ Leeming*, BCom, MCom, FCMA, FIBSA, AMP
MV Moosa, BSc
RJA Sparks*, BCom (Hons), CA(SA), MBA
A Tugendhaft (Deputy chairman), BA, LLB
Y Waja*, BCom, CA(SA)
* Independent

Executive

HR Brody (Chief Executive), BAcc (Hons), CA(SA)
OS Arbee, BAcc, CA(SA), HDip Tax
MP de Canha
RL Hiemstra, BCompt (Hons), CA(SA)
AH Mahomed (Deputy Chief Executive), BCompt (Hons), CA(SA), HDip Tax
GW Riemann (German)
M Swanepoel, BCom Acc (Hons)

Executive committee

HR Brody (Chairman), M Akoojee, OS Arbee, MP de Canha, BJ Francis, RL Hiemstra, AH Mahomed, PB Michaux, M Mosola, JJ Strydom, M Swanepoel

Audit committee

MJ Leeming (Chairman), P Langeni, RJA Sparks, Y Waja

Remuneration and nomination committee

TS Gcabashe (Chairman), SL Botha, P Langeni, RJA Sparks, A Tugendhaft

Risk committee

Y Waja (Chairman), H Adler, OS Arbee, HR Brody, S Engelbrecht, BJ Francis, R Haman, RL Hiemstra, MJ Leeming, PB Michaux, G Rudman, JJ Strydom

Social, ethics and sustainability committee

MV Moosa (Chairman), OS Arbee, MP de Canha, BJ Francis, TS Gcabashe, PB Michaux, M Mosola, M Swanepoel, A Tugendhaft, RA Venter

Assets and liabilities 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 adviser 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

Group head: sustainability

MR Sharfuddin, BBA, IMP Insead
Telephone +27 (0)11 372 6500
Email: rsharfuddin@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 dividend: 1 October 2012
Annual general meeting: 31 October 2012
Interim results released: February 2013
Interim dividend: March 2013
Final results released: August 2013
Final dividend: September 2013

BASTION GRAPHICS

www.imperial.co.za

Business address:
Imperial Place
Jeppe Quondam
79 Boeing Road East
Bedfordview
2007

Postal address:
PO Box 3013
Edenvale
1610
South Africa