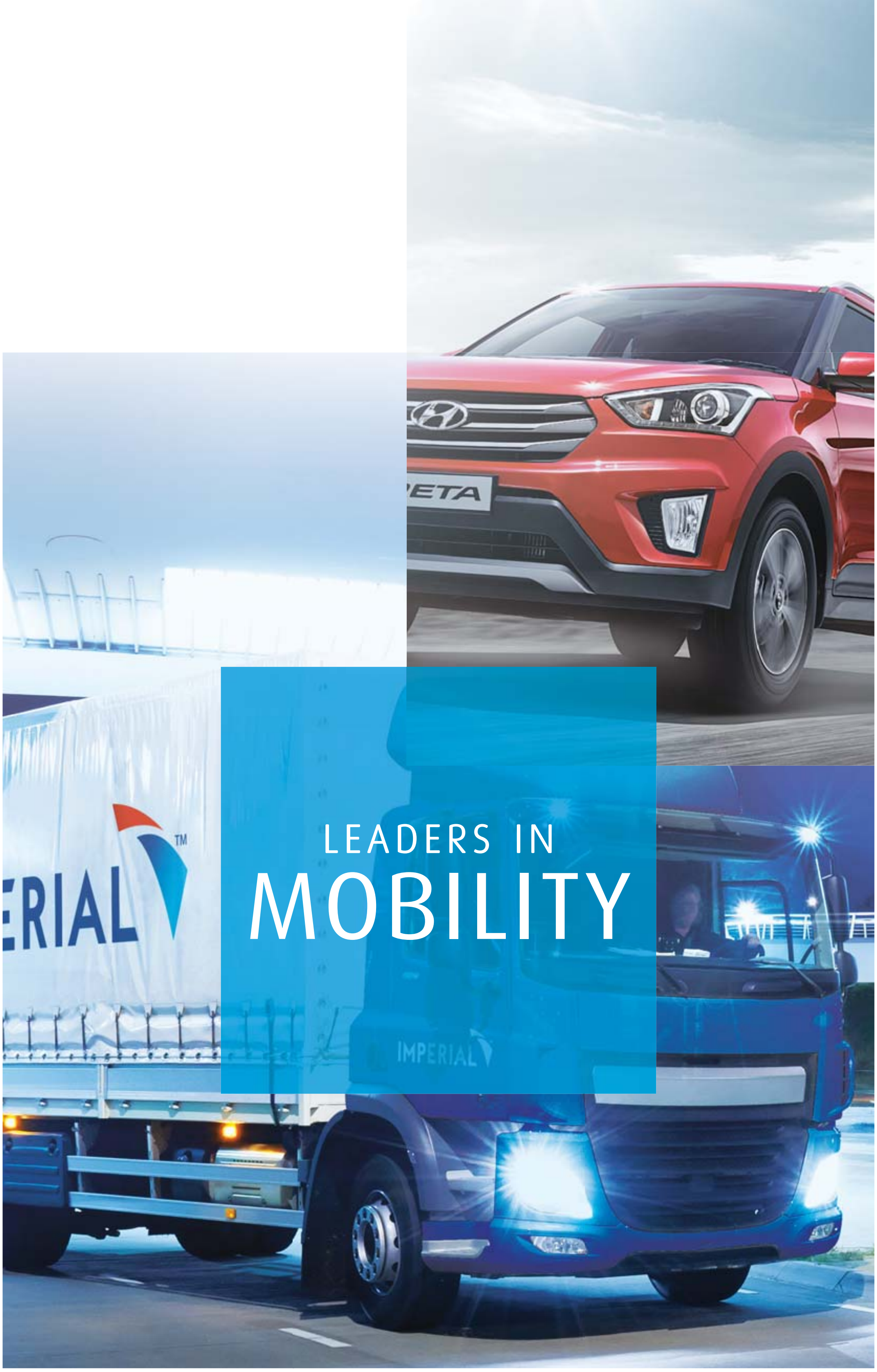


IMPERIAL INTEGRATED ANNUAL REPORT 2017

IMPERIAL

LEADERS IN MOBILITY

Who we are

Imperial Holdings Limited is a JSE listed South African-based holding company, employing over 49 000 people in 33 mainly African and Eurozone countries, operating exclusively in the logistics and vehicle sectors, as:

Imperial Logistics:

active in transportation, warehousing and distribution management, providing integrated supply chain and route-to-market solutions to global and national market leaders, generating 43% and 45% of group* revenue and operating profit respectively, with 67% of operating profit generated internationally; and

Motus:

operates across the motor vehicle value chain (import, distribution, retail, rental, aftermarket parts, and vehicle-related financial services) generating 57% and 55% of group* revenue and operating profit respectively, with 12% of the operating profit generated internationally.

** Excluding Regent, head office and eliminations.*

Contents

The renewal of the group, and its expression in the competitive strategies of its subsidiaries, is essentially an exercise in integrated thinking as the premise for long-term value creation.

Our report covers the progress we have made in reshaping the group portfolio and clarifying its strategy. This has resulted in the assembly and consolidation of Imperial's entire logistics and vehicle operating companies and assets within two increasingly self-sufficient divisions each under its own board, chief executive officer (CEO) and executive committee.

Fundamental to this renewal is the group's investment in the primary enablers of growth, returns and sustainability – the capitals on which value creation depends.

Investing in sustainable value creation on page 08

Approval

The board of Imperial Holdings Limited (the group) is pleased to present the Integrated Annual Report 2017 (the report), which is its primary report to stakeholders. The board acknowledges its responsibility to ensure the integrity of the report. The audit committee, together with executive management, is responsible for the preparation and presentation of the report, and has reviewed and recommended it to the board for its approval. In the board's opinion, after applying its collective mind to the information provided, the report is materially prepared in accordance with the principles of the International Integrated Reporting Council's (IIRC's) <IR> Framework in that it addresses all material issues and matters that may impact the group's ability to create value over time, and it provides a balanced and appropriate overview of performance.

On behalf of the board:

SURESH P KANA
Chairman

Mark J Lamberti
Chief executive officer

18 September 2017

For more information about the report, including its scope and boundary, and for an overview of integrated thinking at Imperial, see page 62 of the corporate governance summary.

FEEDBACK

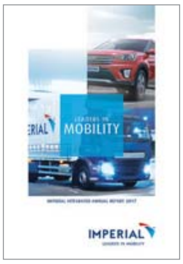
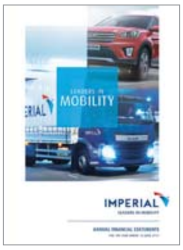
We welcome the feedback of our stakeholders in improving our reporting.

Feedback and any questions can be directed to:

Esha Mansingh, group investor relations manager, at **emansingh@ih.co.za**.

Our reporting

Our reporting publications provide our stakeholders with an integrated assessment of how the group is driving its growth, returns and sustainability.

	Publications	Indices/ reporting frameworks	Assurance/ compliance
	> The report for 2017, which is aimed at both providers of financial capital and a broader stakeholder audience, provides a focused assessment of the group's governance, risk, strategy, financial, operational and sustainability performance and prospects, in relation to the material issues that affect its ability to create long-term value for its stakeholders.	> Imperial is listed in the transportation services sector on the JSE Limited under the share code IPL. > JSE Listing Requirements. > South African Companies Act, 2008. > IIRC's <IR> Framework. > Fourth King Report on Corporate Governance (King IV).	> The audit committee reviewed and recommended the report for board approval. > A register of the group's compliance with the 16 King IV principles is available online at www.imperial.co.za/sus-king.php. > Deloitte & Touche assured 14 (2016: nine) non-financial indicators of which certain are included in this report.
	> The complete audited consolidated annual financial statements (AFS) for the year ended 30 June 2017 are available online at www.imperial.co.za/inv-reports.php.	> International Financial Reporting Standards (IFRS). > Companies Act, 2008. > SAICA financial reporting guides and financial reporting pronouncements.	> Deloitte & Touche issued an unmodified audit opinion on the consolidated annual financial statements for the 2017 financial year.
	> The Sustainable Development Report 2017 (SDR), available online at www.imperial.co.za/inv-reports.php, supplements our report by expanding on our approach to sustainable development and our performance in this regard. The SDR also includes case studies of sustainability initiatives within our operations.	> The group is a constituent of the FTSE/JSE Responsible Investment Index series. > G4 guidelines of the Global Reporting Initiative (GRI) on a core basis.	> The social, ethics and sustainability committee reviewed and recommended the report for board approval. > Deloitte & Touche assured 14 (2016: nine) non-financial indicators and issued an assurance statement in this regard which is included on page 114. > A response table to the relevant GRI G4 indicators is available at www.imperial.co.za/sus-gri.php.

Our reporting publications and supplementary information are all available online. Supplementary information, which expands on information included in the report, includes:

Full corporate governance report

Responding to our stakeholders

Full material issues

Stakeholders may access the group's interim and annual financial results announcements and presentations online at http://www.imperial.co.za/inv-annuals.php.

How we allocate capital

The group strives to create long-term value for stakeholders though strategic clarity, financial discipline, operational excellence and strictly defined capital allocation principles.

We will release capital and sharpen executive focus, by disposing of non-core, strategically misaligned, underperforming or low return on effort assets.

Disposals of non-strategic businesses and properties during the year generated proceeds of R3,0 billion.

We will invest capital in South Africa to maintain the quality of our assets and our market leadership in our logistics and motor vehicles businesses.

Acquisitions of 55% of Itumele Bus Lines for R147 million, 70% of Sasfin Premier Logistics for R38 million and the remaining 10% of Midas for R87,5 million.

We will invest capital in the African Regions primarily to achieve our 2020 objective for the revenue and profits generated in that region to equal that of our South African logistics business, and secondarily to expand our vehicles and related businesses in the region.

Acquisition of 70% of Surgipharm in Kenya for R470 million, and expanded Imperial Managed Logistics in Nigeria and Ghana.

We will invest the cash generated from operations and divestments to grow our businesses beyond the continent, but with an emphasis on logistics.

Acquisition of 95% in Palletways for R3,0 billion.

The development and sustainability of Imperial will be underpinned by our investment in human capital and information systems.

Groupwide capital expenditure in human capital development and information systems of R371 million.

CEO's report on page 21.

Where we are

The group employs over 49 000 people in 33 mainly African and Eurozone countries, and operates exclusively in the logistics and vehicle sectors.

Global context:

Heightened uncertainty, characterised by:

> Rising geopolitical tensions and policy shifts to local protectionism.
> Economic uncertainty driven by low growth forecasts, global reflation and currency volatility.
> Acceleration in technological interconnectedness and rising cybercrime events.

South Africa
(57% revenue; 63% operating profit)

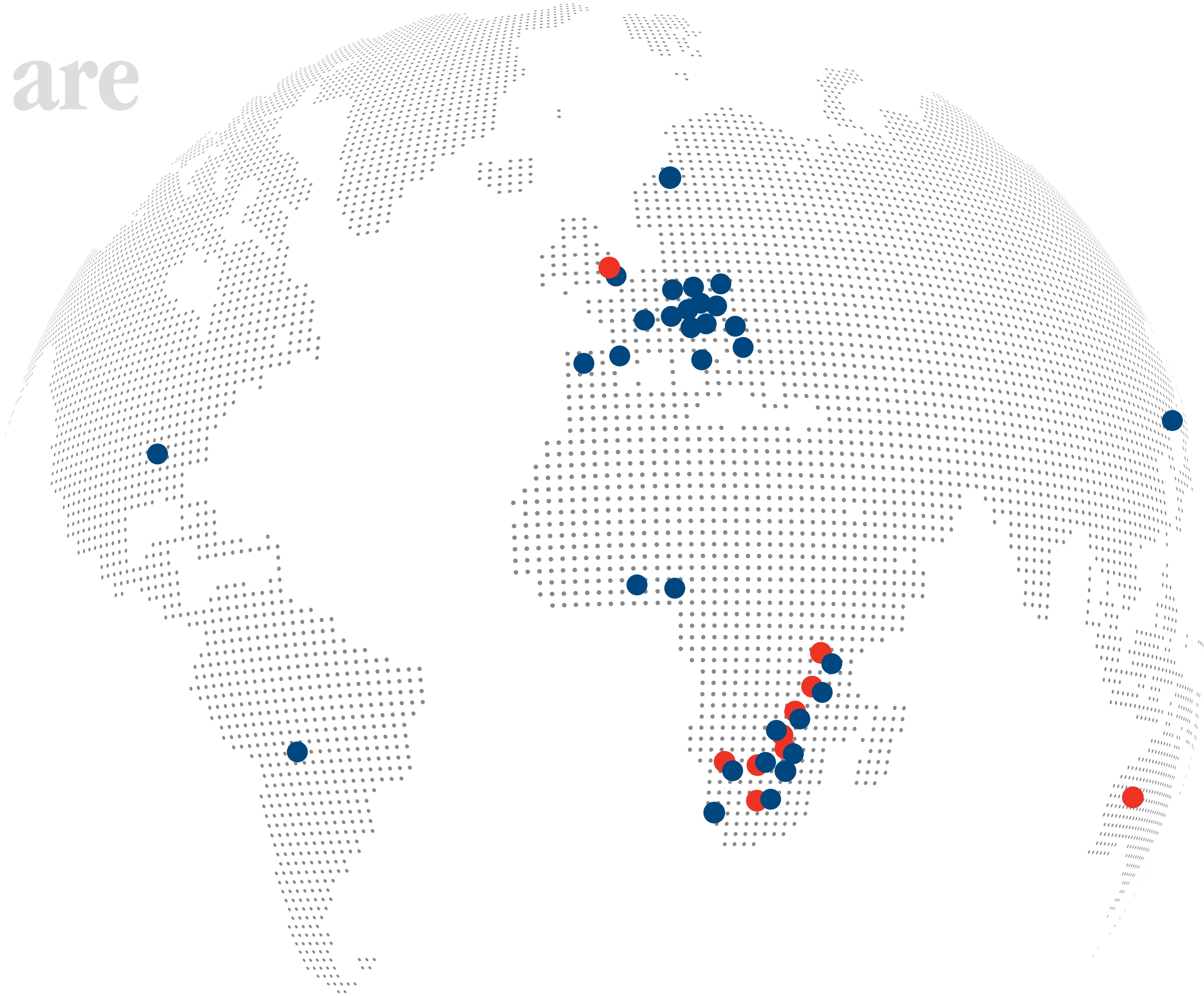
> Lower than expected economic growth, declining into a technical recession.
> Currency volatility following sovereign downgrades.
> Fragile consumer health depressing personal income expenditure and consumer goods volumes.
> Rising unemployment levels.
> Heightened political and social tensions and low business confidence.
> National vehicle sales down 7%, per NAAMSA.

African Regions
(10% revenue; 13% operating profit)

> Increased currency volatility following repricing of economies, particularly the devaluation of the Naira (41% on average) and Metical (37% on average).
> Slowing GDP growth rates.
> Rising inflation and interest costs.
> Lower consumer demand.

Eurozone, UK and Australia
(33% revenue; 24% operating profit)

> Improving EU consumer confidence, buoyed by a solid German economy and the outcome of the French presidential election.
> Steady UK economy supporting logistics and vehicles businesses.
> Lowest water levels on Rhine in 80 years.
> Lower demand and pricing pressures in steel, energy, commodities and construction sectors in Germany.
> Volatile Rand effect on translation value of foreign operations.
> Tough labour market conditions, particularly in Germany.



Map key

● LOGISTICS ● MOTUS

Divisional reviews starting on page 40.

LOGISTICS

SOUTH AFRICA

AFRICAN REGIONS
- BOTSWANA
- GHANA
- KENYA
- MALAWI
- MOZAMBIQUE
- NAMIBIA
- NIGERIA
- SWAZILAND
- TANZANIA
- ZAMBIA
- ZIMBABWE

INTERNATIONAL
- AUSTRIA
- BELGIUM
- BULGARIA
- CHINA
- CZECH REPUBLIC
- FINLAND
- FRANCE
- GERMANY
- HUNGARY
- ITALY
- LUXEMBOURG
- NETHERLANDS
- PARAGUAY
- PORTUGAL
- POLAND
- SPAIN
- SWEDEN
- SWITZERLAND
- UK
- USA

MOTUS
- SOUTH AFRICA
- AUSTRALIA
- BOTSWANA
- KENYA
- MALAWI
- NAMIBIA
- TANZANIA
- UK
- ZAMBIA
- ZIMBABWE

The big picture

Key financial indicators

RECORD REVENUE
1% to
R119,5 billion
(43% foreign)

RECORD OPERATING PROFIT
2% to
R6,5 billion
(37% foreign)

HEPS
10% to
1 390 cents
PER SHARE

14% Logistics – South Africa
8% Logistics – African Regions
21% Logistics – International
6% Vehicle Import and Distribution
45% Vehicle Retail and Rental
5% Aftermarket Parts
1% Motor Related Financial Services

15% Logistics – South Africa
12% Logistics – African Regions
18% Logistics – International
12% Vehicle Import and Distribution
24% Vehicle Retail and Rental
6% Aftermarket Parts
13% Motor Related Financial Services

FREE CASH CONVERSION RATIO OF
1,6 times
(0.9 times in 2016)

NET DEBT TO EQUITY RATIO IMPROVED FROM
73% to 71%

RETURN ON EQUITY (ROE)
12,7%

EPS
14% to
1 339 cents
PER SHARE

CORE EPS
5% to
1 626 cents
PER SHARE

CASH GENERATED BY OPERATIONS
11% to
R9,1 billion

13% Logistics – South Africa
10% Logistics – African Regions
18% Logistics – International
6% Vehicle Import and Distribution
47% Vehicle Retail and Rental
5% Aftermarket Parts
1% Motor Related Financial Services

14% Logistics – South Africa
13% Logistics – African Regions
16% Logistics – International
15% Vehicle Import and Distribution
24% Vehicle Retail and Rental
6% Aftermarket Parts
12% Motor Related Financial Services

RETURN ON INVESTED CAPITAL (ROIC)
12,4%

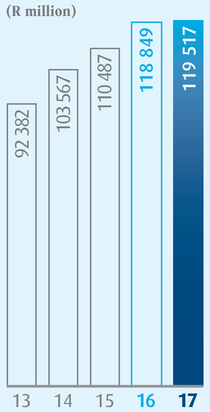
WEIGHTED AVERAGE COST OF CAPITAL (WACC)
9,0%

FULL YEAR DIVIDEND
18% to
650 cents
PER SHARE

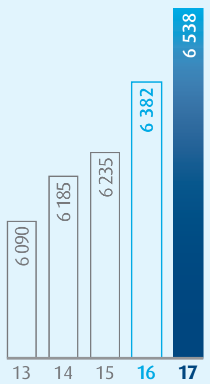
* Based on external revenue for the division excluding discontinued operations and businesses held for sale. Financial Services now includes retained Regent value-added products and services (VAPS) business.

* Excludes discontinued operations, businesses held for sale, head office and eliminations. Financial Services now includes retained Regent VAPS business.

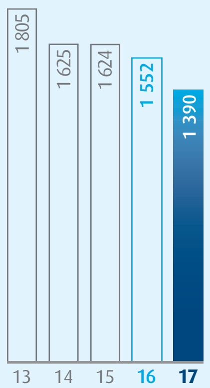
Revenue
(R million)



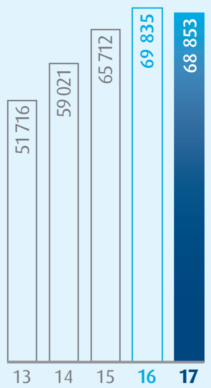
Operating profit
(R million)



Headline earnings per share
(Cents)

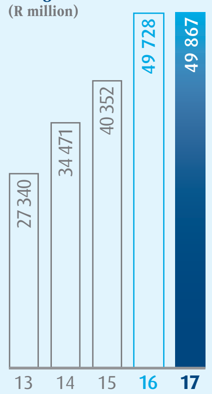


Total assets
(R million)

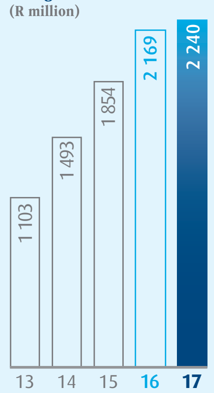


Note: 2016 restated for the retention of the Regent VAPS business.

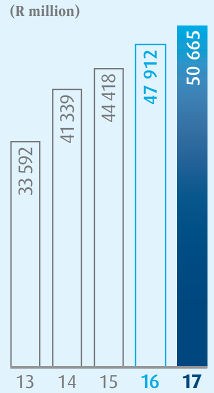
Revenue foreign businesses**
(R million)



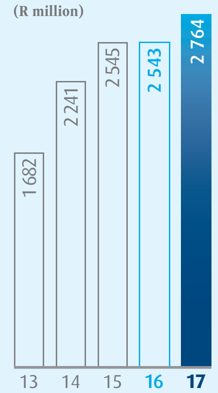
Operating profit foreign businesses**
(R million)



Revenue non vehicle business**
(R million)



Operating profit non vehicle businesses**
(R million)



** Excludes discontinued operations.

Note: 2016 restated for the retention of the Regent VAPS business.

CEO's report from page 21.

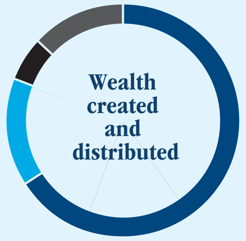
CFO's report from page 25.

Five-year review from page 32.

Divisional reviews from page 40.

Key non-financial indicators

OUR CONTRIBUTION TO WEALTH CREATION



66% Total employee cost
15% Paid to providers of financial capital
6% Taxes paid to governments
13% Reinvested in the group to maintain and develop operations

R25,0 billion
(2016: R25,0 BILLION)

PAID TO PROVIDERS OF FINANCIAL CAPITAL
R3,7 billion
(2016: R3,3 BILLION[1])

TAXES PAID TO GOVERNMENTS
R1,5 billion
(2016: R1,7 BILLION[1])

PAID TO SUPPLIERS
R91,6 billion
(2016: R90,7 BILLION[1])

TOTAL EMPLOYEE COST
(Including payroll tax)
R16,6 billion
(2016: R16,5 BILLION[1])

WEALTH CREATED PER EMPLOYEE
R511 000
(2016: R498 000[1])

1. *2016 Restated for continuing operations only.*

OUR PEOPLE

49 364 employees
(2016: 50 291)

SENIOR MANAGEMENT IN SOUTH AFRICA

Black representation: 29,1% (2016: 24,3%)

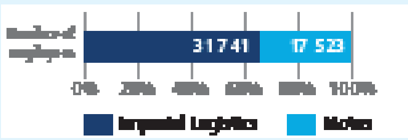
Women representation: 30,3% (2016: 20,8%)

TOP MANAGEMENT IN SOUTH AFRICA

Black representation: 19,5% (2016: 19,4%)

Women representation: 14,3% (2016: 16,5%)

Number of employees – Divisional split



Imperial Holdings: 100 employees.

R340,7 million
(2016: R319,1 MILLION)

40% Imperial Logistics
60% Motus

R6 901 training spend
PER EMPLOYEE
(2016: R6 345)

36 hours of training
PER EMPLOYEE
(INCLUDES APPRENTICE TRAINING HOURS)

68% of skills spend
IN SOUTH AFRICA SUPPORTED THE DEVELOPMENT OF BLACK EMPLOYEES.

PRIORITISING OUR SAFETY

732 million
(2016: 737 MILLION)

69% Imperial Logistics
31% Motus

ROAD ACCIDENTS
424
EQUATING TO 0,579 ACCIDENTS PER MILLION KILOMETRES (2016: 678)

ROAD INJURIES
148
EQUATING TO 0,202 INJURIES PER MILLION KILOMETRES (2016: 145)

ROAD FATALITIES
4
EQUATING TO 0,005 FATALITIES PER MILLION KILOMETRES (2016: 1)

OUR CONTRIBUTION TO SOCIETY (SOUTH AFRICA)

A transaction to increase the effective black ownership
OF IMPERIAL LOGISTICS SOUTH AFRICA TO 51% IS UNDERWAY.

R236,2 million, the total value realised
FOR UKHAMBA'S A CLASS SHAREHOLDERS
SINCE THE OVER-THE-COUNTER LISTING IN NOVEMBER 2013 WITH 11,2 MILLION SHARES TRADED TO DATE.

R32 million invested
IN COMMERCIALLY-STRUCTURED PROJECTS (**UNJANI CLINICS** NETWORK) AND COMMUNITY INVESTMENT PROGRAMMES (**IMPERIAL AND UKHAMBA COMMUNITY DEVELOPMENT TRUST** AND THE **IMPERIAL ROAD SAFETY PROGRAMME**)
(2016: R29 MILLION).

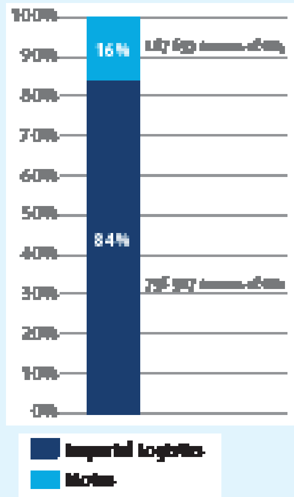
SUPPLIER AND ENTERPRISE DEVELOPMENT SPEND (FOCUSING ON BLACK BUSINESSES) OF
R57 million
(2016: R43 MILLION)

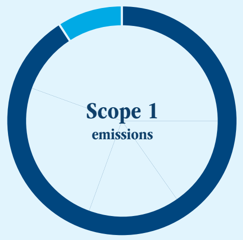
LAUNCHED THE SINAWE FUND WHICH WILL PROVIDE ELIGIBLE SUPPLIERS WITHIN THE LOGISTICS VALUE CHAIN WITH ACCESS TO GROWTH OPPORTUNITIES.

MINIMISING OUR ENVIRONMENTAL FOOTPRINT

Scope 1 and 2 emissions

904 200 tonnes of carbon dioxide (CO_2)
(2016: 1 009 819 TONNES OF CO_2)





91% Imperial Logistics
9% Motus

SCOPE 1 EMISSIONS (TONNES OF CO_2)
Accounts for 80% of total emissions

ENVIRONMENTAL INCIDENTS
53 with one fine
(2016: 63 WITH NO FINES OR PENALTIES)

WATER CONSUMPTION
1 559 545 kilolitres
(2016: 1 767 582 KILOLITRES)

FUEL USAGE
(ROAD AND NON-ROAD)
274 707 kilolitres
(2016: 296 870 KILOLITRES)

ELECTRICITY PURCHASED
223 459 megawatt hours
(2016: 229 371 MEGAWATT HOURS)

Chairman's letter to stakeholders from page 18
Divisional reviews from page 40.
Value-added statement on page 35.

SDR online.
Full material issues online.

Investing in sustainable value creation

Groups do not compete, subsidiaries do.

As the custodian of strategy, capital, succession and governance, the group exists to enhance the sustainable competitive position and growth potential of its subsidiaries.

Besides the value-adding intervention in its operating divisions, which defines the group's business model, group leadership sets the policies, approval frameworks and related oversight processes that give effect to superior governance, transparency, disclosure and communication. In addition to a well-constituted group board and governance structures aligned to best practice, the divisions have strong operating boards that comprise group and operational executives and independent non-executive directors of the Imperial Holdings board, with a mix of relevant professional and industry expertise. The group creates value through three strategic pillars (reflected below), and the investment it is making in the primary enablers of growth, returns and sustainability – the 'capitals' on which sustainable value creation depends – is fundamental to the ability of its subsidiaries to create sustainable value.

Corporate governance summary from page 61.

Value creation pillars

STRATEGIC CLARITY	ORGANISATIONAL SIMPLICITY	DISCIPLINED CAPITAL MANAGEMENT
> Achieving the optimal portfolio of assets in each division, defined by complementary capabilities. > Deepening the value propositions of the divisions for competitive advantage, growth and returns, defined by clear market, product and customer focus.	> Ensuring strong leadership and succession planning within divisional operating boards and executive teams. > Simplifying structures and removing complexity, duplication and cost within the divisions. > Devolving relevant functions and services provided by the group to the divisions when appropriate. > Rationalising legal entities and simplifying, separating and aligning local and international financial structures.	> Assessing investments in acquisitions, organic growth or asset renewals according to targeted returns on invested capital. > Ensuring tight working capital management. > Achieving appropriately geared independent and self-sustaining balance sheets for each division. *Our top risks (page 10) and corporate governance summary (page 61).*

For more on strategy, refer to the CEO's report from page 21.

Material capital inputs

FINANCIAL AND MANUFACTURED CAPITAL

The group is the entry point for providers of equity and debt capital who wish to invest in the group's investment proposition. Broadly, this relates to the profound organisational renewal in progress to secure the competitiveness of the group's strategically distinct mobility businesses, and the optimal utilisation of their assets. Embedded governance structures and processes to ensure disciplined capital allocation and effective balance sheet management, for focused growth and targeted returns, underpin these objectives.

HUMAN AND INTELLECTUAL CAPITAL

A significant investment is being made in human capital management, and the supporting systems. This recognises that people and culture are the foundation for the delivery of differentiated customer value propositions, organisational effectiveness and reputational integrity. The divisions are also investing in systems and technology for competitive advantage and efficiencies, as well as in innovative responses to the disruptive threats in their industries.

SOCIAL AND RELATIONSHIP CAPITAL

Stakeholder expectations and priorities are integrated into strategic and operational decision-making to ensure strong commercial relationships and to protect the group's licences to operate, which depends on its societal relevance and legitimacy. Ethical practices and regulatory compliance, including diversity and inclusion, are increasingly important to clients, principals, suppliers and business partners of the divisions.
This extends to managing their material environmental impacts, according to the nature of their operations.
The group continues to invest in initiatives that respond to critical societal concerns.

Details of our stakeholders, their key concerns and our response can be found online.

Business activities

Imperial Logistics

Customised outsourced logistics solutions that ensure the relevance and competitiveness of its clients in the industry verticals and geographies in which it operates.

Divisional review: Imperial Logistics from page 40.

Value-add logistics

Evolves from point services to the integrated management of transportation, warehousing and delivery operations on behalf of clients – thus acting as the lead logistics provider managing multiple supply chain functions.

- Warehousing management
- Transportation management
- International freight management
- Distribution management
- Value-add logistics solutions (lead logistics provider)

Supply chain management

Integrates clients' logistics functions into their end-to-end supply chain to reduce their time-to-market, improve their customer service and mitigate risk.

- Supply chain advisory
- Supply chain technology
- Managed services
- Contract manufacturing
- Contract logistics
- Supply chain management solutions

Routes-to-market

Provides access to end-consumers through taking ownership of product inventory and provides integrated logistics and sales services.

- Demand activation
- Merchandising
- Sourcing and Procurement
- Wholesaling
- Distributorships
- Route-to-market solutions

Motus

Importer, distributor, rental and retailer of vehicles and related products and services focused on creating value for customers across the vehicle value chain.

Divisional review: Motus from page 52.

Distribution network

Distributor and retailer of vehicles and related products and services in Southern Africa and selected international markets.

- Vehicle and parts import
- Vehicle dealerships – independent and owned
- Distributorships in African countries
- Part distribution – resellers/ specialised workshops
- Car rental outlets (Europcar and Tempest)

Products and services

Provides services across all segments of the vehicle value chain for a range of the world's most respected vehicle brands, with an integrated offering that includes motor related financial products and services.

- Passenger and commercial vehicles
- Aftermarket parts, servicing and repairs
- Car rental
- Service and warranty plans
- Fleet management services/VAPS
- Roadside assistance
- Value-added products

Outcomes in overview

- The effective operation of the group's businesses contributes to efficient industry supply chains and affordable vehicle ownership, which support real economic activity and quality of life through the efficient movement of goods and people.
- The separation of the group's portfolio into two increasingly self-sufficient businesses, and their ongoing internal restructuring, is aimed at maximising the group's ability to create value for shareholders with a sustainable improvement in performance and returns expected from 2018.
- The competitive strategies of the divisions aim to ensure sustainable profitable growth within the context of cyclical and structural shifts in their markets, and hence their ability to create value for all stakeholders.
- An important outcome of the renewal of the group is to reinforce a culture of ethical corporate citizenship. This involves many aspects including fair market practices, elimination of all forms of anti-competitive behaviour and corruption, appropriate remuneration practices that respond to income inequality in specific markets, diversity and inclusion including local hiring and skills development and training, as well as community development in chosen areas of contribution.
- Environmental performance is fundamental to the divisions' proposition to clients, principals and strategic business partners.

See The big picture from page 04.

Our top risks

The group has an embedded enterprise risk model to identify and assess existing and emerging risks and associated opportunities where effective risk management can be turned into a competitive advantage.

Further detail on the group's risk management approach is set out in the full corporate governance report available online.

Any risk taken is considered within the group's risk appetite and tolerance levels, which are updated on an annual basis.

The changes in risk exposures from last year demonstrate the progress that has been made in implementing the group and divisional strategies, as well as the dynamics in the group's operating context. In an ever-changing risk landscape, emerging risks are identified where the extent and nature of the risk and its potential impact on the group are uncertain. Emerging risks are monitored on an ongoing basis as their impact is typically understood over time. Emerging risk themes across the group that have been incorporated into divisional strategies include the impact of global economic conditions and geopolitical uncertainty; cyber vulnerabilities and disruptive innovation; customer and brand loyalty and related reputation management; business disruption from third-party reliance; and environmental factors like climate change.

The group risk profile is determined by:

> Reviewing the divisional and operational risk registers.

> Discussing and assessing risk profiles with relevant management.

> Reviewing the current and future business environment in which we operate to identify emerging risks.

> Reviewing and discussing identified risks with assurance providers (audit, compliance) to highlight key risk categories with a material inherent impact on the group and its operations.

> Reviewing of benchmarks and current topical global developments.

CHANGE IN RISK EXPOSURE*	CONTEXT	RESPONSE	LINK TO MATERIAL ISSUES
Currency volatility in the markets in which we operate	The significant aspects of this risk include: the impact of Rand volatility against major currencies on the pricing of new vehicles and therefore the competitiveness and profitability of the vehicle import business; the impact of local currency depreciation and the availability of hard currency to pay the suppliers of imported products in the African Regions; and the impact of foreign currency translations on the group's reported results, given the 33 countries in which it operates. The group operates in four major and 17 secondary currencies. CEO's report from page 21, CFO's report from page 25, Divisional reviews from page 40.	> Active management of currency volatility through established hedging policy and governance structures, particularly in the vehicle import business. > Negotiated, preferential pricing from Original equipment manufacturers (OEMs) to support margins and protect market share. > Restructuring payment terms and sourcing funding in-country. > Ability to reprice parts inventory and pharmaceuticals to mitigate the impact of weakening currencies. > Diversification of the group's portfolio of businesses and geographies over time. Its African footprint allows for a spread of risk with regards to currency exposure.	*Manage capital effectively* *Limit currency risk*

* Indicates management's assessment of the year-on-year change in residual exposure to the risk.

Corporate governance summary from page 61.

CHANGE IN RISK EXPOSURE*	CONTEXT	RESPONSE	LINK TO MATERIAL ISSUES
Slow or negative growth in South Africa	With high market shares in the domestic businesses limiting acquisitive growth, their performance is linked to that of the broader economy. The outlook for economic growth in South Africa is poor and any further downgrades of the South African sovereign rating could adversely impact the group's credit rating, increasing its cost of capital. *CEO's report from page 21, CFO's report from page 25, Divisional reviews from page 40.*	> Focus on niche products and services. > Service excellence and innovative client offerings, to support sustainable margins. > Agility in divisional operating models, particularly through asset-light capabilities. > Identify financial and operational synergies to extract efficiencies and manage costs. > Organic and acquisitive growth strategies focused on diversification across sectors and geographies.	*Increase the growth and returns of Imperial Logistics and Motus by delivering superior, defensible value to stakeholders* *Manage capital effectively*
Regulatory and compliance	As a multinational group, Imperial is subject to a wide range of legislation, which it monitors to ensure compliance. Any breach of compliance could result in fines or sanctions that affect the group's profitability and may have adverse reputational consequences. Monitoring the changes in legislative environments and interpretations of law is of key importance and may have uncertain consequences for our business model and operations, particularly in our African operations which are affected by political and regulatory uncertainty. In South Africa, political and policy uncertainty is impacting on investment and consumer spending. *Chairman's letter to stakeholders from page 18.* *SDR online: Our people.*	> 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. > Ongoing review of compliance with group ethics framework and legal requirements. > Increased engagement with business leaders in South Africa to advocate for more effective policies. > Positioning businesses and products to maintain and increase market penetration. > In-country operations and their business partners are well acquainted with the political and regulatory landscape allowing them to anticipate, manage and mitigate local risks to within risk appetite.	*Strengthen legitimacy*

* *Indicates management's assessment of the year-on-year change in residual exposure to the risk.*

CHANGE IN RISK EXPOSURE*	CONTEXT	RESPONSE	LINK TO MATERIAL ISSUES
IT strategy and execution of architecture, systems and applications	The legacy of decentralised IT systems and infrastructure from the divisions' growth through acquisition makes it critical to reduce systems complexity through consolidation, while ensuring that cybersecurity and innovation are addressed. Divisional IT strategies need to be flexible and effective in meeting the requirements of internal and external customers, and delivering new IT solutions for competitive differentiation and operational effectiveness. *Divisional reviews from page 40.*	> Board oversight and monitoring of material IT projects. > Strategy alignment review done per division to ensure appropriate IT strategies. > Appointment of divisional level chief information officers (CIOs). > Divisional project management – within the CIO's office. > Cybersecurity minimum guidelines implemented. > Ongoing cyber risk assessments as part of the emerging risk landscape.	*Ensure organisational effectiveness*
Imperial business restructure	The consolidation of the group's two major divisions may undermine management's and employees' focus on growth and profitability, given the complexity and disruption of restructuring operating models and processes, and integrating different business cultures. At the same time, the increased attention on the underlying value chains of these sectors allows the divisions to capitalise on opportunities identified. *CEO's report from page 21, Divisional reviews from page 40.* *SDR online: Our people*	> Board and executive management for divisions have been appointed and are working well. > New incumbents in key positions are supported and transfer of duties and processes responsibly managed. > Project committees for divisional consolidation include key group executives to ensure effective change management, and to enable divisional management to focus on day-to-day business.	*Increase the growth and returns of Imperial Logistics and Motus by delivering superior, defensible value to stakeholders* *Ensure organisational effectiveness* *Strengthen legitimacy*
Reliance on capital and asset intensive operations	Returns may be affected when capital is inefficiently invested in fleet and inventory that is not being optimally utilised, increasing the risk of asset impairments and higher financing and operating costs. Furthermore, in low-growth conditions, operations are exposed to increasing costs in maintaining assets and the risk of these assets sitting idle. *Divisional reviews from page 40.*	> Active management and investment in optimising inventory and fleet levels. > Strategic focus on lowering capital intensity in both divisions. > Enhanced governance oversight and active review and monitoring of the realisable value of assets. > Regular review and application of latest accounting and business principles. > ROIC is a key performance indicator and metric for the group.	*Manage capital effectively*

* *Indicates management's assessment of the year-on-year change in residual exposure to the risk.*

CHANGE IN RISK EXPOSURE*	CONTEXT	RESPONSE	LINK TO MATERIAL ISSUES
Acquisition and business integration	With any acquisition strategy, there is a risk of entering markets that are not well understood and the group may need to rely on outside partners. After businesses are acquired, their integration into the group requires stringent and pragmatic processes to ensure value is not impaired. CEO's report from page 21.	> Clearly defined expansion areas have been identified. > Group mandate relating to investments in place. > Regular review of acquisition risks and criteria at executive level. > Clear acquisition guidelines defined and overseen by group investment committee. > Formal authority limits are adhered to. > Formal post-acquisition review process. > Retaining existing management to allow for knowledge transfer over the next three to five years and sufficient time for succession planning.	*Increase the growth and returns of Imperial Logistics and Motus by delivering superior, defensible value to stakeholders* *Manage capital effectively*
Labour and social disruptions	Increasing social and labour disruptions, including unprotected strikes in South Africa, are having an adverse effect on the divisions' domestic operations and those of their clients, and increasing their costs. Chairman's letter to stakeholders from page 18. SDR online: Our people	> Active participation in industrial labour councils. > Agility and diversification of supply chain channels. > Review of operational labour plans to ensure continuity of services. > Diversify to spread risk of disruptions across industries and geographies. > Implemented internal minimum wage above prescribed level in South Africa. > Contractual arrangements with clients to ensure that, where appropriate, financial risk can be transferred or shared.	*Ensure organisational effectiveness* *Strengthen legitimacy*
Succession and talent management	The limited pool of qualified skills in South Africa, and the impact of an ageing skilled working population in both the South African and European businesses, are challenges in accessing the talent needed to resource the divisional growth strategies. Besides leadership skills, the group's businesses depend on specialised technical and customer-facing skills, which need to be developed and retained. Divisional reviews from page 40. SDR online: Our people.	> Implementation of best people practices, supported by the appropriate systems, in progress within the divisions. > Identification of key current and future skills and aligning these to talent management programmes. > Divisional and group training and development programmes, including specialist training academies. > Co-ordinated transformation policies and programmes focused on development and promotion of internal candidates, and recruitment of employment equity candidates.	*Ensure organisational effectiveness* *Strengthen legitimacy* *Strengthen legitimacy*

* *Indicates management's assessment of the year-on-year change in residual exposure to the risk.*

CHANGE IN RISK EXPOSURE*	CONTEXT	RESPONSE	LINK TO MATERIAL ISSUES
Credit extension and client affordability in the retail markets	The growth in Motus (including financial services) is dependent on the ability of customers to access credit and the appetite of banks to lend. The indebtedness of the South African consumer is therefore a cause for concern. *Divisional review: Motus from page 52.*	> Market assessment of client affordability. > Monitoring of bank appetite to extend credit. > Building alliances with multiple banks. > Growing annuity revenue streams. > Offering innovative products that provide value for consumers while maintaining growth in our revenue base. > 53% of revenue and 78% of operating profit in Motus is not vulnerable to vehicle sales.	*Increase the growth and returns of Imperial Logistics and Motus by delivering superior, defensible value to stakeholders*
Third-party dependence and reliance	Imperial Logistics manages a complex network of suppliers, including sub-contractors, that it relies on to deliver superior service to its clients. *Divisional reviews from page 40.*	> Ongoing oversight and monitoring of contract renewals and negotiations. > Signing long-term supply contracts, where appropriate. > Increased contract management oversight and support of suppliers. > Monitoring industry trends to ensure innovative service offerings.	*Strengthen legitimacy* *Increase the growth and returns of Imperial Logistics and Motus by delivering superior, defensible value to stakeholders*
Brand or sector dependence NEW TOP RISK	Motus depends on its relationships with OEMs and must comply with the agreements it has with them in respect to items such as sales volumes and quality dealerships. Failure to meet the required standards may affect its status as an exclusive distributor and retailer of these global brands. Within Logistics International, exposure to cyclical and declining industries may limit organic growth opportunities. *Divisional reviews from page 40.*	> Proactive engagement with OEMs as well as relationship and contract satisfaction management with key suppliers and clients. > Own the majority of the dealer network through which sales are generated. > Formalised and proactive management of service and product level expectations. > Presence in various sectors in Logistics to meet client's requirements. > Imperial Logistics is increasing its exposure to sustainable industry verticals and reducing its exposure to cyclical sectors. > Pursue regional or market expansion through focused acquisitions of complimentary capabilities.	*Increase the growth and returns of Imperial Logistics and Motus by delivering superior, defensible value to stakeholders*

* *Indicates management's assessment of the year-on-year change in residual exposure to the risk.*

CHANGE IN RISK EXPOSURE*	CONTEXT	RESPONSE	LINK TO MATERIAL ISSUES
Broad-based black economic empowerment (BBBEE) status of South African-based operations NEW TOP RISK	The changes to the BBBEE codes is requiring accelerated transformation, specifically higher levels of black ownership in the group's South African businesses. Failure to achieve set targets may impact on their competitiveness and sustainability. *Divisional reviews from page 40.* *SDR online: Our people.*	> Active oversight of divisional scorecards. > Clear initiatives in place to meet employment equity targets. > Standardised reporting process implemented to report a full group BBBEE scorecard from October 2017. > Commenced transaction process to introduce direct 30% BBBEE shareholding, including black women, in Imperial Logistics South Africa, increasing the effective black ownership to over 50%. > In Motus, joint ventures with strategic BBBEE partners are being secured in various sub-divisions.	*Strengthen legitimacy*

* *Indicates management's assessment of the year-on-year change in residual exposure to the risk.*

Material issues

Our material issues are the priorities and concerns most important to the leadership of the group and its operating divisions, Imperial Logistics and Motus.

By successfully addressing these material issues, we will create value for our stakeholders.

Although our material issues reflect the progress that has been made in the renewal of Imperial in recent years, they are forward looking and incorporate factors within and beyond leadership's control.

The process of defining the group's material issues in 2017 included the following direct inputs:

DIRECT INPUTS

Dialogue with and counsel from the Imperial Holdings board of directors and its sub-committees.

Interviews to elicit the concerns of stakeholders at group and divisional levels.

Reference to the Imperial board's meeting minutes for the year.

Engagement with share owners.

Group and divisional risk registers.

Key issues raised by the media.

Input from and approval of the material issues by group and divisional leadership.

The material issues provide the themes for the group's Integrated Annual Report and Sustainable Development Report, and associated management priorities are covered throughout both reports.

More detail on each of the material issues, the associated management priorities and the relevant strategies and plans that pertain to them is provided in the detailed material issues available online.

OVERVIEW

01 | Increase the growth and returns of Imperial Logistics and Motus by delivering superior, defensible value to stakeholders

- Refine the business and asset portfolios of each division, to further leverage scale, relationships, expertise and shared activities within their chosen sectors.
- Define and implement deep value propositions as the essence of client centricity.
- Use ROIC to assess and enhance the performance and potential of businesses, products and clients.
- Respond to the impact of digitisation and disruptive technologies on the businesses, customers, value chains and markets in each division.

02 | Manage capital effectively

- Delink the capital interdependence of the divisions.
- Source, allocate and control capital to maximise sustainable risk-adjusted ROIC in each division.
- Establish equity and debt structures to optimise growth potential and ROIC in each division.

03 | Limit currency risk

- Anticipate the effects of currency movements on acquisitions, foreign operations, imports, competitiveness, asset and liability values, and profitability.
- Hedge currency movements whenever appropriate and possible.
- Ensure full compliance with forex policy regarding forward cover and the use of hedging instruments.

04 | Ensure organisational effectiveness

- Flatten structures to focus management, simplify communication, delegate accountability, ensure control, enable collaboration and empower leaders.
- Employ and develop executives who can lead the continual change necessary for progress and performance.
- Implement human capital policies and practices to enhance productivity, diversity and succession.
- Leverage technology for efficiency and competitive advantage.

05 | Strengthen legitimacy

- Ensure exemplary ethical practices and governance standards.
- Measure, develop and publicise the economic footprint and societal value of Imperial Logistics and Motus.
- Ensure local relevance, including black economic empowerment in South Africa and diversity and inclusiveness requirements in other markets.
- Maintain regulatory compliance and policy advocacy.

Chairman's letter to stakeholders

Suresh P Kana

Creating a sustainable Imperial

The past year has been pivotal for Imperial. The implementation of far-reaching decisions, to secure the group's ability to deliver focused growth and superior returns long into the future, has proceeded at pace.

These decisions are the outcome of the difficult questions, crucial to the sustainability of the group, that the leadership of Imperial has asked in the last three years. The interests of stakeholders, particularly the owners of the group, have been deeply considered in finding the most prudent answers.

Profound changes have been made to unlock intrinsic value within the group. A seamless transition to a significantly refreshed and younger leadership team at group and subsidiary level has been achieved, creating a propensity for change and innovation. Assets that do not fit the group's strategy, and which generated insufficient returns on executive effort, have been sold. Those that do, and which strengthen the core linkages between markets, sectors, assets and capabilities within the group's divisions have been acquired, in line with the group's investment thesis. This substantial portfolio reconfiguration is nearing completion.

The separation of the portfolio into two increasingly self-sufficient and sustainable multinational divisions is well advanced and each of them is restructuring internally to maximise their potential to create value. A thorough consideration of the cyclical and structural dynamics, specifically the disruptive technology-driven change that will redefine their core markets, is informing the work being done to position the divisions clearly and strongly within the logistics and vehicles sectors.

The internal separation has necessitated a realignment of the group's governance structure with two strong divisional operating boards established in the year. Supported by the overlap in membership between the group and divisional boards, the new governance structure ensures group board oversight of strategy development, capital management, leadership succession and exemplary governance standards within each division.

The divisional operating boards consist of group executives, operational executives, and independent non-executive directors of the group board. In each case, the divisional boards have the relevant mix of professional and industry expertise to provide the strategic stewardship and oversight to safeguard each division's ability to compete and win in its respective markets, and deliver targeted returns on the capital invested by the group.

Despite the impact of the potentially disruptive changes that have touched every part of the organisation – and very much because of the clarity, simplification and focus they have brought to its structure, strategies and value propositions – the group achieved its strategic, operational and financial objectives for the year. The board is confident that prospects for a sustainable improvement in performance in the years ahead are positive.

The group and divisional performance and prospects are reviewed in detail, in relation to the macroeconomic and socio-political context, in the CEO's report starting on page 21, and the divisional reviews starting on page 40.

Investing in the enablers of sustainable value creation

Fundamental to each division's value proposition to its customers and employees, and to the strategic business partners it requires to be competitive, is the investment being made in the primary enablers of growth, returns and sustainability – the 'capitals' on which value creation depends. As such, the renewal of the group and its expression in the competitive strategies of the divisions, is essentially an exercise in integrated thinking as the premise for sustainable value creation.

Evidence of this investment is provided throughout the Integrated Annual Report, and the supplementary Sustainable Development Report (SDR). I will therefore confine my attention to the enablers of organisational effectiveness and resilience – people, systems and innovation – and further, key initiatives that underpin the group's reputation as an ethical corporate citizen.

The success of each division in implementing its strategy relies heavily on its people. Given the importance of leadership to strategic delivery, the group oversees the governance aspects of human capital management and, together with divisional leadership, manages talent and succession at the top three levels of the organisation. These functions have been devolved into the divisions for lower management levels and other positions, giving them the flexibility to respond to their unique talent needs at those levels.

Integrated, best-of-breed people practices, supported by new systems, are being implemented within each division. They will ensure more strategic people-related decisions and mitigate the associated risk, while aligning remuneration and incentives to performance and value creation targets. Employees can expect more focused learning and career development, and an environment that empowers them to give of their best, especially in delivering to customers.

Customer experience is a crucial differentiator, particularly in difficult economic conditions and with the constant threat of new, technologically advanced competitors and disintermediation within the value chains of each division. Increased digitisation through the systematic overhaul and, where appropriate, the standardisation of IT systems within the divisions is improving operational efficiency and process leadership, and the management of complex supply chains. This is enabling solutions that are more cost-effective and optimise the total value added to their customers.

The development of data and analytics capabilities, together with formalised monitoring of disruptive change in our industries, is internalising innovation at Imperial. In each of the divisions, specific business units have been tasked with developing innovative solutions and leveraging them across the rest of the businesses.

More information on human capital management and IT is available in the divisional reviews starting on page 40.

Human capital management is comprehensively covered in the SDR, available online.

Embedding an ethical culture

The renewal of the group has created an opportunity to reinforce a groupwide culture that aligns productivity and performance with ethical practices and social consciousness, which protect its commercial and social legitimacy. This is consistent with the intent of King IV, which once again has put South Africa at the forefront of global governance best practice.

As an international group based in South Africa, and with an extensive African presence, the group operates in an increasingly poor ethical climate. Our approach is to ensure that our own house is in order, a complex task across a multinational operating base with over 49 000 employees and an extensive supply chain. More broadly, we aim to leave no room within our sphere of influence for corrupt and unethical conduct is an antidote to its proliferation.

The group operates within a clear ethics framework, aligned to its values, which includes a code of ethics and related policies, and we take a zero-tolerance approach to corruption and collusion. The group code of conduct was finalised in the year and an ethics and fraud prevention framework is being developed. Ongoing ethics training among employees and a formal process requiring senior leaders to confirm their understanding of the group's policies and their ethical conduct, provide constant reinforcement.

The group's legal compliance programme ensures compliance with the complex range of laws and regulations across the group's jurisdictions. Divisional operating boards and risk committees oversee compliance and report quarterly to the group's audit and risk committees. Legal and compliance units manage and monitor systems and controls within the divisions, and internal audits are undertaken in all operations to assess their effectiveness. Where required, external compliance assessments are undertaken.

Legislative developments are monitored on an ongoing basis and group leadership proactively engages with regulators through several industry bodies and business associations. This not only provides the opportunity to advocate for effective policies, but also to inform a common interpretation of requirements and therefore the controls needed to comply.

Within the divisions, ethical people practices including health and safety, ensuring the integrity of supply chain partners, meeting diversity and inclusion requirements, and environmental performance – all components of ethical corporate citizenship – are commercial imperatives. Clients, principals and original equipment manufacturer (OEMs), as well as other strategic partners like health ministries and donor organisations, expect high standards in these areas. Each division is making the necessary investments to not only comply, but achieve competitive advantage in this respect.

Environmental management within each division, according to their specific impacts, and the group's social initiatives, including road safety, education and access to primary healthcare, are reviewed in full in the SDR, available online.

Accelerating diversity and inclusion

Diversity and inclusion is a crucial component of ethical corporate citizenship, specifically in our home base of South Africa. The board acknowledges the urgent need to improve the transformation credentials of our South African operations, particularly in the representation of black executives and senior management. We are cognisant that there are no easy solutions, particularly in a low-growth environment that curtails job growth and given the shortage of candidates with the specialised skills and experience our businesses require.

The group's approach is to go beyond compliance, to creating a culture that encourages and harnesses the benefits of diversity. A diversity programme was introduced during the year to provide leaders with a safe environment in which to have honest conversations on how to accelerate transformation effectively. Collaboration with other companies that have made substantial progress in transforming their workforces, to learn from their experiences, is also being encouraged.

Several initiatives are in place to accelerate transformation. A standardised reporting process was introduced to enable the group to report a full broad-based black economic empowerment (BBBEE) scorecard from October 2017. The scorecard will help to focus attention on the most pressing challenges, expected to be in the enterprise and supplier and socioeconomic development pillars. As the BBBEE reporting process is streamlined, the focus will be to restore the ratings of the South African businesses under the revised dti Codes to those achieved under the old scorecard.

Imperial Logistics is one of South Africa's largest employers and a leading logistics provider across the entire value chain. The process of introducing a direct 30% BBBEE and black women-owned shareholding into the business is underway, which will increase the effective black ownership of Imperial Logistics South Africa to over 50%. In Motus, joint ventures with BBBEE partners are being sought to strengthen its competitiveness, and a strategic BBBEE partner for the newly established fleet business is being secured.

The talent programmes in our South African businesses are designed to accelerate the progress of black candidates into senior roles. Black representation at senior and middle management level are incorporated into executive incentives, overseen by the remuneration committee. Going forward, incentives will be based on divisional BBBEE scorecards. Furthermore, the enterprise development and preferential procurement activities of the divisions aim to achieve meaningful participation of black South Africans in their supply chains.

In our European operations, where gender requirements are in effect, initiatives to increase the number of women in senior positions are in place.

Board matters

Our ability to maintain exemplary governance standards and legitimacy among stakeholders is upheld through the leadership of an experienced board, with a balance of the relevant professional, functional and industry expertise.

In the year, the board assessed its effectiveness by questionnaire, administered by an independent third party. Gender representation was cited as requiring attention, which led to a formal board diversity policy being adopted. A voluntary target was set to increase female representation by at least one member, and preference will be given to a female director when the next vacancy arises.

The board conducted a King IV readiness assessment, which showed that the group already materially applies its principles. Practices that are not formally or fully applied, together with additional disclosure requirements, are being implemented. These included reconstituting the risk committee and social, ethics and sustainability committee to comprise a majority of non-executive directors. Also, an additional non-executive director has been elected to the assets and liabilities committee and an independent non-executive chairman appointed for that committee. The terms of reference of the social, ethics and sustainability committee have also been aligned to the recommendations of King IV, and were approved by the board.

The restructuring of the group executive as part of the leadership refresh included Osman Arbee resigning as group chief financial officer, with effect from 1 March 2017, to take up the position of chief executive officer at Motus. Osman remains a member of the board. Mohammed Akoojee succeeded Osman as group chief financial officer, and was consequently appointed to the board from 1 March 2017. In line with changes in his executive responsibilities at Motus, Philip Michaux resigned from the board on 21 August 2017, and Manny de Canha will resign from the board on 31 October 2017 and will retire on 31 January 2018.

Roboijane (Moses) Kgosana resigned from the board with effect from 8 September 2017.

The directors of the Imperial Holdings board are set out on page 36, and of the divisional operating boards in the respective divisional reviews, starting on page 40.

Appreciation

I extend my appreciation to all our stakeholders for their loyalty and support during a year of substantial change. I am particularly indebted to my fellow board members for their foresight and counsel as we set the foundations for a sustainable Imperial.

Chief executive officer's report

Mark J Lamberti

"The rationalisation of the portfolio and the clarification of strategy enabled the simplification of the structures and management of Imperial and the removal of complexity, duplication and cost."

Introduction

It was a very good year.

Despite a deteriorating **environment,** currency volatility and an ambitious restructuring programme, Imperial achieved all of the strategic, operational and **financial objectives** announced at the start of the financial year.

Concurrently, following three years of multi-faceted intervention to eliminate the dysfunctional attributes of conglomerate complexity and unfettered entrepreneurial zeal, we sharpened our vision of **strategic clarity**, **organisation simplicity** and **disciplined capital management**.

With each of these now well established as a pillar of value creation, Imperial is well poised to produce **sustainable and improving returns for shareholders**.

Environment

Imperial's activities on the African continent produced 67% and 76% respectively of group revenues and operating profits in the financial year, with the balance generated mainly in Europe and the United Kingdom.

SOUTH AFRICA

Through the course of the year, there was a marked deterioration of the environment in South Africa, where R67,0 billion or 57% of group revenue and R3,8 billion or 63% of group operating profit was generated.

We can no longer euphemise about the socio-political and economic state of South Africa. With official unemployment now 27,7% – substantially higher among 15 to 34 year olds – there is no imperative greater than job creating inclusive growth. Instead, we have a ruling party more concerned with succession, survival and patronage than citizens' interests, and government delivery constrained by poor policy, incompetence and corruption.

More seriously, the capture of government institutions and political leaders by private criminal interests is threatening South Africa's democracy, sovereignty and credibility as an investment destination. Despite extensive revelation of its extent, "State Capture" is unchecked by law enforcement and prosecuting authorities, themselves tamed to protect the personal interests of a minority of flawed leaders and their allies who propagate racial, anti-business rhetoric to divert attention from their misappropriation of resources from the most needy.

With consumer and business confidence depressed by these developments, the South African economy entered technical recession in the first quarter of 2017 with GDP growth of -0,7%. The cabinet reshuffle on the 30 March triggered sovereign downgrades by S&P, Fitch and Moody's, thereby reducing the 2017 GDP growth forecasts of most analysts and the IMF to below 1%. Positive emerging market sentiment and a gradual weakening of the US Dollar resulted in the R/US$ exchange rate strengthening by 11% during the year.

The impact of these uncontrollable factors on Imperial was lower revenues arising from a reduction in logistics volumes and a 7% decline in national vehicle sales, and pressure on margins amidst increased competition. The strengthening of the Rand by 11% against the US Dollar and by 9% against the Euro with intermittent short-term volatility, created high foreign exchange losses on various monetary items including working capital, intergroup loan funding and hedging instruments.

REST OF AFRICA

Our operations in sub-Saharan Africa generated R11,2 billion or 10% of group revenue and R792 million or 13% of group operating profit in generally subdued conditions.

Specific factors affecting Imperial in certain African countries during the 2017 financial year were slowing GDP growth rates; rising inflation and interest costs; lower consumer demand; and currency volatility, specifically the weakening of the Naira during the year which created foreign exchange losses on monetary items, including working capital and intergroup loan funding. The Naira parallel rate strengthened materially late in the second half of the 2017 financial year and access to foreign currency improved.

Financial highlights

The advanced stages of Imperial's groupwide restructuring required the restatement of certain 2016 financial metrics, on which the following highlights are based.

Detailed financial commentary is contained in the CFO's report.

RECORD REVENUE OF
R119,5 billion
UP 1%
(43% FOREIGN)

RECORD OPERATING PROFIT OF
R6,5 billion
UP 2%
(37% FOREIGN)

HEPS DOWN 10% TO
1 390 cents per share

EPS DOWN 14% TO
1 339 cents per share

In addition to Africa's everyday operational challenges, these conditions demanded increased vigilance in the control and management of trading, treasury, currency and accounting, with a focus on reducing capital employed in all businesses.

EUROZONE

Our operations in the Eurozone generated R38,7 billion or 33% of group revenue and R1,4 billion or 24% of group operating profit.

Buoyed by a solid German economy and the results of the French presidential election, consumer confidence in the European Union rose to its highest level since before the GFC. The snap election in the United Kingdom produced the opposite result to that intended, weakening the Conservative Party, the Pound and the Prime Minister's hand in negotiating a "hard Brexit".

Specific factors affecting Imperial during the year were 80-year low water levels on the Rhine, and lower demand and pricing pressures in the steel, energy, commodities and construction sectors. The strengthening Rand depressed the translation value of our foreign operations.

Strategic clarity

Groups do not compete, only subsidiaries do.

Since late 2014, we have directed our efforts as a holding company to enhancing the sustainable competitive position of our subsidiaries. This entailed two major initiatives: an aggressive disposal and acquisition programme to agglomerate a portfolio of companies whose sectoral focus and common operating capabilities would ensure the creation of intragroup value for stakeholders; and simultaneously, the definition of the value proposition that each client facing company would require to compete and win in its chosen markets.

The first of these initiatives has to date resulted in the disposal of 42 businesses and 52 properties that were under performing, of low return on effort or strategically incompatible. These disposals generated revenues of R11,2 billion and operating profit of R982 million, and employed R4,2 billion of capital at the time of sale. The concurrent acquisition programme entailed the investment of R5,4 billion to acquire 15 companies that generated revenue of R13,7 billion and operating profit of R880 million in their first full year of operation.

The second initiative involved divisional and company leaders more accurately defining their market, product and customer focus, and thereafter configuring those capabilities necessary to render competitive advantage, growth and returns.

Although further portfolio and competitive strategy refinements are inevitable, the efforts of recent years have irrevocably altered the fundamental trajectory and future of the Imperial Group, which is now operating exclusively in two strategically unrelated sectors: **logistics** and **vehicles**.

LOGISTICS

In logistics, we are active mainly in Africa and Europe with established capabilities in transportation, warehousing and distribution management. Our expertise and experience in each of these enable us to provide integrated supply chain and route-to-market solutions to global and national market leaders. We focus across the value chains of consumer packaged goods, chemicals, healthcare and automotive as well as within specialised sectors of mining, manufacturing and agriculture.

In response to heightened customer expectations, new market entrants and disruptive business models, we are embracing relevant information, digital, positioning, and automation technologies across value chains and sectors, to increase transactional and operational efficiency, productivity and client value.

We will grow revenues, profits and returns by increasing principals, products and markets within and adjacent to our spheres of competence. We will acquire less capital-intensive higher return businesses with strong revenue growth potential. We will grow organically through a deep understanding and penetration of our chosen sectors, carefully staged integration and collaboration, and the development and deployment of executive talent. Our strong market presence in South Africa, although only 33% of our logistics business, favours foreign capital deployment and acquisitive growth.

VEHICLES

Our vehicle business, 76% of which is in South Africa, operates across the value chain importing, distributing, retailing and renting vehicles and aftermarket parts, supported and augmented by motor related financial services. In response to seminal changes in vehicle technologies and in the way people and companies use, purchase and own vehicles, we see innovation, digitisation and collaboration across the supply chain as the foundations of efficiency, customer value and retention.

We will secure growth and returns through deep direct relationships with leading original equipment manufacturers, optimal distribution techniques, creative marketing, new dealership and client interface models, shared support facilities and loyalty engendering financial services. We will continually enhance our asset portfolio by disposing of or rationalising underperforming businesses dealerships and brands, and by acquiring and rapidly integrating like businesses and assets that can be enhanced by Motus's capabilities and resources. Resulting from our leading market shares in South Africa, and the largely unregulated pre-owned vehicle imports into sub-Saharan Africa, acquisitive growth will be beyond the continent. We will seek greater alignment with our customer base in South Africa by investing in the development of previously disadvantaged managers and entrepreneurs in our vehicle distribution, rental, retailing and aftermarket parts franchising businesses.

CORE EPS DOWN 5% TO **1 626 cents per share**

CASH GENERATED BY OPERATIONS UP 11% TO **R9,1 billion**

FREE CASH CONVERSION RATIO OF **1,6 times**
(0,9 TIMES IN 2016)

NET DEBT TO EQUITY RATIO IMPROVED FROM **73% to 71%**
(98% IN DECEMBER 2016)

RETURN ON EQUITY **12,7%**

RETURN ON INVESTED CAPITAL **12,4%**

WEIGHTED AVERAGE COST OF CAPITAL **9,0%**

FULL YEAR DIVIDEND DOWN 18% TO **650 cents per share**

Organisation simplicity

The rationalisation of the portfolio and the clarification of strategy enabled the simplification of the structures and management of Imperial and the removal of complexity, duplication and cost.

This has now culminated in the assembly and consolidation of Imperial's entire logistics and vehicle operating companies and assets within two increasingly self-sufficient divisions each under one board, chief executive officer and executive committee. By year-end, **Imperial Logistics** (with sub-divisions South Africa, African Regions, and International) and **Motus** (with sub-divisions Import and Distribution, Retail and Rental, Aftermarket Parts, and Financial Services), were separately established and reported on as Imperial's only operating entities.

Numerous executive management changes were required to accommodate the new structure and the succession of retiring executives. During the course of the year, 23 of the 35 most senior executives in the group assumed new roles.

In order to strengthen further the independence and focus of the divisions, certain functions and services currently provided by the small Imperial Holdings office will devolve to divisional level. On 1 July 2017, the group executive committee was disbanded and its authorities devolved to the divisional boards.

Pursuant to more efficient capital and funding structures in each division, substantial progress was made with the divisionalisation of companies, the rationalisation of legal entities and the simplification, separation and alignment of Imperial's local and international financial structures.

Capital management

Neither external nor internal developments have caused us to review our comprehensive investment thesis (detailed elsewhere in this report) or our investment criteria. Having met its strategic objective, every investment in an acquisition, organic growth or asset renewal must produce a return on invested capital in excess of the weighted average cost of capital. Towards the end of the financial year, we refined our ROIC targets and WACC calculations per jurisdiction.

The new structures have facilitated a far more granular analysis of returns of our existing businesses by trading entity, facility, outlet, product or customer in both divisions, prompting numerous decisions to rectify or exit low return situations.

We have heightened our emphasis on working capital management as evidenced by the reduction of debt to equity from 98% at mid-year to 71%, well within our targeted 60% to 80% range.

The historic structure and management of Imperial relied on the high cash generation of the vehicle divisions to fund partially the acquisitive growth of what became over geared logistics sub-divisions. This situation was neither sustainable nor reflective of the performance of the businesses and we are committed to each division achieving appropriately geared independent and self-sustaining balance sheets by June 2018.

Unlocking value

Although continued evolution is inevitable, the efforts of recent years have irrevocably altered the fundamental trajectory and future of the Imperial group. The far-reaching changes to the portfolio, strategy, structure and management have enhanced executive focus, capital allocation, intra-divisional collaboration and the elimination of complexity, duplication and cost. These developments, as intended, will create value in the short term by increasing penetration and performance in our chosen supply chains, through better co-ordinated and competitive value propositions to clients.

Today Imperial Holdings is exclusively the owner of Imperial Logistics and Motus. Both of these function as large independent multinational operating divisions, each comparable in every way to the governance, executive, operating, control and reporting standards of major public companies. Although there are no operational synergies between them, both are reliant on Imperial Holdings as the provider of debt and equity and the custodian of strategy, succession and governance. As the entry point for providers of capital, Imperial Holdings will strive to enhance understanding and insight through sensible communication and disclosure.

The obvious question is now whether the separate listing of Imperial Logistics and Motus will unlock value. Work is in process to determine the viability and benefit to Imperial shareholders of doing so and the board will make an announcement on this decision before the end of the current financial year.

Prospects

Against the backdrop of economic recovery in most developed and emerging economies, South Africa's socio-political and economic outlook is fragile. In the near term, politics will divert party leadership and the government from national priorities, and further sovereign downgrades are possible.

Internationally, geopolitics and central banks could dampen growth and influence capital flows. The impact of this unpredictable environment on sentiment, economic activity and the volatility of the Rand, is unlikely to assist the fortunes of Imperial.

Despite this, we anticipate solid operating and financial results in the year to June 2018, subject to stable currencies in the economies in which we operate and South Africa retaining its investment grade. We expect:

> The self-sufficiency and effectiveness of both divisions to be further entrenched with balance sheet efficiency and independence a priority.
> Logistics and Motus to grow revenues and operating profit from continuing operations.
> Imperial Holdings' continuing operations to increase revenues and operating profit with a double-digit growth in headline earnings per share, stronger in the second half.

Appreciation

My gratitude is due to my 49 364 colleagues throughout Imperial whose resilience in dealing with difficult external circumstances has been tested by the unprecedented rate of internal change. The multifaceted restructuring of Imperial over the past three years was among the most complex and ambitious in South African business.

A particular thanks to my co-directors, executive committee colleagues and fellow managers at all levels of the organisation. These are not easy times in which to lead.

Finally, I thank our owners and funders for their support. We will continue to execute on our espoused strategies.

Chief financial officer's report

Mohammed Akoojee

Solid results, in line with expectations, reflect continued progress with Imperial's strategic, capital, operational, organisational and managerial restructuring, despite challenging trading conditions.

My appointment as Chief Financial Officer of Imperial was effective 1 March 2017. During the financial year, despite challenging trading conditions, particularly currency volatility, the group achieved results that were in line with its previous market guidance, with balance sheet management and cash generation ahead of expectations.

As the provider of debt and equity to its two divisions, Imperial Logistics and Motus, the group's key priority is optimal capital management. Recent strategic acquisitions and a delay in the receipt of proceeds from disposals resulted in Imperial's net debt to equity ratio spiking to 98% at December 2016. Following tighter capital management in the second half, receipt of proceeds from disposals, lower capital expenditure and excellent working capital management, debt levels had reduced by year-end. Our current net debt to equity ratio of 71% is well within our internal targeted range of 60% to 80%. The group's liquidity position is also strong with R12,4 billion of unutilised banking facilities, excluding asset backed finance facilities. Sixty nine percent of group debt is long-term in nature (longer than 12 months) and 55% of the debt is at variable rates. The group's international scale creditrating by Moody's is at Baa3, negative outlook (in response to SA's downgrade) and the national scale rating was upgraded recently to Aa1.za.

The group proactively monitors key debt, working capital and invested capital metrics through monthly divisional dashboards to meet internally and externally imposed benchmarks and optimise our returns and cost of capital. The divisional allocation of equity and debt is reviewed and the appropriate WACC determined to evaluate investments and measure performance on a risk-adjusted basis applicable to various businesses and jurisdictions. We are confident that we have well-functioning governance structures and clearly defined policies in place to ensure optimal capital management going forward, through sourcing of funding at competitive rates and allocating capital appropriately to fund divisional growth strategies, which deliver sustainable returns to shareholders.

Another priority is the effective management of foreign exchange volatility. Despite our efforts, the group recorded a foreign exchange loss of R619 million during the year. This related mainly to the unwinding of uneconomical and excessive forward cover in Motus (mainly Renault) and mark-to-market of monetary items in Logistics African Regions due to the significant devaluation of the Naira and Metical. The magnitude of the foreign exchange loss provoked a review of the group's foreign exchange controls and policies. Although the policies remain appropriate, oversight of their application has been strengthened and centralised.

During the year, the group restructured its external financial reporting of segmental information, which clearly outlines all the key metrics of financial performance for Imperial Logistics and Motus separately, and enables stakeholders to evaluate the performance of each division more accurately. The new disclosure format is fully reflected in the 2017 financial results.

Group financial highlights

CASH GENERATED BY OPERATIONS UP 11% TO **R9,1 billion**

FREE CASH CONVERSION RATIO OF **1,6 times** (0,9 TIMES IN 2016)

NET DEBT TO EQUITY RATIO IMPROVED FROM **73% to 71%**

ROE **12,7%**

ROIC **12,4%**

WACC **9,0%**

FULL YEAR DIVIDEND DOWN **18% to 650 cents per share**

Results overview

	Total 2017	Continuing 2017	Discontinued 2017	Restated[1] Total 2016	Restated[1] Continuing 2016	Restated[1] Discontinued 2016	Total % change	Continuing % change
Revenue (Rm)	119 517	116 839	2 678	118 849	115 800	3 049	1	1
Operating profit (Rm)	6 538	6 049	489	6 382	5 948	434	2	2
Operating margin (%)	5,5	5,2	18,3	5,4	5,1	14,2		
Net finance costs (Rm)	(1 680)	(1 680)		(1 440)	(1 440)		17	17
Income from associates (Rm)	103	103		138	138		(25)	(25)
Forex losses (Rm)	(619)	(619)		(72)	(72)			
Profit before tax (Rm)	3 625	3 187	438	4 402	3 984	418	(18)	(20)
Tax (Rm)	(1 060)	(901)	(159)	(1 221)	(1 054)	(167)	(13)	(14)
Net profit after tax (Rm)	2 565	2 286	279	3 181	2 930	251	(19)	(22)
Attributable to non-controlling interests (Rm)	36	87	(51)	(184)	(128)	(56)	(119)	(168)
Attributable to shareholders of Imperial (Rm)	2 601	2 373	228	2 997	2 802	195	(13)	(15)
Effective tax rate (%)	30,1	29,2		28,6	27,4			
ROIC (%)	12,4			12,8				
WACC* (%)	9,0			9,5*				

Note: ROIC is calculated based on taxed operating profit plus income from associates divided by the 12 month average invested capital (total equity and net interest bearing borrowings).

* *Restated to new calculation method. WACC for each sub-division of the group is calculated by making appropriate country/regional risk adjustments for the cost of equity and pricing for the cost of debt depending on jurisdiction. The group WACC calculation is a weighted average of the respective sub-divisional WACCs.*

1. *Restated 2016 to include Regent VAPS business.*

Total group revenue and operating profit grew by 1% to R119,5 billion and by 2% to R6,5 billion respectively. Excluding acquisitions and disposals in the current and prior year, revenue remained flat and operating profit declined by 1%.

The group profit before tax declined by 18% due to:

> Foreign exchange losses of R619 million compared to R72 million in the prior year, which resulted from:
  - The unwinding of uneconomical and excessive forward cover in Motus, mainly Renault, as referred to earlier, previously reported in the statement of comprehensive income at 31 December 2016; and
  - Mark-to-market valuation of monetary items in Logistics African Regions, mainly due to the devaluation of the Naira (41% devaluation on average for the period) and Metical (37% devaluation on average for the period). This was largely offset by price increases, which led to higher operating margins in Ecohealth in Nigeria.

> Increased finance costs from higher costs of funding and higher average debt levels during the year, which resulted from increased working capital (on average) during the year and acquisitions. This was exacerbated by delays in the receipt of proceeds from properties and businesses held for sale.

> Income from associates and joint ventures decreased by R35 million on the prior year mainly as a result of the sale of Mix Telematics.

> Loss on sale of subsidiaries amounting to R151 million compared to the prior year profit on sale of subsidiaries of R430 million.

The above factors were offset by:

> The profit on sale of properties (net of impairments) of R212 million (2016: R28 million).

> Impairment of goodwill, investment in associates and joint ventures and other assets amounting to R209 million (2016: R367 million).

> The non-recurring impairment of intangibles amounting to R151 million in 2016.

The effective tax rate for the group is 30,1%, up from 28,6% in the prior year as a result of the reversal of over provisions in 2016. No additional deferred tax asset was recognised on the losses incurred in Renault and this was largely offset by the deferred tax asset raised in Imperial Cold Logistics.

Losses recorded by underperforming subsidiaries, mainly Renault, contributed to a loss attributable to non-controlling shareholders. Furthermore, the profit share of the non-controlling shareholders reduced compared to the prior year due to the purchase of the non-controlling shareholders' interest in Associated Motor Holdings and AAAS (previously Midas), and the sale of the Goscor group in the second half of 2016 which had a 32,5% non-controlling shareholder.

RECONCILIATION FROM EARNINGS TO HEADLINE AND CORE EARNINGS:

R million	Notes	June 2017	Restated[1] June 2016	% change
Net profit attributable to Imperial shareholders (earnings)		**2 601**	2 997	(13)
Profit on disposal of assets		**(320)**	(98)	
Impairments of goodwill and other assets		**185**	437	
Loss/(profit) on sale of businesses		**151**	(431)	
Impairment and re-measurement of investment in associates and joint ventures		**34**	92	
Reclassification of gain on disposal of investment in associate		**(8)**		
Tax and non-controlling interests (NCI)		**57**	(3)	
Headline earnings		**2 700**	2 994	(10)
Amortisation of intangible assets arising from business combinations		**521**	437	
Foreign exchange gain on intergroup monetary items			(92)	
Re-measurement of contingent consideration, put option liabilities and business acquisition costs		**109**	117	
Tax and NCI		**(171)**	(139)	
Core earnings		**3 159**	3 317	(5)

EARNINGS, HEADLINE EARNINGS AND CORE EARNINGS PER SHARE

				Restated[1]					
	Group Total 2017	Continuing 2017	Dis-continued 2017	Group Total 2016	Continuing 2016	Dis-continued 2016	Group Total % change	Continuing % change	Dis-continued % change
Basic EPS (cents)	**1 339**	**1 221**	**118**	1 554	1 453	101	(14)	(16)	17
Basic HEPS (cents)	**1 390**	**1 240**	**150**	1 552	1 451	101	(10)	(14)	48
Basic Core EPS (cents)	**1 626**	**1 480**	**146**	1 720	1 617	103	(5)	(8)	42

Financial position overview

R million	June 2017	Restated[1] June 2016	% change
Goodwill and intangible assets	**9 529**	7 501	27
Property, plant and equipment	**10 371**	11 602	(11)
Investment in associates and joint ventures	**1 002**	993	1
Transport fleet	**5 560**	5 953	(7)
Vehicles for hire	**3 963**	3 469	14
Investments and loans	**805**	404	99
Net working capital	**8 956**	9 804	(9)
Other assets	**1 839**	1 871	(2)
Assets held for sale	**979**	6 287	(84)
Net debt	**(14 647)**	(16 075)	(9)
Non-redeemable, non-participating preference shares	**(441)**	(441)	
Other liabilities	**(7 655)**	(8 576)	(11)
Liabilities directly associated with assets held for sale		(3 017)	
Total shareholders' equity	**20 261**	19 775	2
Total assets	**68 853**	69 835	(1)
Total liabilities	**(48 592)**	(50 060)	(3)

1. Restated 2016 to include Regent VAPS business.

Cash generated by operations after working capital movements, interest charge and tax payments was R5,9 billion (2016: R4,8 billion), up 23%. Net working capital improved due to excellent working capital management in the second half.

Property, plant and equipment decreased by R1,2 billion to R10,4 billion primarily from the disposal of properties and the reclassification of properties to held for sale assets during the year.

The transport fleet decreased by 7% or R393 million as the net investment in trucks and barges of R366 million and net acquisitions of R249 million was reduced by currency adjustments of R334 million resulting from a stronger Rand and depreciation of R674 million.

Vehicles for hire increased by R494 million resulting from vehicle price increases, a higher fleet in the car rental business at year-end and increased sales to car rental companies by vehicle importers.

Net working capital improved to R9,0 billion from R9,8 billion in the prior year as a result of an increase in trade payables of R1,7 billion, partially offset by the increase in both trade receivables and inventory of R636 million and R236 million respectively. Net working capital turn improved from 12,5 to 12,7 times compared to the prior year.

Investment and loans increased by 99% due to the additional investments for the new cell captive arrangements with Regent for the VAPS business, and the loans receivable from the sale of Jurgens during the year.

Assets held for sale mainly includes non-strategic properties that have been identified for sale. The sale of Regent, non-strategic properties disposed in F 2017, Imperial Express, LTS Kenzam and Global Holdings, which were classified as held for sale in 2016, have been concluded.

Total assets decreased by 1% to R68,9 billion due mainly to the disposal of Regent, businesses held for sale, property disposals and currency adjustments, which were offset by acquisitions.

The net debt level is within the target gearing range of 60% to 80%. The net debt to total earnings before interest tax depreciation and amortisation (EBITDA) ratio of 1,7 times is in line with the prior year.

In addition to attributable profits, shareholders' equity was impacted by:

> The strengthening of the Rand, which resulted in a loss in the foreign currency translation reserve of R659 million.

> An increase in the hedging reserve of R159 million as a result of the favourable forward cover position of Motus relative to the Rand exchange rate at 30 June 2017.

MOVEMENT IN SHAREHOLDERS' EQUITY

R million	2017
Net profit attributable to Imperial shareholders	2 601
Net profit attributable to non-controlling interests	(36)
Decrease in the foreign currency translation reserve	(659)
Increase in the hedge accounting reserve	159
Remeasurement of defined benefit obligations	116
Movement in share based reserve	(72)
Dividends paid	(1 688)
Non-controlling interests:	
Palletways (share issue)	147
Midas (NCI buy out)	(36)
Imres (NCI buy out) (including remeasurement of put option)	(52)
Itumele (new acquisition)	118
Disposal of NCI share in Regent cell captives	(122)
Other movements	10
Total change	**486**

Cash flow overview

R million	June 2017	Restated June 2016
Cash generated by operations before movements in working capital	8 388	8 931
Movements in net working capital*	688	(788)
Cash generated after working capital movements	9 076	8 143
Interest paid	(1 670)	(1 461)
Tax paid	(1 520)	(1 910)
Cash generated by operations before capital expenditure on rental assets	5 886	4 772
Capital expenditure on rental assets	(1 709)	(1 611)
Cash flows from operating activities	4 177	3 1961
Net (acquisitions)/disposals of subsidiaries and businesses	(1 687)	760
Capital expenditure (non-rental assets)	(954)	(2 527)
Equities, investments and loans	702	179
Dividends paid	(1 688)	(1 909)
Other	(113)	(1 321)
Decrease/(increase) in net debt*	437	(1 657)
Free cash flow	4 296	2 536
Free cash flow to headline earnings (times)	1,59	0,85

* *Excludes currency movements and net acquisitions.*

Cash generated by operations after working capital movements, interest charge and tax payments was R5,9 billion (2016: R4,8 billion), up 23%. Net working capital improved due to excellent working capital management in the second half.

Capex reduced from R4,1 billion to R2,7 billion, down 36%. Capex in the prior year included the bulk of the contributions towards the chemical manufacturing plant and the additional convoys in South America. The current year capex was also reduced by the proceeds from the property disposals of R884 million.

The main contributors to the net outflow of R1,7 billion relating to acquisitions and disposals was the acquisition of Palletways (R1,7 billion) offset by R1,8 billion (less cash lost of R1,9 billion) proceeds from the sale of Regent.

Inflows from equities, investments and loans amounted to R702 million, resulting mainly from the sale of Mix Telematics.

Dividends amounting to R1,7 billion were paid during the year.

Other significant cash flow items included share buy backs amounting to R558 million, a higher outflow from a change in minorities and settlement of cross-currency swaps in the prior year which did not recur in F 2017.

Funding

R million	June 2017	June 2016
Gross debt (ex. preference shares)	19 146	18 396
Cash resources	(4 499)	(2 321)
Net debt before cash held for sale	14 647	16 075
Less: cash held for sale		(1 352)
Net debt	14 647	14 723
Net debt to equity (preference shares included as equity) (%)	71	73
Net debt to equity (preference shares included as debt) (%)	74	77

Despite the acquisition of Palletways (R3,0 billion including take-on debt on effective date), the net debt to equity ratio (including preference shares as equity) reduced to 71% from 73% (98% at December 2016) supported by proceeds from the sale of Regent and non-strategic properties, an improvement in working capital and a reduction in capital expenditure. Year-on-year currency effects reduced debt by R1 billion.

ROIC and WACC

Group	June 2017 %	June 2016 %
ROIC	12,4	12,8
WACC	9,0	9,5
Excess	3,4	3,3

ROIC and WACC by division	Logistics %	Motus %
ROIC	11,5	11,8
WACC	7,1	10,1
Excess	4,4	1,7

Imperial achieved a ROIC of 12,4% versus a WACC of 9,0% for the year to June 2017.

The group's role is to ensure that capital is allocated appropriately to the divisions in a manner that enables their competitiveness, and delivers sustainable returns over appropriate WACC levels. Our appropriate return target for our businesses, including acquisitions, is ROIC > regional WACC + an appropriate hurdle rate.

WACC for each sub-division of the group is calculated by making appropriate country or regional risk adjustments for the cost of equity and pricing for the cost of debt depending on jurisdiction. The group WACC calculation is a weighted average of the respective sub-divisional WACCs. ROIC is calculated based on taxed operating profit plus income from associates divided by the 12-month average invested capital (total equity and net interest bearing borrowings).

Final ordinary dividend

A final cash dividend of 330 cents per ordinary share (2016: 425 cents per share) has been declared, bringing the full-year dividend to 650 cents per ordinary share (2016: 795 cents per share). The 18% decline in the dividend exceeds the 10% decline in HEPS as a result of a stepped reduction in the pay-out ratio (previously based on core HEPS) towards a targeted 45% of HEPS, subject to circumstances.

Conclusion

The 2017 financial year has ended pleasingly with the key financial objectives met and an appropriate capital structure and balance sheet largely in place. This was achieved notwithstanding extensive corporate activity. We disposed of 33 properties that realised R900 million and 11 businesses that generated total annual revenue of R4,9 billion and operating profit of R634 million. Acquisitions to the value of R1,8 billion were concluded.

While analysis of the strategic and financial performance of businesses will result in continual refinements to the portfolio of Imperial Logistics and Motus in future, the bulk of identified disposals have been concluded, with planned disposals now mainly for non-strategic properties.

A key financial objective of the current financial year is to eliminate the financial interdependence of Imperial Logistics and Motus by introducing sustainable capital and balance sheet structures. An equally important objective is to maintain an investment grade credit rating (international scale) to facilitate access to debt capital at the lowest cost as a foundation of appropriate risk-adjusted returns to shareholders.

We expect improved performance in all key financial metrics in the next financial year.

Five-year review

	Financial definitions	2017 Rm	2016* Rm	2015* Rm	2014 Rm	2013 Rm	2012 Rm
Extracts from statement of profit or loss							
Revenue		**119 517**	118 849	110 487	103 567	92 382	80 830
Operating profit		**6 538**	6 382	6 235	6 185	6 090	5 638
Net financing costs		**(1 680)**	(1 440)	(1 194)	(926)	(744)	(681)
Share of result of associates and joint ventures		**103**	138	32	76	86	46
Income tax expense		**(1 060)**	(1 221)	(1 213)	(1 330)	(1 405)	(1 382)
Tax rate (%)		**30,1**	28,6	26,6	27,2	28,1	29,3
Net (loss)/profit attributable to NCI		**(36)**	184	332	355	392	408
Headline earnings		**2 700**	2 994	3 135	3 151	3 458	3 007
Extracts from statement of cash flows							
Cash generated by operations (before capital expenditure on rental assets, net financing costs and tax paid)*		**9 076**	8 143	9 058	5 973	7 191	7 440
Cash flow from investing activities (including capital expenditure on rental assets)		**(3 648)**	(3 199)	(6 482)	(2 927)	(4 708)	(4 230)
Net debt (raised)/repaid*		**437**	(1 657)	(1 902)	(1 972)	(2 250)	(625)
Free cash flow*	1	**4 296**	2 536	4 573	2 138	3 658	3 770
Extracts from statement of financial position							
Total assets		**68 853**	69 835	65 712	59 021	51 716	45 698
Operating assets	2	**61 025**	58 783	56 944	55 968	48 443	41 575
Operating liabilities*	3	**26 000**	24 777	23 774	22 802	21 174	18 046
Net working capital*	4	**8 956**	9 804	9 267	8 033	5 694	4 606
Net interest-bearing debt*	5	**15 088**	15 164	13 482	11 882	9 165	6 642
Imperial owners' interest		**20 742**	20 173	18 868	17 540	16 241	14 666
NCI		**667**	909	1 838	1 569	1 295	1 223
Contingent liabilities		**649**	770	405	317	294	46
Ratios							
Efficiency							
Revenue to average net operating assets (times)	6	**3,5**	3,5	3,3	3,4	3,6	3,9
Revenue relating to sales of goods to average inventory (times)	7	**4,0**	4,4	4,5	4,8	4,7	4,5
Revenue to average net working capital (times)		**12,7**	12,5	12,8	15,1	17,9	20,6
Profitability							
Operating profit to average net operating assets (%)	8	**18,9**	19,0	18,8	20,5	24,0	26,9
Operating profit to average gross operating assets (%)		**10,9**	11,0	11,0	11,8	13,5	15,2
Operating margin (%)	9	**5,5**	5,4	5,6	6,0	6,6	7,0
Return on average shareholders' interest (%)	10	**12,7**	15,4	16,8	19,4	21,3	22,4
ROIC (%)**	11	**12,4**	12,8	13,1	14,7	17,2	18,0
WACC (%)**	12	**9,0**	9,5	9,0	9,4	9,0	10,1
Solvency							
Interest cover by operating profit (times)		**3,9**	4,4	5,2	6,7	8,2	8,3
Net interest-bearing debt to EBITDA (times)		**1,7**	1,7	1,5	1,4	1,1	0,9
Total equity to total assets (%)		**29,4**	28,3	29,3	30,7	33,9	34,8
Net interest-bearing debt as a percentage of total equity (%)		**74,5**	76,7	70,1	65,6	52,3	41,8
Liquidity							
Free cash flow to net profit for the year (times)		**1,67**	0,80	1,35	0,59	0,99	1,11
Free cash flow to headline earnings (times)	13	**1,59**	0,85	1,46	0,68	1,06	1,25
Unutilised facilities		**12 450**	10 046	9 372	6 703	5 880	6 045

** 2016 Restated to include Regent VAPS business. 2015 restated to reclassify interest-bearing supplier liabilities as accounts payable of R607 million.*
*** Calculated on a revised basis. See financial definitions on page 34.*

	Financial definitions	2017 Rm	2016* Rm	2015* Rm	2014 Rm	2013 Rm	2012 Rm
Investing in the future							
Cost of new acquisitions		**1 796**	352	1 076	911	776	2 241
Expansion capital expenditure		**1 073**	1 902	2 515	1 957	1 682	1 125
Net replacement capital expenditure		**1 590**	2 236	2 004	1 642	1 395	1 467
Capital commitments		**1 448**	1 309	2 289	2 285	935	1 112
Statistics							
Total new and used vehicles and motorcycles sold		**198 257**	209 432	211 412	208 740	206 462	198 131
Number of transport fleet vehicles (owned)		**7 288**	7 238	7 133	5 676	6 431	6 312
Number of vehicles for hire (car rental only)		**13 750**	13 903	14 917	15 356	17 602	16 599
Number of employees		**49 364**	51 256	51 361	51 671	51 007	47 699
Employee costs		**16 623**	16 528	15 647	14 576	12 824	10 703
Wealth created per employee		**511**	498	475	444	412	380
Total taxes and levies paid	14	**1 510**	1 661	1 496	1 748	1 438	1 572
Share performance							
Basic HEPS (cents)		**1 390**	1 552	1 624	1 625	1 805	1 566
Basic core EPS (cents)		**1 626**	1 720	1 754	1 815	1 872	1 623
Dividends per share (cents)		**650**	795	795	820	820	680
Earnings yield (%)	15	**8,6**	10,4	8,8	8,1	8,6	9,1
Price earnings ratio (times)	16	**11,6**	9,6	11,4	12,3	11,6	11,0
Net asset value per share (cents)	17	**10 550**	10 261	9 696	9 037	8 324	7 479
Market prices (cents)							
– Closing		**16 100**	14 948	18 550	20 000	20 968	17 200
– High		**18 889**	18 600	20 634	22 290	22 600	17 729
– Low		**13 653**	9 999	16 418	16 080	17 150	9 420
Total market capitalisation at closing prices	18	**32 384**	31 118	37 616	41 563	43 788	36 093
Value of shares traded		**34 198**	37 985	34 159	43 446	51 766	30 099
Value traded as a percentage of average capitalisation (%)		**108**	111	86	102	130	98
Exchange rates used							
Rand to Euro							
– average		**14,81**	16,10	13,73	14,07	11,43	10,38
– closing		**14,92**	16,31	13,55	14,51	13,04	10,39
Rand to US Dollar							
– average		**13,58**	14,51	11,44	10,38	8,84	7,75
– closing		**13,06**	14,70	12,15	10,62	10,01	8,20
Rand to British Pound							
– average		**17,23**	21,47	18,02	16,87	13,85	12,27
– closing		**17,02**	19,58	19,11	18,11	15,22	12,87
Rand to Nigerian Naira							
– average		**0,04**	0,05	0,06	0,06		
– closing		**0,04**	0,07	0,06	0,06		
Rand to Botswana Pula							
– average		**1,29**	1,34	1,20	1,17	1,09	1,05
– closing		**1,26**	1,35	1,23	1,21	1,16	1,07
Rand to Australian Dollars							
– average		**10,24**	10,56	9,54	9,52	9,06	7,99
– closing		**10,04**	10,95	9,40	9,96	9,01	8,40

* *2016 Restated to include Regent VAPS business. 2015 restated to reclassify interest-bearing supplier liabilities as accounts payable of R607 million.*
** *Calculated on a revised basis. See financial definitions on page 34.*

Financial 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 classified as held for sale.
3. Operating liabilities – all liabilities less all interest-bearing borrowings, taxation liabilities and liabilities directly associated to 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 average net operating assets (times) – calculated by dividing revenue with average net operating assets.
7. Revenue relating to sales of goods to average inventory (times) – revenue relating to sales of goods divided by average inventory.
8. Operating profit to average net operating assets (%) – operating profit per the income statement divided by average net operating assets.
9. Operating margin (%) – operating profit per the income statement divided by revenue.
10. Return on average ordinary shareholders' interest (%) – net profit attributable to owners of Imperial divided by average shareholders' interest (calculated by using the opening and closing balances) attributable to Imperial Holdings' shareholders.
11. ROIC (%) – return divided by invested capital. Return is calculated by reducing the operating profit by a blended tax rate, which is an average of the actual tax rates applicable in the various jurisdictions in which we operate increased by the share of results of associates and joint ventures. Invested capital is a 12-month average of shareholders equity plus non-controlling interests, plus preference shares plus net interest bearing debt (interest-bearing borrowings long term and short term minus long term loans receivable minus non-financial services cash and cash equivalents).
12. WACC (%) – calculated by multiplying the cost of each capital component by its proportional weight and then summing, therefore: WACC = (after tax cost of debt % multiplied by average debt weighting) + (cost of equity multiplied by average equity weighting). The cost of equity is blended recognising the cost of equity in the different jurisdictions in which the group operates. This is different from prior year where a South African cost of equity was used.
13. Free cash flow to headline earnings ratio – free cash flow divided by headline earnings.
14. Total taxes and levies paid – made up of South African normal taxation, secondary taxation on companies, foreign taxation, rates and taxes, skills development and unemployment insurance fund levies.
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 – equity attributable to owners of Imperial divided by total ordinary and preferred ordinary shares in issue net of shares repurchased (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 per share.

Value-added statement
for the year ended 30 June 2017

Continuing operations	2017 Rm	%	2016* Rm	%
Revenue	116 839		115 800	
Paid to suppliers for materials and services	91 638		90 765	
Total wealth created	25 201		25 035	
Wealth distribution				
Salaries, wages and other benefits (note 1)	16 623	66	16 528	66
Providers of capital	3 723	15	3 349	13
– Net financing costs	1 680	7	1 440	6
– Dividends, share buybacks and cancellations	1 816	7	1 572	6
– Dividends to NCI	227	1	337	1
Government (note 2)	1 510	6	1 661	7
Reinvested in the group to maintain and develop operations	3 344	13	3 497	15
– Depreciation, amortisation, impairments and recoupments	2 838		3 119	
– Future expansion	506		378	
	25 201	100	25 035	100
Value-added ratios				
– Number of employees (continuing operations)	49 364		50 291	
– Revenue per employee (R'000)	2 367		2 303	
– Wealth created per employee (R'000)	511		498	
Notes				
1. Salaries, wages and other benefits				
Salaries, wages, overtime, commisions, bonuses, allowances	15 216		15 006	
Employer contributions	1 407		1 522	
	16 623		16 528	
2. Central and local governments				
South African normal taxation	875		996	
Witholding and secondary tax on companies	14		4	
Foreign tax	325		378	
Rates and taxes	107		98	
Skills development levy	81		75	
Unemployment Insurance Fund	80		84	
Carbon emissions tax	28		27	
	1 510		1 661	

* *2016 Restated to cover continuing operations only.*

Our leaders

NON-EXECUTIVE DIRECTORS

01 | Suresh Parbhoo Kana (62)

(Chairman)

PhD (Hon), BCom (Hons), MCom, CA(SA), CD(SA)

Suresh was the CEO and senior partner of PwC Southern Africa and PwC Africa. He served on the PwC Global Board and its Strategy Council. He is the chairman of the Financial Standards Reporting Council of South Africa, a member of the King Committee on Corporate Governance and vice chair of the Integrated Reporting Committee of South Africa. Suresh is a professor of accounting at the University of Johannesburg. He is a non-executive director of the JSE Limited, chairman designate of Murray & Roberts Limited and vice chair of the Audit Committee of the United Nations World Food Programme based in Rome. Suresh was appointed as a non-executive director to the board of Imperial on 1 September 2015 and appointed as independent non-executive chairman of the board on 3 November 2015.

02 | Ashley (Oshy) Tugendhaft (69)

(Deputy chairman)

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 and deputy chairman of Alviva Holdings Limited (formerly Pinnacle Technology Holdings Limited). He was appointed to the board in April 1998 and as deputy chairperson in March 2008.

03 | Roderick John Alwyn Sparks (58)

(Lead independent)

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 chairperson of Old Mutual Unit Trusts, Old Mutual Specialised Finance and Old Mutual Asset Managers (SA). He is a non-executive director of Truworths International and Trencor and chairs the board of advisors of the UCT College of Accounting. Roddy is the lead independent director and was appointed to the board in August 2006.

04 | Peter Cooper (61)

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

Peter is the immediate past CEO of RMB Holdings Limited (RMH) and Rand Merchant Investment Holdings (RMI). His early career was in the financial services sector, first as a tax consultant and later specialising in corporate and structured finance with UAL Merchant Bank. He joined Rand Merchant Bank in 1992 as a structured finance specialist and transferred to RMB Holdings in 1997, where he was appointed to the board in 1999. He continues to serve as a non-executive director of RMH, RMI, OUTsurance and MMI. He was appointed to the board on 24 February 2015 and chairs the investment committee.

05 | Manuel Pereira de Canha (67)

Manny will continue serving as a non-executive director of the Imperial Holdings' board until 31 October 2017 and will retire from the group on 31 January 2018. He was previously the CEO of Associated Motor Holdings, responsible for the Vehicle Import, Distribution and Dealerships division for many years. Manny has extensive experience in the motor and import industries. He was part of the founding team of Imperial and worked for Imperial in various positions from 1969 to 1985. From 1986, he was a director of Automotive Holdings Limited in Western Australia. He re-joined Imperial in 1995 and was appointed to the board in November 2002.

06 | Graham Wayne Dempster (62)

BCom, CTA, CA(SA), AMP (Harvard)

Graham was appointed to the board on 24 February 2015 and is a member of the audit and investment committees and the chairman of the asset and liability committee (ALCO). He is a non-executive director of Telkom and AECI and the Independent non-executive chairman of Long4Life Limited. Graham was an executive director of Nedbank Group Limited and Nedbank Limited and retired in May 2014 with over 30 years' service in the Nedbank Group.

07 | Phumzile Langeni (43)

BCom (Acc), BCom (Hons)

Phumzile is the executive chairman of Afropulse Group. She is currently the chairman of Mineworkers' Investment Company. She also serves as an independent non-executive director of Master Plastics, Massmart and various other listed and unlisted boards. She was appointed to the board in June 2004.

08 | Mohammed Valli Moosa (59)

BSc (Mathematics)

Valli is a non-executive director of Sanlam Group Holdings and Sappi and the non-executive chairperson of Anglo Platinum and Sun International. He is a director of Lereko. Previously, he was president of the International Union for the Conservation of Nature and the chairperson of Eskom, and served as a cabinet minister in the national government of South Africa from 1994 to 2004. He is also the chairperson of WWF (SA). Valli was appointed to the board in June 2005.

09 | Thembisa Skweyiya (Dingaan) (44)

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

Thembisa is an admitted attorney to the New York State Bar, USA.

She is the past chairperson of Ukhamba Holdings, an empowerment shareholder in Imperial. She is an executive director of Skweyiya Investment Holdings (Pty) Limited and Theshka (Pty) Limited. She is currently a director of Famous Brands Limited and Sumitomo Rubber South Africa. She was appointed to the board in November 2009.

10 | Younaid Waja (65)

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

Younaid is a practicing tax, business and governance consultant. He is a non-executive director and a sub-committee member of Dipula Income Fund Ltd. His immediate past directorships include subsidiaries of the Gauteng Growth and Development Agency: Supplier Park Development Company and Automotive Industry Development Centre, Pareto Ltd, the PIC, Telkom, Real Africa Holdings and Blue IQ. His former professional memberships include vice-president of the Association for the Advancement of Black Accountants of Southern Africa, chairperson of the Public Accountants and Auditors Board – now the Independent Regulatory Board for Auditors, and treasurer and executive member of the Black Business Council. He is also a member of the Income Tax Court. He was appointed to the board in June 2004.


01


02


03

EXECUTIVE DIRECTORS

01 | Mark James Lamberti (67)

BCom, MBA (Wits), PPL (Harvard), CD(SA)

Mark was appointed Chief Executive Officer (CEO) on 1 March 2014, in which capacity he chairs the divisional boards.

From 2008 until early January 2014, Mark was the CEO and a major shareholder of Transaction Capital, which listed on the JSE in 2012. He served as its non-executive chairperson until March 2014 when he resigned to devote his attention fully to Imperial.

In April 2014, he also resigned as non-executive chairperson of the board of Massmart Holdings, a position he assumed in 2007 after serving for almost 19 years as founder, architect, CEO and major shareholder. Notable developments during his tenure were the listing of the group on the JSE in 2000 and the purchase of a controlling interest by Walmart in 2011.

Since his early 30s, Mark has served as an executive and non-executive on the boards of various public companies, including Wooltru, Primedia, Datatec, Telkom and Altron.

Mark currently serves as an executive committee member and director of Business Leadership South Africa and is a trustee and executive committee member of the National Education Collaboration Trust, which is a government, business, labour and civil society initiative to support the National Development Plan and the Education Sector Plan.

02 | Mohammed Akoojee (38)

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

Mohammed was appointed Chief Financial Officer (CFO) on 1 March 2017. He joined the group in 2009, and previously served as CEO of the Logistics African Regions division and executive director responsible for mergers, acquisitions, strategy and investor relations for the group.

Prior to joining Imperial in 2009, Mohammed worked within the corporate finance and investment banking team at Investec Bank. Prior to joining Investec, Mohammed worked for Nedbank Securities as an equity analyst.

03 | Marius Swanepoel (56)

BCom Acc (Hons)

Marius is the CEO of Imperial Logistics which, effective 1 July 2016, includes all Imperial's logistics interests across the globe. He joined the group in 1994 when Imperial acquired Highway Carriers, where he served as financial director.

Marius was appointed as financial director of Imperial Transport Holdings in 1997 and CEO of the Transport & Warehousing division in 2001. In October 2005, he was appointed CEO of Imperial Logistics Africa. In May 2007, he joined the Imperial executive committee and was appointed to the board in November 2009.

Marius began his career with the South African Revenue Service in Cape Town after completing his articles at auditing firm Brink, Roos & Du Toit.

Under his leadership, Imperial Logistics has grown into the significant business it is today – recognised internationally as a leader and innovator in the supply chain field.


04

EXECUTIVE DIRECTORS – *continued*

04 | Osman Suluman Arbee (58)

BAcc, CA(SA), HDip Tax

Osman was appointed the CEO of Motus Corporation on 1 March 2017.

Osman has been with the Imperial Group since September 2004. During this period, he has been the CFO of Imperial Holdings, CEO of the then Car Rental and Tourism division, and the chairperson of the Aftermarket Parts and the Automotive Retail divisions.

Osman is a member of various Imperial subsidiary and divisional boards, including the United Kingdom and Australia, chairman of the Imperial Medical Aid Fund and a trustee of the Imperial and Ukhamba Community Development Trust.

He was appointed to the board in July 2007 and served as CFO of Imperial Holdings from 1 July 2013 to 28 February 2017.

Prior to joining the group, Osman was a senior partner at Deloitte and spent 23 years with Deloitte in various roles, which included being a board and executive committee member.

GROUP EXECUTIVES

Berenice Joy Francis (41)

BCompt (Hons), CIA, MBA (IE)

Berenice is the group's commercial executive. Her responsibilities include risk, IT governance, transformation and group marketing. She joined the group in 2008 and was appointed to the executive committee in June 2009.

She is the president of the Institute of Risk Management SA (IRMSA) and also chairs the Education and Technical committee of IRMSA. She is a board member of Ukhamba Holdings. Prior to joining the group, she was the chief risk officer for the State IT Agency.

Taryn Marcus (36)

BA Human Resources (Cum laude), BA Honours Industrial Psychology (Cum laude), MA Industrial Psychology, Registered Industrial Psychologist

Taryn is the group organisation effectiveness executive, responsible for the collaborative setting of the group's human capital mandate. From 2006 until she joined Imperial, Taryn occupied various positions of increasing responsibility in human capital management at Liberty, starting as a Human Resource Consultant and finishing as the Liberty Group Head of Talent and Succession Management and People Development.

George Nakos (40)

BCom (Cum laude), CA(SA), CFA, PLD (Harvard)

George is currently employed as group corporate finance executive and is a non-executive director of the Imperial Logistics board.

From 2000 to 2015, George was employed at Investec Bank Limited where he completed his articles and held senior positions in the Corporate Finance division, including being a member of the executive committee and global co-ordinator of the natural resources corporate finance team.

Craig W Shaw (47)

BCom, CA(SA), LLB

Craig was appointed as group strategy executive at Imperial Holdings in June 2016. Previously, he served as the Chief Investment Officer and Chief Financial Officer of Sedibelo Platinum Mines. He is the past joint head of the natural resources corporate finance team at Investec Corporate Finance, a division of Investec Bank Limited.

Imperial Logistics

DIVISIONAL REVIEW

Imperial Logistics is a mainly African and European logistics provider of outsourced integrated value-add, supply chain and route-to-market solutions – customised to ensure the relevance and competitiveness of its clients.

With established capabilities in transportation, warehousing, distribution and synchronisation management and expanding capabilities in international freight management, the division operates in specific industry verticals – consumer packaged goods, specialised manufacturing and mining, chemicals and energy, healthcare, automotive, machinery and equipment, and agriculture.

SOUTH AFRICA

> Leading logistics provider across entire supply chain, driving innovation and continuous improvement.

14% GROUP REVENUE | 16% GROUP OPERATING PROFIT

AFRICAN REGIONS

> Leading distributor of pharmaceuticals and consumer packaged goods in Southern, East and West Africa.

8% GROUP REVENUE | 12% GROUP OPERATING PROFIT

INTERNATIONAL

> Leading positions in exacting industries such as chemical and automotive. Specialised express distribution capabilities.

21% GROUP REVENUE | 18% GROUP OPERATING PROFIT

Based on external revenue for the division, including businesses held for sale.

South Africa	African Regions	International
> Leading market position in a mature and highly competitive market. > Specialised operations, extensive regional footprint and end-to-end service offering, with an unrivalled ability to reduce clients' costs and enhance their competitiveness. > Unique value and risk-based commercial engagements focused on eliminating supply chain inefficiencies for clients. > Differentiated through range and scale, customisation and specialisation – with a strong ethos of continuous improvement and transformation.	> Unique distributor approach supported by local partnerships, and exclusive relationships with principals. > Provides end-to-end integrated route-to-market solutions across African markets to multinational clients, with a focus on creating maximum value for principals and their customers. > Deep experience in navigating the complexity, diversity and distinct challenges of African markets. > Ability to grow consumer and pharmaceutical brands in challenging trading environments with complex sales and marketing channels.	> Manages complex logistics services in developed niche markets. > Provides road and river transportation, express freight and specialised value-add logistics to the highest quality standards, with a leading position in demanding industries such as chemical, automotive, steel, machinery, equipment and shop fitting. > Ability to reproduce high-quality offerings in new industries and markets through an integrated portfolio of services across clients' supply chains. > Well-established client partnerships are the basis for entering new markets.

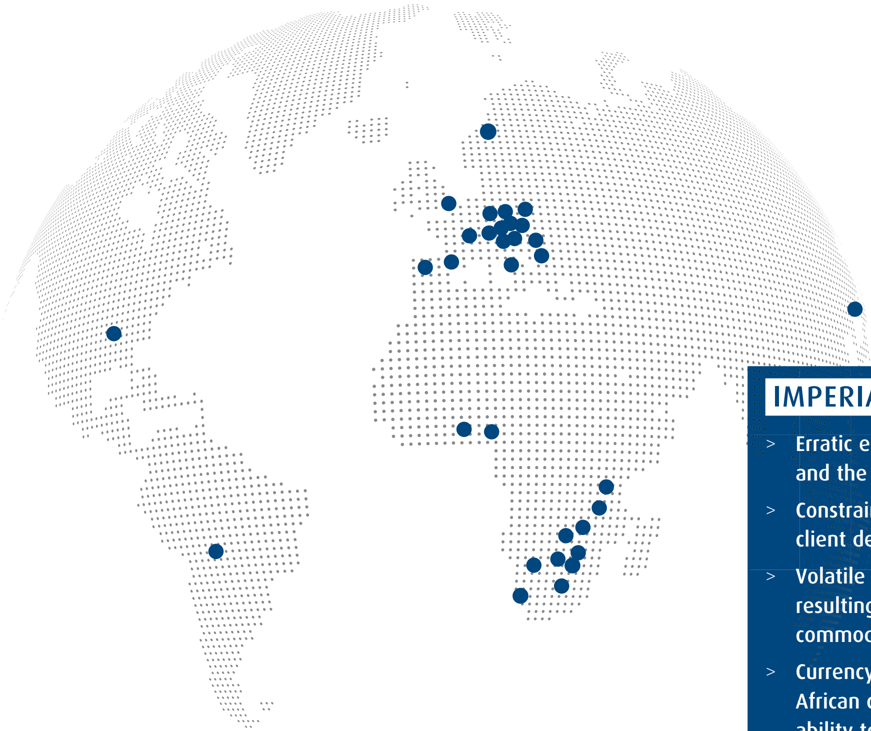
Strategy

Imperial Logistics Africa and Imperial Logistics International were consolidated as a single division with one management team, on 1 July 2016. With annual revenue of more than R50 billion, Imperial Logistics is currently recognised as the 27th largest third-party logistics group in the world.

This position provides significant opportunities, as the division clarifies and aligns its value proposition to clients and employees across its portfolio of diverse businesses, which was grown by acquisition. The challenge of divisional consolidation is to retain the entrepreneurial excellence of its businesses, while unlocking the benefits of a more integrated business able to leverage the core linkages between verticals, geographies and capabilities.

The transition to the new leadership structure introduced specialist divisional functions, including strategy and business development, mergers and acquisitions, finance and reporting, and information technology and innovation. It also achieved consistent reporting and measurement, which is facilitating strategic decision-making across the division.

Specifically, the emphasis on return on invested capital (ROIC) is enhancing the division's assessment of end-to-end profitability within different capabilities, sectors and contract types, to ensure focused capital allocation.



IMPERIAL LOGISTICS

- Erratic economic growth impacting clients and the markets they serve.
- Constrained consumer spending limiting client demand for logistics services.
- Volatile prices and stagnant growth resulting in a rapid decline in hard commodity volumes.
- Currency volatility and illiquidity in certain African countries affecting principals' ability to trade, with lower import volumes.
- Changes in international leadership and policy impacting donor funding due to shifting political priorities.
- Increased regulatory requirements related to specific sectors and general social and environmental imperatives.

RESPONDING TO A CHALLENGING OPERATING CONTEXT

The trends in the division's operating environment, reflected alongside and below, have had a direct bearing on the division's strategic development and performance in the year.

SOUTH AFRICA

- Low to negative GDP growth.
- Political and economic uncertainty and low business and consumer confidence, exacerbated by sovereign rating downgrades.
- Reduced consumer spending.
- High unemployment and limited job creation constraining economic recovery and social spending.
- Clients implementing cost-cutting measures.
- Highly competitive environment with price recovery and cost reduction efforts among major competitors.
- Increasing competition, especially from smaller logistics players, putting pressure on margins.
- Increased pressure to meet broad-based black economic empowerment (BBBEE) requirements, specifically black ownership.

AFRICAN REGIONS

- Discrepancies in GDP growth rates, with commodity dependent economies struggling and more diversified economies showing resilience.
- Low growth particularly in Nigeria, Mozambique and Zambia.
- Volatile and unpredictable currency movements, with certain currencies being overvalued and illiquid.
- Increasing inflation and higher interest rates resulting in reduced consumer demand.
- The impact of drought conditions on sub-Saharan markets, with water shortages and reduced crop production negatively affecting food and beverage manufacturing, resulted in sharp food price increases in the year.

INTERNATIONAL

- Moderate economic growth in Europe, with strengthening domestic demand.
- In Germany, low annual growth in freight transport and decreasing volumes in specific sectors, including coal, steel and aluminium.
- Volumes impacted by water levels in Germany being the lowest in 80 years.
- Competition in European market intensifying, with increased consolidation of supply chains.
- Complexity of managing trade union negotiations across different sectors.
- Increase in e-commerce retail sales reducing store footprint expansion and business volumes in Asia.
- Increased regulatory requirements in mineral oil transport, liquid transportation and shipping.

Logistics outsourcing is subject to cyclical trends. As economic conditions affect volumes and costs, clients may elect to insource their supply chains to improve performance unless there are tangible benefits to outsourcing.

Integrated service providers like Imperial Logistics depend on the full scope of outsourced logistics planning and management, rather than execution only. This justifies a price premium for realising integration benefits across the supply chain, including managing other service providers and assuming responsibility for safety, security and sustainability, on behalf of the client.

In general, the extent and scope of logistics outsourcing has continued to grow in the markets in which the division operates, notwithstanding the economic pressures. The division has benefitted from this growth due to its deep understanding of its clients' requirements and its ability to leverage its scale, assets and expertise to add value to its clients beyond the cost of the outsourced services provided. Its longstanding relationships with major clients has alleviated the threat of disintermediation by service providers with specific focus areas in the supply chain.

Maintaining the division's competitive position centres on a client-centric mindset that makes excellent service delivery non-negotiable, and continuously reinforces clients' reliance on the division's services.

For Logistics South Africa, securing sustainable competitive advantage extends to its contribution to BBBEE. The process of securing a strategic partner for the sub-division, which will result in the business becoming a 51% black-owned enterprise, is underway. Beyond ownership, this strategic partnership is expected to accelerate the transformation of executive leadership. The division will continue to focus on all elements of the BBBEE scorecard, to maintain its strong credentials in the industry.

The sub-division has also created the Sinawe Enterprise and Supplier Development Fund, to support the growth of small and medium sized suppliers within its value chain. The initiative is a partnership with The Awethu Project, a specialist investment company that focuses on accelerating the growth of black-owned businesses and start-ups in South Africa.

In the African Regions, the sub-division's strategic focus on the consumer packaged goods and healthcare value chains creates the opportunity for upstream and downstream synergies that benefit principals and clients. The sub-division's ability to service multiple channels preserves principals' appetite for decentralised supply chains. Furthermore, its integrated multi-market partnership model, which combines routes-to-market with sales and demand activation offerings, supports the relevance and competitiveness of brand-owners in a way that would be difficult to replicate.

Clients with international operations attach a high priority to efficient logistics networks, which provide competitive advantages in globalised markets through rapid, reliable, flexible and seamless supply chains that also meet sustainability targets. Logistics International has developed highly specialised and holistic solutions in the sectors it serves based on a tightly meshed geographic presence and a broad portfolio of services.

Across Imperial Logistics, further value is added through a focus on sustainability performance, which is increasingly important to clients, particularly in managed logistics. The division implements health and safety, and fuel efficiency controls that reduce client input costs and benefit their scorecards. This includes ensuring that third-party contractors adhere to the relevant policies and standards.

For comprehensive information on the division's sustainability performance and related initiatives, refer to the SDR: Imperial Logistics review.

Technology-driven disruption is a material threat to the division, with new competitors enabled by technological advancements and e-commerce on the rise. In response, Imperial Logistics continues to deepen its value proposition to clients through a focus on innovation, including:

- Vehicle technology that drives payload optimisation, lower fuel consumption and better safety.
- Warehousing technology that drives labour productivity, product protection and process reliability.
- Information technology that drives process digitisation and improved decision-making.
- Providing highly specialised logistics skills and capabilities, which are increasingly scarce, to cover the gaps in client organisations.

HOW IMPERIAL LOGISTICS WILL COMPETE AND WIN IN THE NEXT THREE YEARS

OBJECTIVE:
Grow revenues, profits and returns by increasing principals, products and markets within and adjacent to its spheres of competence, and disposing of non-core or low return businesses.

The division is deepening its client value proposition to support profitable growth in constrained environments. Performance-based partnerships with clients, which focus on total value rather than only total cost, are being introduced as a differentiator to support sustainable margins and returns. Furthermore, although the division's geographic dispersal makes operational synergies or savings between its businesses in Africa and those outside the continent elusive, its acquisition strategy is designed to deepen upstream and downstream synergies within the respective regions to benefit principals, clients and their customers.

Although Logistics South Africa's leading market position limits its acquisitive growth potential, it made acquisitions during the year that extended its client offering and its capabilities into adjacent markets. A 70% stake in Sasfin Premier Logistics, for R38 million, has added a comprehensive logistics and financing service that includes freight-forwarding and customs-clearing; and 55% of Itumele Bus Lines, for R147 million, has positioned the sub-division to compete for large people transport contracts.

Adjusting to the centralisation of retail supply chains, which removes volumes from the sub-division's distribution network, Logistics South Africa is consolidating capabilities and developing new channels. The newly formed Imperial Consumer Packaged Goods business is implementing multi-temperature distribution capabilities to offer cost-effective additional routes-to-market, including convenience stores, quick service restaurants, liquor stores, pharmacies, the hospitality and food service industry, and the informal market. The sub-division also has plans to diversify into e-commerce fulfilment capabilities within retail supply chains.

Despite uncertain economic and political conditions in the African Regions, resilient demand in the consumer packaged goods and healthcare value chains is evident. Given their defensive characteristics, further expansion will be pursued in these value chains by adding more products and principals to existing route-to-market channels.

Logistics International is deepening its exposure to stable and growing regions, while diversifying and expanding its industry exposure. Safeguarding existing market shares for the long term will include investing in and offering intermodal solutions to clients, and expanding into new customer segments to broaden the service portfolio. Its focus on refining and expanding its service offerings will increase the value of its high-quality, dedicated logistics services to clients, differentiating them from commoditised offerings.

The sub-division plans to dispose of non-core businesses and assets, including its chemical manufacturing operations, and its dry-bulk shipping fleet will be sold in favour of sub-contracting to reduce utilisation risk in the steel and energy sectors. In liquid shipping and road transport the division plans to exit markets where required returns cannot be achieved, and in highly competitive contracts (e.g. automotive) achieving returns on deployed capital will include reducing capital investment as far as possible and avoiding contract renewals where the required price recovery cannot be realised. Proceeds from disposals will be used to reduce the gearing of the business or reinvested in the acquisition of asset-light businesses to replace profits.

OBJECTIVE: Develop and acquire less capital-intensive higher return businesses with strong revenue growth potential and cash flows, while ensuring sound capital and foreign exchange management.

The division's efforts to reduce capital intensity include aggressive working capital management and the sale of non-strategic properties.

Asset intensity is being systematically reduced through a transition to an "asset-right" model, which involves aligning asset investment commitments to clients, specifically the use of specialised owned vehicles, with contracted partnerships with transport providers that provide flexible capacity.

With market conditions expected to remain challenging in South Africa, the sub-division is reducing its exposure to cyclical markets, such as mining and manufacturing, through its managed logistics offering. Asset intensive transport businesses, competing in the commoditised cross-border transport market, are being converted into asset-light solutions that limit the utilisation risks of asset ownership and reduce invested capital.

This is being mirrored in the African Regions, where the sub-division's participation in sectors other than consumer packaged goods and healthcare, are being converted into managed logistics offerings. To this end, the disposals of non-core and asset heavy transport operations, including LSC Namibia and Botswana, have been concluded.

The sub-division's consumer products distributorships continue to grow in the SADC region. However, further investment into other regions will be cautiously pursued. The sub-division exchanged its 100% interest in Global Holdings (Botswana) for a 25% shareholding in PST, an entity that was merged with Global Holdings to provide a more appropriate platform to distribute consumer packaged goods in Botswana.

Logistics African Regions is leveraging the sourcing and procurement capabilities of Imres and managed logistics operations have been initiated in Nigeria, Ghana and Kenya, to leverage its presence in the healthcare value chain. The priority is to further expand its footprint into East Africa, following the Surgipharm acquisition in July 2017, and to investigate acquisition opportunities in French-West Africa. Leveraging capabilities and exploiting cross-selling opportunities across the businesses acquired will be a focus going forward.

As a leading distributor of pharmaceutical, medical, surgical and allied supplies in Kenya, with an annual turnover of approximately R940 million, Surgipharm caters to all pharmaceutical distribution channels, directly supplying products to the Kenyan Ministry of Health, parastatals, hospitals, clinics, dispensing doctors, pharmacies and wholesalers. This acquisition complements the division's position in the pharmaceutical sector, adds geographic diversification and increases its exposure to generic pharmaceuticals.

As the sub-division increases its exposure to African markets, the impact of currency devaluation and illiquidity requires careful management. This impact is being mitigated through price increases, active risk and currency management, and targeting the distribution of locally manufactured goods.

To reduce capital intensity, the Logistics International sub-division needs to become more asset-light and to contain its focus to sustainable industries. As indicated, the sub-division is rationalising its exposure to cyclical and declining industries or exiting them altogether with the capital released to be deployed in areas where required returns can be achieved.

To this end, the sub-division acquired Palletways in July 2016, for £155,1 million (R3,0 billion). Palletways is a leading operator in express delivery solutions for small consignments of palletised freight across 20 European countries, positioned to grow revenue and sustain margins with low capital investment requirements. The UK franchise network continues to grow and the expansion of the European network remains on track. Services were extended to Poland in the year and 100% of Topco in Italy was acquired for R14 million to strengthen its presence in that country. Although the devaluation of the Pound has impacted the translated earnings of Palletways, the expansion into Europe will mitigate the currency risk.

OBJECTIVE:
Grow organically through a deep understanding and penetration of its chosen sectors, carefully staged integration and collaboration, and the development and deployment of human capital that accords to best practice and responds to unique market dynamics.

Imperial Logistics' managed solutions business, formed through the consolidation of value-added logistics and supply chain management capabilities, will be an important driver of focused organic growth going forward. The division is integrating businesses across the regions with similar service offerings, thereby simplifying regional structures, eliminating duplication of businesses and reducing operating cost. The division will pursue opportunities and international expansion in other emerging and developed markets based on its managed solutions competencies.

In Logistics International, the sophistication of the German market and the sub-division's exposure to cyclical industries limits organic growth potential in the region. As part of reviewing its sector participation and value chain focus, opportunities are being evaluated to capitalise on African capabilities, specifically in healthcare. Opportunities for establishing new routes-to-market are being explored in emerging markets like Eastern Europe and Southeast Asia.

Ultimately, it is the division's people that determine its sustainable competitive advantage and the success of its growth strategy. Imperial Logistics aims to be recognised as an employer of choice in all its markets, and is creating a single, common framework for managing human capital, while allowing for flexibility within specific businesses.

Leadership development and succession planning remain key priorities and the division has completed a job-matching exercise to identify and place the best people for each role. Human capital management and payroll solutions that are fit-for-purpose and aligned across the organisation are being implemented. The new systems will enable line management and employee self-service functions over time and better position human capital professionals to deliver an efficient tailor-made service to the organisation. The consolidation of the division is strengthening the organisation's high-performance and ethical culture across all regions as the mindset shifts to one Imperial Logistics business.

The investment in human capital management is being tailored to each region, with talent management in the African Regions being accelerated through the retention and development of local management teams to facilitate succession. In Logistics International, an alternative personnel sourcing model is being designed to counteract the specific staffing challenges in its markets.

OBJECTIVE:
Embrace relevant information, digital positioning, and automation technologies across value chains and sectors, to increase transactional and operational efficiency, productivity and client value.

Leveraging the power and potential of technology is a critical strategic priority for Imperial Logistics given the disruption expected in the logistics sector. The division's digital strategy is focused on building a global IT capability that is a reliable and professional service partner to all businesses in the division. The systematic digitisation of

processes is enhancing integration, reducing complexity and leveraging the excellence across different businesses. IT services are being implemented to support process leadership and efficiency, including improved client engagement and debtor management, and procurement cost savings through visibility and spend control.

The division has set up a Supply Chain Lab in Berlin, responsible for the rapid development, testing and implementation of innovative supply chain solutions tailored to clients' needs, and for securing the relevant partnerships in this regard. Two initiatives are currently in progress – one dealing with managing the documentation that accompanies supply chain management, and the other addressing idle capacity in warehouses. More broadly, regular assessments of digital trends relevant to the industry have become an essential part of the division's process.

OBJECTIVE: Imperial Logistics' strong market presence in South Africa favours foreign capital deployment and acquisitive growth.

Future cash generation in Logistics South Africa will be used to recapitalise the African Regions or to fund ongoing geographic expansion through the acquisition of complementary capabilities. Strategic acquisition targets to broaden and strengthen the service offerings and global network of Logistics International will also be pursued.

Performance

imperial Logistics recorded growth in revenue and operating profit of 6% and 9% respectively, supported by the Palletways acquisition in Logistics International, a solid performance from Logistics South Africa despite challenging trading conditions, and an excellent performance from Ecohealth in Nigeria.

Excluding acquisitions and disposals in the current and prior year, revenue and operating profit declined by 3% and 7% respectively. These declines are partly due to the strengthening of the Rand by 8% on average against the Euro and by 6% against the US Dollar during the year.

Key financial indicators

	REVENUE			OPERATING PROFIT			OPERATING MARGIN		ROIC		WACC	
R million	**2017**	2016	% change	**2017**	2016	% change	**2017 %**	2016 %	**2017 %**	2016 %	**2017 %**	2016 %
Logistics South Africa	**16 207**	14 447	12	**953**	828	15	**5,9**	5,7				
Logistics African Regions	**9 356**	11 016	(15)	**746**	773	(3)	**8,0**	7,0				
Logistics International	**24 220**	19 512	24	**1 105**	1 000	11	**4,6**	5,1				
Business held for sale	**882**	2 937		**(40)**	(58)							
Total Logistics	**50 665**	47 912	6	**2 764**	2 543	9	**5,5**	5,3	**11,5**	11,8	**7,1**	7,6

	REVENUE			OPERATING PROFIT			OPERATING MARGIN	
Euro million	**2017**	2016	% change	**2017**	2016	% change	**2017 %**	2016 %
Logistics International (Euro)	**1 638**	1 298	26	**75**	63	19	**4,6**	5,0

Non-financial indicators

Total number of employees:

31 741
(2016: 30 678 TONNES)

Total scope 1 and 2 CO_2 emissions:

AFRICA:
515 822 TONNES
(2016: 561 397 TONNES)

INTERNATIONAL:
240 685 TONNES
(2016: 286 430 TONNES)

Training spend:

AFRICA:
R99,8 MILLION
(2016: R109,3 MILLION)

INTERNATIONAL:
R35,3 MILLION
(2016: R24,0 MILLION)

Number of training hours per employee:

OVER 17 HOURS
(2016: OVER 15 HOURS)

Injuries per million kilometres travelled:

AFRICA:
0,102 (2016: 0,158)

INTERNATIONAL:
0,106 (2016: 0,101)

Fatalities per million kilometres travelled:

AFRICA:
0,009
(2016: 0,002)

INTERNATIONAL:
0 (2016: 0)

Kilometres travelled:

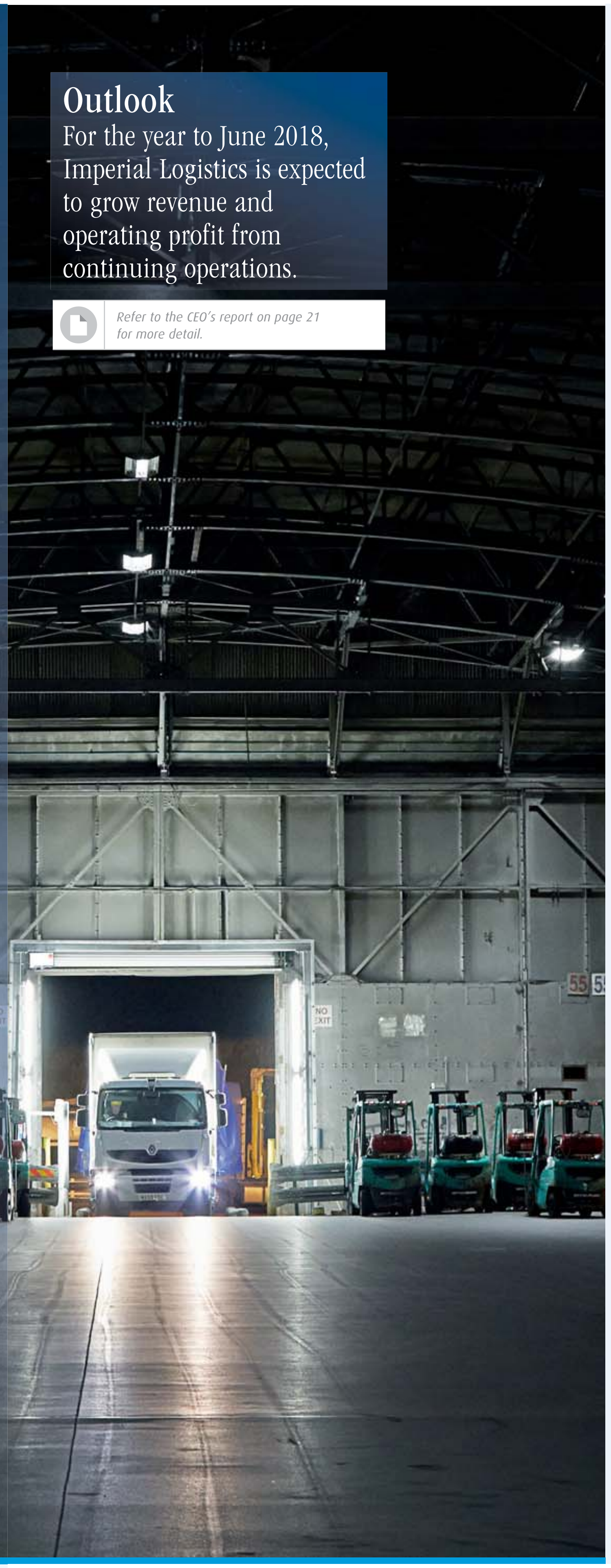
AFRICA:
422 MILLION
(2016: 443 MILLION)

INTERNATIONAL:
85 MILLION
(2016: 79 MILLION)

Total fuel usage:

AFRICA:
163 868 KILOLITRES
(2016: 178 866 KILOLITRES)

INTERNATIONAL:
84 602 KILOLITRES
(2016: 91 243 KILOLITRES)



Outlook

For the year to June 2018, Imperial Logistics is expected to grow revenue and operating profit from continuing operations.

Refer to the CEO's report on page 21 for more detail.

LOGISTICS DIVISIONAL BOARD

Mark James Lamberti
Non-executive chairman

See our leadership on page 38 for detailed CV.

Marius Swanepoel
Chief executive officer

See our leadership on page 38 for detailed CV.

George de Beer (44)
Chief financial officer

BCompt (Hons), CA(SA)

George joined Imperial in 2005 and held various executive positions in the subsequent years – most recently holding the position of CFO for Imperial Logistics Africa. He was also closely involved with the creation of the African Regions business and his expertise in integrating acquisitions and establishing controls contributed to the evolution of the division from a collection of relatively small transport businesses to the R11 billion business it is today.

Nico van der Westhuizen (53)
Imperial Logistics South Africa CEO

BA (Hons), BIURIS

Nico was appointed CEO of Imperial Logistics South Africa in February 2016. He joined Imperial Logistics in May 1994 and has held various positions within Imperial Logistics since, serving as managing director of Imperial Dedicated Contracts, CEO of Imperial Logistics Specialised Freight, CEO of Imperial Logistics Transport and Warehousing and CEO of the then Imperial Logistics Industrial division.

Prior to joining the group, Nico held various senior management roles at the International Transport Corporation, Langeberg Foods (Tiger Brands) and Sasol.

Renier Engelbrecht (41)
Imperial Logistics African Regions CEO

BCom (Hons), CTA in Accounting CA(SA)

Renier was appointed CEO of the African Regions sub-division of Imperial Logistics on 1 February 2017 and is responsible for the overall performance of the division – which includes 20 operating companies and currently generates an annual revenue and operating profit of approximately US$900 million and US$50 million, respectively.

Renier is a chartered accountant and has held various CFO and commercial roles within the Imperial Group since joining in 2008. He is also a member of the Imperial treasury committee.

Carsten Taucke (52)
Imperial Logistics International CEO

Diploma in Business Management and Economics

Carsten has been the CEO of Imperial Logistics International since 1 January 2015. Carsten has held the position of CEO of Imperial Shipping Holding and Imperial Reederei Gmbh – Duisburg at Imperial Logistics International GmbH.

Carsten has previously served as a CEO at Fiege Logistik Holding Stiftung & Co. KG, Logistics Director of Mallinckrodt Medical and Vice President of Global Logistics & Strategic Sourcing of Dade Behring. He worked for these companies in Germany and in the USA for 10 years.

Cobus Rossouw (48)
Chief strategy officer

BEng (Hons) (Industrial), BCom (Hons) Logistics

Cobus is the chief strategy officer of Imperial Logistics, responsible for the group's strategic business development, marketing and strategy co-ordination. Cobus was a co-founder of Volition (which became part of Resolve, an Imperial Logistics company). Cobus also held the position of Logistics Director at Cadbury South Africa and consulted to various food and chemicals businesses from Louis Heyl and Associates.

Cobus is a past president of SAPICS, the Association for Operations Management of Southern Africa and also served as a board member of the Consumer Goods Council of South Africa (CGCSA).

Michael Lütjann (48)
Chief information officer

State examination in business management and economic computer science

Michael was appointed CIO for Imperial Logistics in April 2017. Michael also serves as a member of the board of directors. Michael began his distinguished career at the Red Cross in 1989 and then worked at Fiege and DB Schenker before joining Imperial in 2015.

Focusing initially on formulating IT and digitalisation strategies, Michael has also developed applications providing end-to-end visibility for clients, harmonised the IT landscape and articulated global solutions for the FMCG, electronics, chemicals, industrial, automotive and retail industry verticals.

George Nakos
Corporate finance director

See our leadership on page 39 for detailed CV.

Mohammed Akoojee
Non-executive director

See our leadership on page 38 for detailed CV.

Osman Suluman Arbee
Non-executive director

See our leadership on page 39 for detailed CV.

Graham Wayne Dempster
Non-executive director

See our leadership on page 36 for detailed CV.

Motus

DIVISIONAL REVIEW

Motus is a highly competitive and profitable vehicle group, focused on creating value for customers across the vehicle value chain.

Motus, a distributor and retailer of vehicles and related products and services in Southern Africa and selected international markets, provides an integrated offering of services across all segments of the vehicle value chain for a broad range of the world's most respected vehicle brands.

Vehicle Import and Distribution

- Exclusive South African importer of Hyundai, Kia, Renault, Mitsubishi and five smaller automotive brands.
- Distributorships in six African countries, mainly Nissan.

Vehicle Retail and Rental

- South Africa
  - Represents 22 OEMs through 358 vehicle dealerships (including 94 pre-owned), 245 franchised dealerships and 19 commercial vehicle dealerships.
  - 113 car rental outlets in South Africa (Europcar and Tempest) and 16 in Southern Africa.
- 58 commercial dealerships in the UK.
- 18 dealerships in Australia.

Aftermarket Parts

- Distributor, wholesaler and retailer of accessories and parts for older vehicles, through 700 AAAS (previously Midas) and Alert Engine Parts and Turbo Exchange owned and franchised stores.

Motor Related Financial Services

- Manager and administrator of service and warranty plans for ~480 000 vehicles.
- Developer and distributor of innovative vehicle-related financial products and services through dealer and vehicle finance channels, and a national call centre.
- Fleet management services.

	Vehicle Import and Distribution	Vehicle Retail and Rental	Aftermarket Parts	Motor Related Financial Services
GROUP REVENUE	6%	45%	5%	1%
GROUP OPERATING PROFIT	12%	24%	6%	13%

* Based on external revenue from the sub-division.

Vehicle Import and Distribution

- Strong relationships with original equipment manufacturers (OEMs) and other partners.
- Able to add additional brands to its product portfolio by leveraging the scale of its distribution network.

Vehicle Retail and Rental

- Largest vehicle retailer and second-largest car rental operator in South Africa.
- Trusted relationships with manufacturers, franchisors, franchisees, customers and suppliers.
- Extensive, well-balanced footprint of vehicle retail operations representing almost all major brands, with a broad spread of motor related services in its portfolio.

Aftermarket Parts

- Largest distributor in Southern Africa.
- Represents all major global brands, and offers a comprehensive range of affordable, private label brands, providing customers with multiple parts solutions.
- Balanced portfolio of owned and franchised outlets.
- Develops parts supply solutions to satisfy all workshop requirements.

Financial Services

- Access to the dealership network provides significant point of sale opportunities.
- Access to market intelligence through the group's vehicle businesses and its own data.
- Ability to feed market intelligence back into the vehicles businesses, enabling the division to reach clients with the right product at the right time.
- Cash-generative revenue lines that create strong annuity income streams.
- Proven track record of innovative product and channel development and deployment.

Strategy

In January 2017, Motus was consolidated as a single division under one collaborative leadership team.

The disposals of non-strategic businesses over the past two years have positioned Motus as a strategically coherent motor vehicle business, with sharpened strategic, managerial and customer focus. Ongoing restructuring of the division will enhance returns by improving intra-divisional collaboration and efficiencies, and reducing complexity, costs and capital employed.

OVERVIEW OF DIVISIONAL CONSOLIDATION

The restructure of Motus' enterprise architecture is aimed at achieving:

- Agile organisational structures that enable growth opportunities.
- Simplified reporting structures and decision-making.
- Improved collaboration across the vehicle value chain.
- Combined head office functions to optimise support to businesses.
- Cohesive teams with the same vision and focus for the future.

ORGANISATIONAL REVIEW > ORGANISATIONAL DESIGN > IMPLEMENTATION

Understand business strategy and current organisational structures and capabilities.

Define a Motus operating model, develop effective processes to achieve goals, define functional and reporting structures and undertake job profiling.

COMPLETED

IN PROGRESS

RESPONDING TO A CHALLENGING OPERATING CONTEXT

The trends in the division's operating environment that had a direct bearing on the division's strategic development and performance in the year under review, are reflected below.

> High market share in structurally low-growth South Africa, with new vehicle sales down 7,4%.

> Negative consumer sentiment and constrained spending, with tighter credit approvals by banks, shifting demand to entry-level offerings and used cars.

> Aggressive competition for market share curbing ability to raise prices.

> New entrants to the market, including non-franchise disruptors not held to the same standards and financial services disruptors that offer value-added products and services (VAPS).

> Rand volatility against major currencies impacting on profitability, working capital levels and pricing.

> Increasing regulation adding cost and complexity to customer value propositions.

> Brexit uncertainty curbing growth expectations in the UK, and Pound weakness affecting translation of results to Rand.

> Short-to medium-term outlook for the Australian economy is positive.

Amid the significant economic headwinds, Motus is well positioned to defend its market share in South Africa and grow in selected segments of the vehicle value chain. Its participation in all aspects of vehicle ownership, use and maintenance provides the opportunity to grow the proportion of revenue and operating profit, already at 53% and 78% respectively, that is not vulnerable to vehicle sales. Its full value chain exposure also enables the division to cross-sell and leverage synergies and efficiencies across its businesses, giving further protection against cyclical pressures.

More broadly, technology-driven disruption is changing the nature of the industry. Already noticeable is the increase in buyers and sellers utilising digital platforms, although this remains limited to investigating product options. Over the longer term, advances in automotive technology, and changing attitudes to vehicle ownership, will drive the commoditisation of mobility. OEMs are moving to electric, automated and connected cars, providing dealers with a constant link to the customer. Also evident is the shift to shared vehicle ownership and greater use of pay-per-ride services. Telematics are being applied to influence driver behaviour, drive proactive customer interaction and vehicle maintenance, and inform research anddevelopment.

These trends will disrupt the current dealership model and the importance of VAPS is likely to decline in favour of the overall customer mobility experience and services offered. The pace at which these changes filter into the division's current markets will depend largely on OEMs, especially in respect of changes to the dealership model.

The division is well positioned, in its scale and scope, expertise and relationships, to anticipate the changes and respond with the necessary innovations. Specifically, its strong relationships with OEMs will support its ability to respond quickly to their changing requirements. Furthermore, the financial services business has a proven track record in improving customer engagement through innovative channel and product development, underpinned by its data analytics capabilities. It has the skillsets and the strategic partnerships to access the latest thinking and to respond effectively with a continually evolving and differentiated mobility experience for its customers.

HOW MOTUS WILL COMPETE AND WIN IN THE NEXT THREE YEARS

OBJECTIVE: Secure growth and returns through deep direct relationships with leading OEMs, optimal distribution techniques, creative marketing, new dealership and client interface models, shared support facilities and loyalty engendering financial services.

The desirability of its brands, its ability to leverage its scale to create value for customers, and its efforts to ensure excellent customer experiences and quality products, including the development of innovative VAPS, will underpin the growth and retention of its customer base. A collaborative customer engagement strategy is being developed to deliver an integrated and differentiated customer experience across the importer, dealer and financial services businesses. This is being supported by enhancing the data management strategy, and aims to deepen customer loyalty.

Strong and longstanding relationships with OEMs, and its ability to negotiate preferential pricing, supports the division's value proposition to customers. In turn, Motus offers OEMs the best route-to-market through high-quality marketing, high levels of customer satisfaction and strategically located dealerships. While OEMs impose sales, service and parts targets, meeting them provides the opportunity to earn higher variable margins.

To grow annuity income and hedge against the business's dependence on new car sales and market fluctuations, the financial services business is a key growth area. LiquidCapital's direct sales channel, MotorHappy, has successfully strengthened its position in the direct-to-consumer market, providing a single point of contact for customers for all the division's offerings. In anticipation of a shift in buying behaviour from new to lower-cost and pre-owned vehicles, LiquidCapital is developing products that specifically address the needs of this market.

A new fleet management business, 58 Fleet (Pty) Ltd, is expected to grow strongly based on its innovative management system which includes securing a strategic 51% BBBEE partner. The financial services business will drive innovation across the vehicles businesses, specifically by leveraging data to enhance the customer mobility experience. The business is investing in innovative solutions such as virtual showrooms, virtual finance and insurance products and loyalty programmes, with the potential of expanding these platforms into the division's international operations over time.

Similarly, the division has plans to strengthen its position in aftersales parts and services. With the car parc of the importer brands at some 1,2 million vehicles, and growing, capturing a greater share of after-market activity, supported by targeted VAPS focused on older vehicles, provides opportunity for growth.

In line with the escalating activity in the pre-owned market, the division expects to capture a large share of this market through its dealerships in South Africa, and more focus will be placed on pre-owned vehicle volumes in the UK. The business will drive growth in car rental volumes both in South Africa and the SADC regions with the specific objective to grow public sector business.

The division's focus on reducing capital intensity and costs continues, with ROIC introduced as a key performance indicator for senior management. Functions are being combined where it makes sense to do so, with a centralised warehouse and procurement initiative underway. The aim is to shorten the inventory cycle between acquisition and sale through more efficient distribution of new, pre-owned and car rental vehicles and parts. The capital structures of all dealerships are being reviewed, and a sustainable dealership model for the future is under consideration. Attention is being given to improving cost structures, exiting non-strategic dealerships and aligning headcount and labour rates to industry benchmarks.

Currency risk is a material factor for the division, especially the impact of Rand volatility on profitability and working capital levels. This was illustrated as Rand volatility coupled with the slowdown in sales resulted in excess forward cover at uncompetitive rates within the importer business, and lower converted profits from foreign operations. The division continues to manage working capital tightly, particularly for new vehicles and parts, by ensuring realistic OEM expectations of volume and management of inventory levels relative to demand.

For more information on how we manage currency risk, see our full material issues online.
For comprehensive information on the division's sustainability performance and related initiatives refer to the SDR: Motus review.

OBJECTIVE: Continually enhance Motus' asset portfolio by disposing of or rationalising underperforming businesses, dealerships and brands, and by acquiring and rapidly integrating like businesses and assets that can be enhanced by Motus' capabilities and resources.

Recent corporate action is set out below:

Acquisitions	Disposals and closures
Unbundled and retained the VAPS business from Regent, excluding it from the disposal of Regent Life and Regent Short Term completed during the year. The VAPS business provides a foundation for growth as it is fully integrated.	C2 Group, comprising 21 legal entities, was sold on 1 September 2016.
The remaining 10% minority holding in AAAS (previously Midas) was acquired during the year for R87,5 million.	Jurgens and Prestige Safari were sold in February 2017.
75% of SWT Group, based in Australia, which operates 16 dealerships, was acquired after year end for AUS$ 24,2 million (R254 million).	Sale and leaseback property transactions.
100% of Pentagon Motor Holdings, which operates 21 prime retail dealerships in the UK, was acquired after year end for £28 million (R493 million).	15 non-strategic or underperforming dealerships were closed.

Given the limited scope for organic growth in the domestic market, and the largely unregulated pre-owned vehicle imports into sub-Saharan Africa, acquisitive growth will be mostly beyond the continent. Motus will continue to assess acquisitive opportunities to enhance and leverage the current dealership network in existing geographies. In aftermarket parts, there is scope to acquire businesses to expand its footprint in Africa and sourcing businesses in the East are being explored. These will shorten the supply chain of importing these products resulting in cost savings

OBJECTIVE: Seek greater alignment with our customer base in South Africa by investing in the development of previously disadvantaged managers and entrepreneurs in our vehicle distribution, rental, retailing, aftermarket parts and financial services businesses.

Accelerating the transformation of the local business, according to the revised BBBEE Codes, is a strategic imperative. A project to review best practices in employment equity and to understand the barriers to it is underway. Diversity training workshops, to create an inclusive culture, are being held across the division.

Revised recruitment policies and plans to source skilled and experienced black candidates are being put in place, with investment in apprenticeships, learnerships and sales cadet programmes for unemployed black youth and graduate development programmes aimed at building a pipeline of skilled black employees. Specific targets have been set, and the progression of black people into senior roles determines a portion of the incentives for senior management

OBJECTIVE: Drive competitive advantage, operational excellence and sustainability through improved people management, systems renewal and standardisation.

With the new management structure in place, focus has shifted to improving people management practices and processes, including talent management, core data, human capital and payroll technology, and enterprise architecture. The division is investing in technology to improve its human capital data, the basis for improved human capital practices. During the year, a new human capital and payroll system was evaluated and selected, with full implementation expected in the next 18 to 24 months.

Succession plans are in place for key roles and the talent programme identifies individuals with the potential to progress into more senior leadership roles. The Imperial Technical Training Academy provides training on workshop servicing and is recognised as the largest and leading provider of automotive technical trades training in South Africa. The academy currently has 1 103 apprentices and learnership candidates, of which 70% are black.

Enhancing the customer experience and improving business efficiency through new technology is a key focus for the division, including the further expansion of its electronic sales platform and dealership management system, alongside ongoing projects to upgrade or replace legacy systems. These objectives are the responsibility of the newly appointed chief information officer, together with formalising the structure and reporting requirements of the IT function. A cybersecurity strategy and an information security charter are being developed and assessments in this respect are underway, to ensure compliance with ISO 27001.

Performance

Revenue and profit for Motus declined by 3% due to a slowing vehicle market and higher cost of inventory in the Vehicle Import and Distribution sub-division in the first half, partly offset by a strong performance from the Financial Services Sub-division. National vehicle sales in South Africa contracted by 7% during the year. The Motus passenger and light commercial vehicle businesses, including the UK and Australia, retailed 113 074 (2016: 118 787) new and 70 158 (2016: 69 637) pre-owned vehicles during the year.

The strengthening of the Rand against the Pound (20% on average) and Australian Dollar (3% on average) reduced the Rand denominated results of the UK and Australian businesses, which increased revenue by 12% and 11% and operating profit by 14% and 22% respectively in local currencies. Excluding acquisitions and disposals in the current and prior year, revenue and operating profit increased by 2% and 3% respectively.

During the year, a foreign exchange loss of R388 million was realised. This related to the unwinding of uneconomical and excessive forward cover, mainly in Renault, caused by a volatile Rand exchange rate, excessive ordering in a slowing market and delayed model launches. The group's foreign exchange controls and policies were reviewed and remain unchanged, but the group's oversight of their application was subsequently strengthened. Imperial's current policy is to cover forward up to seven months on a rolling basis, depending on the brand of vehicle.

Net capital expenditure of R2,2 billion was incurred during the year (2016: R2,1 billion) largely on vehicles for hire.

The Regent transaction was concluded on 26 June 2017. The consequent acquisition of the VAPS business by the Financial Services sub-division has enhanced its ability to provide Motus customers with a wide range of innovative products that will engender client satisfaction, loyalty and annuity income.

Key financial indicators

R million	REVENUE 2017	REVENUE 2016	% change	OPERATING PROFIT 2017	OPERATING PROFIT 2016	% change	OPERATING MARGIN 2017 %	OPERATING MARGIN 2016 %	RETURN ON INVESTED CAPITAL 2017 %	RETURN ON INVESTED CAPITAL 2016 %	WEIGHTED AVERAGE COST OF CAPITAL 2017 %	WEIGHTED AVERAGE COST OF CAPITAL 2016 %
Vehicle Import and Distribution	**18 157**	`18 307	(1)	**728**	913	20	**4,0**	5,0				
Vehicle Retail and Rental	**55 633**	55 132	1	**1 478**	1 426	4	**2,7**	2,6				
Aftermarket Parts	**6 153**	5 824	6	**406**	382	6	**6,6**	6,6				
Motor Related Financial Services	**2 036**	1 837	11	**833**	725	15	**40,9***	39,5*				
Businesses held for sale and eliminations	**(15 439)**	(12 621)		**(135)**	(44)							
Total	**66 540**	68 479	(3)	**3 310**	3 402	(3)	**5,0**	5,0	**11,8**	12,2	**10,1**	10,2

** The operating margin for Financial Services reflects various business ventures that yield operating profits without any associated revenues.*

Note: Since the publication of the H1 2017 results there have been minor adjustments to the sub-divisions of Motus, requiring the segmental report to be amended and the reported H1 2017 numbers to be restated as above. These changes comprise reallocations of: appropriate eliminations to Motus out of group head office and eliminations; the transfer of the African distributorship operations from the Vehicle Retail and Rental sub-division to the Vehicle Import and Distribution sub-division; and the transfer of Beekmans from the Vehicle Import and Distribution sub-division to the Aftermarket Parts sub-division. The above numbers are also adjusted to include the VAPS business in Financial Services. The restated segment report for December 2015 and December 2016 is available on the company's website www.imperial.co.za.

Key non-financial indicators

Total scope 1 & 2 CO_2 emissions:

147 693 TONNES

(2016: 161 992 TONNES)

Road fuel usage

26 169 KILOLITRES

(2016: 26 703 KILOLITRES)

Training spend:

R205,4 MILLION

(2016: R185.6 MILLION)

Total number of employees

17 523

(2016: 19 436)

Number of training hours:

71 HOURS

PER EMPLOYEE, INCLUDING APPRENTICE TRAINING HOURS

SDR online.

Outlook

Motus is expected to grow revenues and operating profit from continuing operations in the year to June 2018.

Refer to the CEO's report on page 21 for more detail.

MOTUS DIVISIONAL BOARD

Mark James Lamberti
Non-executive chairman

See our leadership on page 38 for detailed CV.

Osman Suluman Arbee
Chief executive officer

See our leadership on page 38 for detailed CV.

Ockert Janse van Rensburg (44)
Chief financial officer

BCompt, CA(SA), HDip Co Law

Ockert has been with the Imperial Group since January 2015, during which time he has been the CFO for Associated Motor Holdings. Prior to joining the group, he was the chief financial officer of a large multinational food manufacturing and distribution company, Foodcorp Holdings, for seven years. Prior to joining Foodcorp, he held the position as partner of PricewaterhouseCoopers Inc.

Philip Michaux (57)
Vehicle Retail and Rental CEO

Philip is the CEO of the Vehicle Retail and Rental division. He started his career in the motor industry in 1981 with Saficon Holdings and has held various management positions within the industry over the years. He spent the first 23 years within the Mercedes-Benz franchise. Imperial acquired Saficon in 1995, which resulted in him joining the group. He was the managing director of Cargo Motors until 2006 at which time he was promoted to CEO of the Automotive Retail division. His portfolio was expanded to include the Car Rental and Aftermarket Parts divisions in his previous position as CEO of Vehicle Retail, Rental and Aftermarket Parts divisions. He was appointed to the group executive committee in October 2011 and to the group board in May 2014. In line with changes in his executive responsibilities, Philip resigned from the group board on 21 August 2017.

Kerry Cassel (44)
Financial Services CEO

BCom Acc, Dip Acc, CA(SA)

Prior to joining the group in 2002, Kerry was an audit manager at Deloitte & Touche. Kerry held multiple senior positions at Associated Motor Holdings and LiquidCapital. Kerry was promoted to managing director of LiquidCapital (Pty) Limited in April 2010.

Mohammed Akoojee
Non-executive director

See our leadership on page 38 for detailed CV.

Manny de Canha
Non-executive director

See our leadership on page 36 for detailed CV.

Phumzile Langeni
Non-executive director

See our leadership on page 36 for detailed CV.

Marius Swanepoel
Non-executive director

See our leadership on page 38 for detailed CV.

Younaid Waja
Non-executive director

See our leadership on page 36 for detailed CV.

GOVERNANCE

Corporate governance summary

Accounting to our stakeholders

Our intention is to continually improve our reporting, as a function of our accountability to our stakeholders, and in providing the assessments by leadership that stakeholders require to evaluate the group's ability to create sustainable value. The 2017 Integrated Annual Report (the report) includes, for the first time, a business model that sets out how the group creates value for its stakeholders through strategic clarity, organisational simplicity and disciplined capital management, and thereby enhancing the sustainable competitive position and growth potential of its subsidiaries.

Scope and boundary

The report covers the group's subsidiaries over which it has operational control, including those outside South Africa. Leased facilities are treated as group-owned for reporting purposes. The report focuses on the group's continuing operations, unless otherwise specified. Entities that are not operationally controlled, including assets that are owned but not operated by the group, are not included in the scope of the report. However, more broadly, the risks, opportunities and outcomes associated with stakeholders outside the financial reporting boundary are dealt with in so far as they materially affect the group's ability to create value over time. The group's operating divisions, Imperial Logistics and Motus, are reported on as single entities.

Stakeholders are advised to read the Sustainable Development Report (SDR) (available online) with the report for a comprehensive view of the group's value creation story.

Materiality determination

The group's material issues are the priorities and concerns most important to the leadership of Imperial Holdings Limited and its operating divisions. By successfully addressing these material issues, Imperial will create value for its stakeholders. While the material issues reflect the progress that has been made in the renewal of Imperial in recent years, they are also forward looking and incorporate factors within and beyond leadership's control. The divisional reviews emphasise those issues that are critical to their respective operating contexts, stakeholders and strategies. The sustainable development priorities that relate to the material issues are discussed in detail in the SDR online. An overview of the material issues, how they were determined and the associated management priorities are set out on page 16.

The detailed material issues, which include strategic responses to the management priorities, are available online, allowing stakeholders to assess the materiality of information included in the report, and the supplementary reports available online (set out in our reporting inside the cover flap of the report).

Integrated thinking at Imperial

As an employer, supplier, client, taxpayer and investment, Imperial ranks among South Africa's larger companies, with a direct or indirect impact on tens of thousands of lives in our operations around the world. Our performance and progress is founded on the provision of competitively priced products and services of high quality, conducted within all laws and regulations, and to high ethical standards. But there are additional responsibilities attached to a corporation of Imperial's size and reach. Among the most important of these is the demonstration of our societal relevance, not through redistribution as a charitable donor, but in the businesses we operate. We are mindful that the effects of our commercial activities on broader society are potentially significant and as fiduciaries we strive at all times to exercise due care in our dealings with stakeholders. We understand that the creation of shareholder value is a necessary but insufficient condition for sustainability, and we therefore subscribe to the view that corporate sustainability is founded on accountability for decisions that have economic, social and environmental impacts in the long term.

The consolidation of our operating divisions into single entities, with each division having an operational board and single leadership team, is aimed at positioning the group for stronger growth, returns and sustainability in relation to the structural and systemic changes in the business environment. In essence, the renewal of the group is an exercise in integrated thinking as it is entailing focused investment in the assets and enablers that underpin the group's ability to create long-term value for its stakeholders. We have continued to evolve our human capital management capabilities and are investing in technology as the foundation for organisational effectiveness. Our social and environmental initiatives, which respond to critical social concerns, continue to receive focus in line with their material importance to the group's home base of South Africa and also to our respective operations around the world.

Approval

The board acknowledges its responsibility to ensure the integrity of the report. The audit committee is responsible for the content of this report and recommended it to the board for its approval. In the board's opinion, the report addresses all material issues and matters, and fairly presents the group's integrated performance.

SURESH P KANA
Chairman

MARK J LAMBERTI
Chief executive officer

Imperial's businesses operate in diverse geographies, industries and markets with different socioeconomic, political, regulatory and technological profiles. The complex interplay of opportunities and threats within these environments must be closely monitored and addressed with strategies that ensure robust competitive positions.

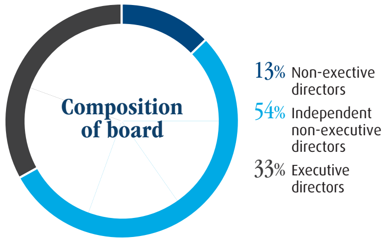
Formal and informal scanning of the environment is an everyday executive responsibility, and the Imperial board is regularly apprised of developments that could have a bearing on the performance and sustainability of the group. Similarly, executive management responds tactically to everyday shifts in the operating context. The board annually approves the strategies necessary to remain competitive and create sustainable value for stakeholders over the long term.

Authority, responsibility and accountability for the group's ethics, performance and sustainability is held at board level, which the board formally delegates to the CEO and in turn to his direct reports and sequentially throughout the organisation. The diversity of Imperial's operations necessitates differences in the nature, structure and processes of delegation, excepting financial expenditure for which authority limits are consistent across the group.

The leaders of Imperial are mindful that entrepreneurial creativity and responsiveness is a competitive advantage and every effort is made to integrate governance processes in the least bureaucratic way possible.

The full governance report, which includes details of risk, compliance and technology, can be found online.

01 | Imperial Holdings board



Ultimate responsibility for governance rests with the Imperial board and its sub-committees, which are constituted with the requisite expertise and experience. The group has a unitary board comprising of ten non-executive directors, eight of whom are independent, and five executive directors.

The responsibilities of the board are clearly defined in a written charter. The board charter outlines a clear balance of power and authority within the board to ensure that no single director has unfettered powers of decision-making. The board has also adopted, and regularly reviews, a written policy governing the authority delegated to group management and matters reserved for decision by the board.

The responsibilities of the board include issues of strategic direction, business plans and annual budgets, major acquisitions and disposals, changes to the board and other matters that have a material effect on the group or are required by legislation.

Details of our board members and their CVs can be found on page 36.

Skills and experience

The board's diverse backgrounds ensure a wide range of experience in commerce, finance, law, industry and engineering. The non-executive directors have the necessary skills and experience to make judgements, independent of management, on areas such as strategy, performance, business development, transformation, diversity, ethics and environmental management.

KING IV

Given the non-static nature of governance and the application of best governance practices, the board continually assesses the group's governance practices and procedures and makes adjustments where necessary.

This is evident in this year where we have endeavoured to apply the recommended practices set out in the fourth King Report on Corporate Governance for South Africa (King IV).

Imperial subscribes to and applies the 16 principles of good governance contained in King IV and, where appropriate, King IV's recommended practices have been considered and implemented during the year.

A register of the group's application of the 16 principles of King IV is available online.

Board succession and appointment

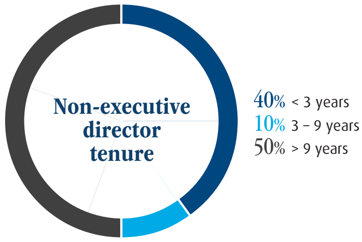
Directors are appointed based on their skills, experience and expected level of contribution to, and impact on, the activities of the group. The board decides on the appointment of directors based on recommendations from the nomination committee. New directors are formally inducted to facilitate their understanding of the group.

The role of the chairman is to set the ethical tone of the board and to ensure that the board remains efficient, focused and operates as a unit. The chairman is an independent non-executive chairman whose role is clearly defined and separate from that of the CEO through the provisions of the board charter.

The chairman provides overall leadership to the board without limiting the principle of collective responsibility for board decisions.

The responsibility for the executive management of the group's operations vests with the CEO, Mr MJ Lamberti, who reports to the board on the group's objectives and strategy. The CEO is accountable to the board and consistently strives to achieve the group's goals within the framework of delegated authority.

While the board may delegate authority to the CEO in terms of the board charter, the separation of responsibilities is designed to ensure that no single person or group can have unrestricted powers and that appropriate balances of power and authority exist on the board.



Board and committee attendance

		Board meetings		Committee meetings							
		Meetings (including one special meeting)	Annual strategy meeting	Executive committee	Social, ethics and sustain-ability committee	Assets and liabilities committee	Nomination committee	Risk comm-ittee	Audit comm-ittee	Rem-uneration committee	Investment committee
	Total meetings:	**4**	**1**	**14**	**4**	**4**	**3**	**4**	**4**	**3**	**3**
Non-executive directors	SP Kana* (chairman)	**4/4**	**1/1**		3/3		3/3			3/3	3/3
	P Cooper*	**4/4**	**1/1**								3/3
	GW Dempster*	**4/4**	**1/1**			4/4			4/4		3/3
	T Skweyiya* (Dingaan)	**4/4**	**1/1**						4/4		
	RM Kgosana[1]	**4/4**	**1/1**					4/4	4/4		
	P Langeni*	**4/4**	**1/1**				2/3		4/4	2/3	
	MV Moosa	**4/4**	**1/1**		4/4						
	RJA Sparks*	**4/4**	**1/1**				3/3		4/4	3/3	2/3
	A Tugendhaft	**4/4**	**1/1**		4/4		3/3			3/3	
	Y Waja*	**4/4**	**1/1**					4/4	4/4		
Executive directors	MJ Lamberti	**4/4**	**1/1**	14/14	3/4	3/4		4/4			3/3
	OS Arbee	**4/4**	**1/1**	14/14	4/4	4/4		4/4			3/3
	M Akoojee[2]	**1/1**	**1/1**	4/4		1/1					1/1
	MP de Canha	**4/4**	**1/1**	14/14							
	PB Michaux[3]	**4/4**	**1/1**	13/14							
	M Swanepoel	**4/4**	**1/1**	14/14		4/4					3/3

1. *Resigned from the board on 8 September 2017.*
2. *Appointed during the year.*
3. *Resigned from the board on 21 August 2017.*
* *Independent non-executive*

Changes to the board

Mr M Akoojee was appointed CFO and a member of the board with effect from 1 March 2017. His appointment will be tabled for confirmation at the AGM to be held on 31 October 2017.

Mr PB Michaux resigned from the board on 21 August 2017, in line with changes in his executive responsibilities. Mr MP de Canha will serve on the board until 31 October 2017 and will retire on 31 January 2018.

Mr OS Arbee resigned as CFO with effect from 1 March 2017 and was appointed as the CEO of Motus. He remains a member of the Imperial board.

Mr RM Kgosana resigned as a member of the board and of the Logistics divisional board with effect from 8 September 2017.

This year, Messrs OS Arbee, GW Dempster, SP Kana, MV Moosa and Y Waja will retire by rotation and are standing for re-election at the AGM to be held on 31 October 2017. These directors have been appraised by the board and their re-election is recommended.

Governance in action

> Adoption of a formal board diversity policy which embraces the benefits of a diverse board with differences in skills, regional and industry experience, background, race and gender.
> Conducted an independently administered questionnaire-based review of the board and directors.
> Set a voluntary target to increase the board female component by at least one member to improve gender diversity in the future.
> Considered the independence of independent non-executive directors, which was confirmed by the nomination committee, in accordance with King IV.
> Authority previously delegated to the group executive committee was formally delegated to the divisional operating boards. The group executive committee was disbanded effective 1 July 2017.
> Oversaw the development and implementation of succession plans by the nomination committee.
> Performed a formal review of the company secretary, concluding that there were no improper direct or indirect relationships with board directors and confirming his competence.
> Reviewed the composition of board sub-committees, in accordance with King IV, and revised the membership of the risk committee, assets and liabilities committee and social, ethics and sustainability committee to comprise a majority of non-executive directors with independent non-executive chairmen.

Board sub-committees

The board has established a number of sub-committees, including statutory committees, all of which operate within written terms of reference. The performance of each committee is regularly assessed in accordance with their terms of reference. No instances of non-compliance were noted.

The following tables below outline the board committee responsibilities and memberships at the time of publication.

COMMITTEE	RESPONSIBILITY
Audit committee	Assists the board in its responsibilities, covering the internal and external audit processes for the group, taking into account the significant risks, the adequacy and functioning of the group's internal controls and the integrity of financial reporting. *AFS online.*
Risk committee	Sets the group risk culture, framework and strategy and ensures that robust risk management processes are in place.
Remuneration committee	Advises and guides the board on director remuneration, setting and implementing remuneration policy, approval of general composition of remuneration packages and criteria for executive bonus and incentive awards and administration of share-based incentive schemes. *Remuneration report from page 67.*
Social, ethics and sustainability committee	Assists the group in discharging its social, ethics and sustainability responsibilities and implementing practices consistent with good corporate citizenship. *SDR online.*
Asset and liabilities committee	Responsible for implementing best practice asset and liability risk management policies. Its primary objective is to manage the liquidity, debt levels, interest rate and exchange rate risk of the group within an acceptable risk profile.
Investment committee	Responsible for reviewing significant transactions and matters of a strategic nature.
Nomination committee	Provides advice and guidance on succession planning, director appointments and director induction and training.
Divisional boards	Exercise oversight of assets and control performance within the bounds of Imperial's board-approved strategies and budgets through two operating divisions, Imperial Logistics and Motus.

Board sub-committee membership is detailed below:

Audit committee	Risk committee	Remuneration committee	Social, ethics and sustainability committee	Assets and liabilities committee	Investment committee	Logistics divisional board	Motus divisional board
RJA Sparks (chairman) GW Dempster T Skweyiya (Dingaan) P Langeni Y Waja SP Kana* A Tugendhaft* MJ Lamberti* M Akoojee* G Nzalo* R Mumford* BJ Francis* G de Beer* O Janse van Rensburg*	Y Waja (chairman) M Akoojee SP Kana MJ Lamberti BJ Francis* G Nzalo* F Seedat* N Bell*	RJA Sparks (chairman) SP Kana P Langeni A Tugendhaft MJ Lamberti* M Akoojee* **Nomination committee** SP Kana (chairman) P Langeni RJA Sparks A Tugendhaft MJ Lamberti* M Akoojee*	MV Moosa (chairman) T Skweyiya (Dingaan) SP Kana MJ Lamberti A Tugendhaft BJ Francis* O Janse van Rensburg* R Levin* L Maluleke* MR Sharfuddin* RA Venter*	GW Dempster (chairman) MJ Lamberti M Akoojee OS Arbee R Mumford* WF Reitsma* C Shaw RJA Sparks M Swanepoel	P Cooper (chairman) MJ Lamberti M Akoojee OS Arbee GW Dempster SP Kana G Nakos* RJA Sparks C Shaw* M Swanepoel	MJ Lamberti (chairman) M Swanepoel (CEO) M Akoojee OS Arbee G de Beer (CFO) GW Dempster M Lutjann** G Nakos C Rossouw C Taucke** N van der Westhuizen	MJ Lamberti (chairman) OS Arbee (CEO) M Akoojee K Cassel MP de Canha P Langeni O Janse van Rensburg (CFO) M Swanepoel Y Waja

* *Invitees.*
** *German.*

The CVs of the Imperial Holdings board can be found on page 36 and of the divisional leadership on pages 51 and 60 of the Imperial Logistics and Motus reviews respectively.

Remuneration report

1.INTRODUCTION

Imperial is acutely aware of the importance of fair and transparent remuneration policies and practices at all levels of the organisation.

The release of King IV on 1 November 2016 resulted in a review of the committee's charter and focus so as to align its activities with the principles contained in King IV. It has also resulted in us changing the structure of this report and the level of detail provided regarding the remuneration of executives. The report is divided into three sections:

> an introductory section
> remuneration policy
> remuneration policy implementation.

With regard to executive compensation, Imperial will strive firstly, to ensure that our governance and disclosure is transparent, and secondly, that we do not compromise unduly on performance criteria when external factors outside our control stifle or enhance performance.

The remuneration decisions made by the committee were influenced by the performance of the group in challenging economic conditions, particularly in South Africa, considerations such as the gap between lowest and highest paid employees and a number of changes in executive responsibility. More detail on the economic conditions and performance of the group can be found throughout this report.

Throughout the group, we attempt to compensate individuals fairly for a specific role, with due regard to their skills and performance.

The compensation of most of our unionised employees is determined collectively or based on sector norms. We strive to maintain positive day-to-day working relationships with our unionised employees, and to balance their right to industrial action with the rights of the group to conduct its activities.

Remuneration policy and implementation

At the 2016 AGM, 98% of shareholders voted in favour of the group's remuneration policy, in line with the 99% in the previous year. Although a non-binding advisory vote, the board continues to take into account the views expressed by shareholders in its deliberations and remains deeply committed to responsible conduct, sound governance and transparency regarding executive compensation.

In keeping with the recommended practices contained in King IV, the committee has elected to table both the remuneration policy and the remuneration policy implementation of the group for approval by shareholders by separate non-binding advisory votes.

Committee chairman

The committee is chaired by RJA Sparks, who is the lead independent non-executive director.

Key focus areas

The group undertakes regular benchmarking of the remuneration packages of the CEO as well as executive directors and senior staff members with the assistance of PriceWaterhouseCoopers.

During the year we also conducted an extensive review of the level of compensation for the lowest paid employees in the group and have voluntarily introduced a minimum wage of R3 500 per month for South African operations.

The committee further considered and approved:

> The general composition of executive remuneration packages.
> The criteria for bonus and incentive awards.
> Executive bonuses and incentive awards in accordance with set criteria.
> Executive and general long-term incentive awards.
> The CEO's remuneration.

Role of the committee

The committee advises and guides the board on:

> Accurate and transparent disclosure of directors' remuneration.
> The establishment and implementation of remuneration policies for non-executive directors, executive directors and other executives, to ensure that the company remunerates directors and executives fairly and responsibly.
> Approval of the general composition of remuneration packages and the criteria for executive bonus and incentive awards.
> Increases to non-executive directors' fees.
> Material changes to the group pension and provident funds and medical aid schemes when appropriate.
> The administration of share-based incentive schemes.

COMMITTEE MEMBERSHIP

At year end, the members of the remuneration committee were RJA Sparks (chairman), SP Kana, P Langeni and A Tugendhaft. All are independent non-executive directors, with the exception of Mr Tugendhaft who is a non-executive director.

The group CEO and CFO attend committee meetings by invitation and assist the committee in its deliberations, except when issues relating to their own remuneration and performance are discussed. No director is able to decide his or her own remuneration.

MEETING ATTENDANCE

Member	Regular meetings
RJA Sparks* (chairman)	3/3
SP Kana*	3/3
P Langeni*	3/3
A Tugendhaft	3/3

* *Independent non-executive director*

2. REMUNERATION POLICY

The group's remuneration policy was approved by shareholders at the AGM on 1 November 2016. In keeping with the recommended practices contained in King IV, both the remuneration policy and the remuneration policy implementation of the group will be tabled for approval by shareholders by separate non-binding advisory votes at the AGM on 31 October 2017.

DETERMINATION OF PERFORMANCE INCENTIVES

Imperial has various formal and informal frameworks for performance management that are directly linked to either increases in total cost to company or annual short-term incentive bonuses. Performance management and assessment sessions take place regularly throughout the group, where company performance, personal achievement of key performance indicators (KPIs), and delivery on key strategic imperatives are discussed.

	2017	2016
Total number of employees	49 346	51 256
Total compensation paid to employees (Rm)	16 623	16 528
Total compensation as a % of revenue	14	14

REMUNERATION BREAKDOWN

The group's employees are key determinants of its success. Employee remuneration, particularly guaranteed pay, is a significant component of the group's total operating costs. The group's remuneration policy seeks to attract and retain quality employees at all levels. Remuneration is structured to be competitive and relevant in the sectors in which the group operates, and divisions review their remuneration policies regularly.

Salaried employees

Cost to company	Short-term incentives	Long-term incentives	Other benefits
> Total cost to company (TCTC) is monitored and benchmarked on an ongoing basis. > Remuneration levels take into account industries, sectors and geographies from which skills are acquired or to which skills are likely to be lost, the general market and the market in which each business operates. > TCTC and the mix of fixed and variable pay are designed to meet each business' industry, operational needs and strategic objectives, based on stretch targets that are verifiable and relevant. > The structure of remuneration for unionised employees is driven by collective bargaining and sectoral determinations. > General adjustments to guaranteed pay levels are effective from 1 July each year. In unionised environments, collective bargaining arrangements may come into operation at other agreed times. > Annual increase parameters are set using guidance from group budgeting processes, market movements, individual performance, the performance of the division and/or company and other relevant factors. > Increases above inflation depend on divisional or departmental and individual performance.	Divisions pay short-term bonuses aligned to industry best practice and in some cases include a guaranteed bonus equal to one month's salary. However, in the majority of cases bonuses depend on the performance of the individual and business in which they are employed.	Only salaried employees at senior management level qualify for long-term incentives.	Pension and provident fund, medical aid (Includes both regular and budget options).

Employees paid by the hour

Cost to company	Short-term incentives	Long-term incentives	Other benefits
> Annual increases in remuneration and bonuses generally determined at industry level through collective bargaining and negotiations between the industry and trade unions. > The group aims to remunerate employees fairly and in line with sound business and remuneration principles, beyond minimum wage. Increases for deserving employees are determined based on merit. > Where appropriate, employees receive ongoing training and promotions, with concomitant rate increases. These promotions are discussed and authorised by both supervisors and line management.	Bonuses are determined annually in line with agreements signed with various unions. Where appropriate, certain individuals are awarded additional bonuses in line with their individual performance. These bonuses are reviewed and approved by divisional management.	No long-term incentives.	Pension and provident fund (compulsory) and medical aid (includes both regular and budget options. Some hourly paid employees belong to bargaining council medical schemes and pension funds).

During the year, the group embarked on an extensive review of remuneration paid at all levels with a view to determining:

> The Gini coefficient for the group.
> Determining the viability of introducing a minimum wage for all South African operations.

As a result the group introduced a policy in terms of which a minimum wage of R3 500 per month is paid in all South African businesses in the group.

Executive directors and prescribed officers

POLICY

Executives are responsible for leading others and taking significant decisions about the short- and long-term operation of the business, its assets, funders and employees. They require specific skills and experience and are held to a higher level of accountability.

Imperial's remuneration policy is formulated to attract and retain high-calibre executives and motivate them to develop and implement the group's strategy to optimise long-term shareholder value. The group's remuneration policy also aims to align the entrepreneurial ethos and long-term interests of senior managers and executives with those of shareholders.

The remuneration policy is intended to conform to best practice. It is structured around the following key principles:

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

Incentive-based rewards are capped and 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.

The design and implementation of long-term incentive schemes are prudent and do not expose shareholders to unreasonable financial risk.

ELEMENTS OF EXECUTIVE REMUNERATION

Executive remuneration comprises the following key elements:

1 | BASE SALARY

2 | ANNUAL INCENTIVES

3 | SHARE-BASED LONG-TERM INCENTIVE AND RETENTION SCHEMES

4 | OTHER BENEFITS

The remuneration 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 performance and those linked to longer-term shareholder value creation.

The group's general philosophy for executive remuneration is that the performance-based pay of executive directors and senior managers should form a significant portion of their expected total compensation. There should also be an appropriate balance between rewarding operational performance (through annual incentive bonuses) and rewarding long-term sustainable performance (through long-term and/or share-based incentives).

1 | BASE SALARY is the TCTC before short-term incentives. The fixed remuneration of each executive is based on roles in 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, group and divisional performance, individual performance and changes in responsibilities.

2 | ANNUAL INCENTIVES

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 beginning of the performance period.

The criteria differ depending on the position of each executive and the division in which they operate. Criteria for F 2017 include:

Group ROIC
The base target for ROIC is achievement of WACC and the measurement pays on the gap between ROIC and WACC.

Group HEPS growth
The measurement starts to pay out above a base target for core EPS growth.

Divisional operating profit after interest
The measurement starts to pay out above a base target for divisional operating profit after interest growth.

EMPLOYMENT EQUITY ACHIEVEMENT:

Measurement of the executive committee members with group responsibility

This measurement is based on sub-measurements for the organisation as a whole and at divisional level:

> Management control.
> Employment equity.
> Skills development.
> Growth in black top, senior and middle management.

Talent management

This measurement is based on the creation of a talent management strategy and framework. It includes the implementation of a strategic talent management plan and the development of a three to five year succession plan for key staff members.

Project-based and discretionary

Project-based and discretionary bonuses allow flexibility to nominate particular projects and allow for performance on non-quantitative aspects during the year to be taken into consideration. The remuneration committee has further discretion to authorise special bonuses for projects successfully completed during the year, which are awarded in exceptional cases. 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.

Annual short-term incentive bonus (STI)

	STI as % of TCTC for on-target performance (maximum)
Executive management	150%
Senior management	60% – 100%
First-line operational management	50%

The committee sets the minimum performance levels required for any annual incentive bonus to be paid. The on-target annual incentive bonus is payable on achieving agreed targets. The committee awards additional performance incentives in exceptional circumstances.

3 | SHARE-BASED LONG-TERM INCENTIVE AND RETENTION SCHEMES

Executive participation in long-term incentive and retention schemes is based on criteria such as seniority, performance during the year and retention drivers. 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 long-term incentive schemes. Non-executive directors may not be awarded rights in any of the incentive schemes.

The group has three long-term incentive plans:

> Share appreciation rights (SARs).
> Deferred bonus plan (DBP).
> Conditional share plan (CSP).

SHARE APPRECIATION RIGHTS (SAR)

Selected participants receive annual grants of SARs, which are conditional rights to receive Imperial shares equal to the difference between the exercise price and the grant price. Vesting of rights is subject to performance conditions being met and participants remaining employed with the group for the vesting period. The performance conditions and the performance period are determined by the board annually in respect of each new grant of rights.

The SARs allocated since F 2016 vest after three years and lapse two years after vesting and core EPS performance measure was changed to HEPS since F 2017. The current performance targets employed in the SARs are the achievement of specified targets set by the committee. These include:

	Percentage of SAR awards
Growth in core EPS or HEPS since F 2017, relative to the growth in core EPS or headline earnings per share (HEPS) of a selected peer group of JSE-listed companies	**50%**
ROIC compared to WACC, over a three-year period	**50%**

An extensive review of the peer group of companies was conducted during the year with the assistance of PricewaterhouseCoopers.

The extent to which each performance condition has been met is determined on the vesting date as follows:

HEPS GROWTH

If the HEPS growth of the company is below the lower quartile of the selected peer group:

0% OF SARs VEST

If the HEPS of the company is in the lower quartile of the selected peer group:

30% OF SARs VEST

If the HEPS of the company is in the upper quartile of the selected peer group:

100% OF SARs VEST

Linear vesting occurs between 30% and 100%, depending on the company's performance relative to the peer group if HEPS growth falls in the second or third quartile.

ROIC

If the average ROIC for the company over the performance period is lower than the average WACC of the company over the performance period:

0% OF SARs VEST

If the average ROIC over the performance period is equal to the average WACC over the performance period:

30% OF SARs VEST

If the average ROIC over the performance period is equal to or above a pre-determined target percentage:

100% OF SARs VEST

Linear vesting occurs between 30% and 100%, depending on the company's performance if ROIC is between WACC and the target percentage.

In addition to performance of the group, the minimum HEPS growth and ROIC target threshold level takes into account the important objective of retention of key employees during times when business conditions are challenging.

The targets and measures relating to each issue are detailed in a letter of grant. After vesting, the rights may be exercised by a participant within four years after vesting; this has been changed to two years from 1 July 2016. Upon exercise by a participant, the difference between the exercise price and the grant price is paid by:

> Delivering Imperial shares that will be purchased on the open market; or
> As a fall-back provision only, by the issue of new shares; or
> Settling the value in cash.

DEFERRED BONUS PLAN (DBP)

Qualifying senior employees are required to purchase Imperial shares which are held in escrow by the company. On the condition that the participant remains in the employ of the group and retains the shares over a three-year period, a matching award of Imperial shares is made on vesting. A participant remains the owner of the shares for the duration of the three-year period and enjoys all shareholder rights in respect of the shares. Although shares can be sold by the participant at any stage, the matching award is forfeited in line with the level of sales of the shares.

Allocation of SARs and DBPs

Allocations under SARs and DBPs 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 SARs and DBPs is calculated using a model developed by PriceWaterhouseCoopers and is determined on the expected value of an allocation expressed as a percentage of TCTC (fixed remuneration). The percentage allocated is determined based on retention considerations and the job grading of the participant, which also determines whether a participant receives both SARs and DBPs or only SARs or only DBPs.

Benchmark awards for SARs and DBPs:

	Expected values as % of total guaranteed package
Executive directors	100%
Senior management	50% – 70%
First-line operational management	20% – 40%

The value of long-term share-based incentives is determined in the financial year of allocation using the Binomial tree valuation methodology. This is based on a number of assumptions, which include the original award price, the expected rate of share price growth and the expected fulfilment of related performance conditions. The eventual gains from long-term share-based incentives will vary from year to year depending on vesting and exercise patterns, as well as the impact on share price performance and external factors such as market sentiment, interest rates, commodity prices and exchange rates.

Conditional share plan (CSP)

The CSP is utilised in exceptional circumstances only. Employees receive grants of conditional awards and the vesting is subject to performance conditions. The performance conditions for the CSP will be based on individual targets set by the board.

Termination of employment

RESIGNATION OR DISMISSAL

If a participant's employment terminates due to resignation or dismissal on grounds of misconduct, poor performance or proven dishonest or fraudulent conduct (whether such cessation occurs as a result of notice given by the employee or otherwise or if he/she resigns to avoid dismissal on grounds of misconduct, poor performance or proven dishonest or fraudulent conduct) before the vesting date, all share appreciation rights, conditional awards and all matching awards will lapse, unless the board determines otherwise.

RETIREMENT, RETRENCHMENT, DEATH, ILL HEALTH, DISABILITY OR OTHER REASONS FOR CESSATION OF EMPLOYMENT

If a participant ceases to be an employee due to retrenchment, death, ill health, disability or reasons other than resignation or dismissal, the board will permit a pro-rata portion of the unvested SARs and/or unvested conditional awards and/or matching awards to vest on the date of cessation of employment.

The pro-rata portion of the rights that vest will, unless the board determines otherwise, reflect the number of months served since the date of grant and the extent to which the performance conditions have been satisfied.

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. All SARs awards have been fully hedged through a combination of shares purchased and the purchase of call options, after allowing for attrition over the vesting period. All DBPs and CSPs have been hedged in full via a share buyback, assuming no attrition.

4 | OTHER BENEFITS

Executive directors are entitled to vehicle benefits, pension or provident fund membership, medical aid membership and death and disability insurance. Providing these benefits is considered to be market competitive for executive positions.

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.

Succession policy and plans

The committee considers succession plans for executives and regularly reviews identified successors for key positions in the group. This process includes:

> The identification of current incumbents in key positions.
> An assessment of how long the current incumbent is expected to remain in the position.
> Identification of candidates vulnerable due to age, health or attractiveness to competitors.
> Identification of potential short-term successors, both internally and externally.
> Identification of potential long-term successors, both internally and externally.
> Positioning and development of potential successors.

In line with its strategic objective of implementing leading-edge talent management processes, the group has embarked on a process to measure and develop the executive talent pool. The Imperial executive forum, which comprises the Imperial executive directors, their direct reports, and their direct reports, is the focal point of this initiative and will strengthen the group's internal succession capability.

External appointments

Executives are not permitted to hold external directorships or offices without the approval of the board.

Directors' service contracts

Directors' contracts can all be terminated by giving them between one and six months' notice.

Directors' appointments are made in terms of the company's MOI and are initially confirmed at the first annual general meeting of shareholders following their appointment, and thereafter by rotation.

Non-executive directors' fees

The remuneration committee reviews and recommends to the board fees payable to non-executive directors. The board in turn makes recommendations to shareholders after considering the fees paid by comparable companies, responsibilities of the non-executive directors and considerations relating to the retention and attraction of high-calibre individuals. The group has decided to maintain a structure where directors' fees are not split between membership and attendance fees, as the efforts and contribution of non-executive directors goes well beyond their attendance at formal board or sub-committee meetings, and the group has not had significant instances of non-attendance of meetings.

3. IMPLEMENTATION OF REMUNERATION POLICY

TOTAL SHARE SCHEME ALLOCATIONS

A total of 20 069 986 SARs remain unexercised in terms of the SAR scheme at an average price of R159,18 per share. A total of 1 460 997 DBPs have been taken up and remain unvested. A total of 268 379 CSPs have been taken up and remain unvested.

NON-EXECUTIVE DIRECTORS' FEES

At the AGM to be held on 31 October 2017, shareholders 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, granting authority to pay fees for services as directors, which will be valid with effect from 1 July 2018 until 30 June 2019. The proposed increase in fees is 6% for all boards and committees as follows:

	Fee from 1 July 2018 to 30 June 2019	Current fee from 1 July 2017 to 30 June 2018
Chairman*	R993 000	**R937 000**
Deputy chairman and lead independent director*	R496 500	**R468 500**
Board member	R284 000	**R268 000**
Assets and liabilities committee chairman*	R181 000	**R170 500**
Assets and liabilities committee member	R120 500	**R113 500**
Audit committee chairman*	R375 000	**R354 000**
Audit committee member	R187 500	**R176 500**
Divisional board member: Motus division	R140 500	**R132 500**
Divisional board member: Logistics division	R168 500	**R159 000**
Divisional Finance and Risk committee member: Motus	R56 000	**R53 000**
Divisional Finance and Risk committee member: Logistics	R67 500	**R63 600**
Investment committee chairman*	R375 000	**R354 000**
Investment committee member	R187 000	**R176 500**
Risk committee chairman*	R181 500	**R170 500**
Risk committee member	R120 500	**R113 500**
Remuneration committee chairman*	R135 500	**R128 000**
Remuneration committee member	R90 000	**R84 500**
Nomination committee chairman*	R135 500	**R128 000**
Nomination committee member	R90 000	**R84 500**
Social, ethics and sustainability committee chairman*	R181 500	**R170 500**
Social, ethics and sustainability committee member	R120 500	**R113 500**

* *Fee paid in addition to a member's fee.*

In determining the proposed fees, cognisance was taken of market trends and the additional responsibilities of non-executive directors in terms of increased legal and governance requirements.

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

Non-executive fees for 2017

The table below provides an analysis of the emoluments paid to non-executive directors for the year ended 30 June 2017.

	Directors' fees R'000	Subsidiary/ associate and sub-committee fees R'000	2017 Total R'000	2016 Total R'000
Non-executive directors				
P Cooper	253	500	**753**	711
GW Dempster	253	565	**818**	614
TS Gcabashe				479
ST Skweyiya	253	273	**526**	471
SP Kana	1 137	386	**1 523**	1 059
RM Kgosana	253	883	**1 136**	737
P Langeni	253	430	**683**	546
MJ Leeming				164
V Moosa	253	268	**521**	492
RJA Sparks	549	1 090	**1 639**	1 129
A Tugendhaft	695	266	**961**	907
Y Waja	253	697	**950**	938
Total	4 152	5 358	**9 510**	8 246

Executive remuneration

The group remunerated its executive directors during the year as further explained below.

MJ (Mark) Lamberti – *Group CEO*

2017 REMUNERATION

R'000

Basic salary	Retirement and medical contributions	Other benefits	Short-term incentive bonus	Total cash remuneration	Gains on exercise of LTI awards	2017 Total taxable remuneration realised	2016 Total taxable remuneration realised
1 600	nil	nil	nil	1 600	nil	1 600	nil

FIXED COMPENSATION AND BENEFITS

Mark's fixed compensation as CEO of Imperial was R7 265 000, of which R1 600 000 was received in cash and R5 665 000 was paid in the form of DBP rights. These shares vest on 15 September 2018 in line with Mark's initial five year commitment to the group.

The board has resolved that the company will make R3 000 000 available on an annual basis, that would otherwise have been payable to the CEO of Imperial, for the provision of university education from the second year onwards to the direct descendants of individuals who earn less than R600 000 per annum and have been employed for more than five years.

ANNUAL INCENTIVE

The following short-term incentive performance criteria and weightings, as determined by the board, were used to calculate Mark's annual bonus to the amount of R11 200 000 and in addition he received a further R1 800 000 in acknowledgement of the significant role he has played to date in restructuring and transforming Imperial (2016: R9 600 000). Mark did not receive the maximum possible bonus primarily due to the group HEPS target not being achieved. In lieu of this annual bonus he received 69 123 DBP rights, which vest on 15 September 2018, in line with his initial five year commitment to the group.

2017 MEASURE	2017 Weighting	Performance Against target
Group HEPS growth	30%	Not achieved
Group achievement of ROIC target over WACC	30%	Partially achieved
Group growth in black senior and middle management, BEE scorecard, succession and talent management	20%	Partially achieved
Strategy execution	20%	Achieved
Discretionary	50%	Achieved
Maximum as percentage of deemed fixed compensation	**150%**	**Partially achieved**

LONG-TERM INCENTIVE

Mark was awarded 72 060 CSPs in line with LTI award benchmarks for executive directors. These shares will also vest on 15 September 2018, in line with his initial five year commitment to the group subject to achieving the same criteria and weightings used in 2017. The value of this award is R9 663 000 (2016: R9 059 138).

M (Mohammed) Akoojee – *CEO: Logistics African Regions to 28 February 2017 and Group CFO from 1 March 2017*

2017 REMUNERATION

R'000

Basic salary	Retirement and medical contributions	Other benefits	Short-term incentive bonus	Total cash remuneration	Gains on exercise of LTI awards	2017 Total taxable remuneration realised	2016 Total taxable remuneration realised
4 102	411	120	6 650	11 283	536	11 819	2 629*

* *Remuneration for three months while a director during 2016.*

FIXED COMPENSATION AND BENEFITS

Mohammed's fixed compensation and benefits increased by 10% to R4 633 000 (2016: R4 200 000) as a result of changes in his responsibilities for part of the year following his appointment as the group CFO.

ANNUAL INCENTIVE BONUS

Mohammed received an incentive bonus of R6 650 000, which took into account a number of criteria including the 2017 group CFO measure for a period of four months. Mohammed received the maximum target incentive for his performance while CEO of Logistics – African Regions. He received a further incentive for the smooth transition in assuming the role as group CFO, earlier than planned while he was fulfilling a dual role as CEO of Logistics – African Regions and group CFO designate from January 2017.

2017 GROUP CFO MEASURE	2017 Weighting	Performance Against target
Group HEPS growth	30%	Not achieved
Group achievement of ROIC target over WACC	30%	Partially achieved
Group growth in black senior and middle management, BEE scorecard, succession and talent management	20%	Partially achieved
Strategy execution	20%	Achieved
Discretionary	50%	Achieved
Maximum as percentage of fixed compensation	**150%**	**Partially achieved**

LONG-TERM INCENTIVE AND RETENTION PAYMENTS

Mohammed was awarded 49 132 DBPs in line with LTI award benchmarks for executive directors. These shares are to be held in escrow and will vest on 15 September 2020. The value of this award is R6 588 000.

OS (Osman) Arbee – *Group CFO to 31 March 2017 and CEO: MOTUS from 1 January 2017*

2017 REMUNERATION

R'000

Basic salary	Retirement and medical contributions	Other benefits	Short-term incentive bonus	Total cash remuneration	Gains on exercise of LTI awards	2017 Total taxable remuneration realised	2016 Total taxable remuneration realised
6 666	418	360	8 200	**15 644**	4 511	**20 155**	15 124

FIXED COMPENSATION AND BENEFITS

Osman's fixed compensation and benefits increased by 17% to R7 444 000 (2016: R6 360 000) commensurate with his appointment as Motus CEO, effective January 2017. The remuneration for this position was externally benchmarked against companies with a similar size, complexity and geographic spread.

ANNUAL INCENTIVE BONUS

Osman received an incentive bonus of R8 200 000 (2016: R7 200 000). Osman's incentive was based on performance measures applicable to the group CFO position for the first nine months of the year and performance measures applicable to the position of CEO: Motus for the remainder of the year. He received a further incentive for his contribution to a smooth handover to the new CFO while assuming additional responsibilities as Motus CEO.

2017 GROUP CFO MEASURE	2017 Weighting	Performance Against target
Group HEPS growth	30%	Not achieved
Group achievement of ROIC target over WACC	30%	Partially achieved
Group growth in black senior and middle management, BEE scorecard, succession and talent management	20%	Partially achieved
Strategy execution	20%	Achieved
MOTUS restructure	50%	Achieved
Maximum as percentage of fixed compensation	**150%**	**Partially achieved**

2017 CEO MOTUS MEASURE	2017 Weighting	Performance Against target
Group HEPS growth	20%	Not achieved
Group achievement of ROIC target over WACC	20%	Partially achieved
Group growth in black senior and middle management, BEE scorecard, succession and talent management	30%	Partially achieved
Divisional operating profit after interest growth	30%	Not achieved
Divisional achievement of ROIC target over WACC	30%	Not achieved
Discretionary	20%	Achieved
Maximum as percentage of fixed compensation	**150%**	**Partially achieved**

LONG-TERM INCENTIVE AND RETENTION PAYMENTS

Osman was awarded 62 234 DBPs in line with LTI award benchmarks for executive directors. These shares are to be held in escrow and will vest on 15 September 2020. The value of this award is R8 345 000.

M (Marius) Swanepoel – *CEO: Logistics*

2017 REMUNERATION

R'000

Basic salary	Retirement and medical contributions	Other benefits	Short-term incentive bonus	Total cash remuneration	Gains on exercise of LTI awards	2017 Total taxable remuneration realised	2016 Total taxable remuneration realised
7 484	413	180	9 000	17 077	839	17 916	12 116

FIXED COMPENSATION AND BENEFITS

Marius' fixed compensation and benefits increased by 43% to R8 077 000 (2016: R5 651 000) due to the significant increase in his responsibilities as CEO of the entire Logistics division effective 1 July 2016. The remuneration for this position was externally benchmarked against companies of a similar size, complexity and geographic spread.

ANNUAL INCENTIVE BONUS

With reference to the criteria below and the successful transition to CEO of the entire Logistics division, Marius received an incentive bonus of R9 000 000 (2016: R5 000 000). Marius' incentive recognized his significantly increased area of responsibility with a wide geographical reach, successful restructure of the division, and the Logistics division exceeding targeted ROIC.

2017 MEASURE	2017 Weighting	Performance Against target
Group HEPS growth	10%	Not achieved
Group achievement of ROIC target over WACC	10%	Partially achieved
Group growth in black senior and middle management, BEE scorecard, succession and talent management	30%	Partially achieved
Logistics divisional restructure	20%	Achieved
Divisional operating profit after interest growth	25%	Partially achieved
Divisional achievement of ROIC target over WACC	25%	Achieved
Discretionary	20%	Achieved
Maximum as percentage of fixed compensation	**150%**	**Partially achieved**

LONG-TERM INCENTIVE AND RETENTION PAYMENTS

Marius was awarded 60 924 DBPs in line with LTI award benchmarks for executive directors. These shares are to be held in escrow and will vest on 15 September 2019. The value of this award is R8 169 000.

MP (Manny) de Canha – *CEO: Vehicle Import, Distribution and Dealerships*

2017 REMUNERATION

R'000

Basic salary	Retirement and medical contributions	Other benefits	Short-term incentive bonus	Total cash remuneration	Gains on exercise of LTI awards	2017 Total taxable remuneration realised	2016 Total taxable remuneration realised
5 114	377	159	2 100	7 750	1 019	8 769	12 073

FIXED COMPENSATION AND BENEFITS

Manny's fixed compensation and benefits was in line with the prior year at R5 650 000 (2016: R5 650 000). He relinquished his executive responsibilities on 30 June 2017 and will retire from the group on 31 January 2018. He will continue to serve as a non-executive director on the Imperial Holdings board until 31 October 2017.

ANNUAL INCENTIVE BONUS

With reference to the criteria below, Manny received an incentive bonus of R2 100 000 (2016: R4 600 000). The decrease compared to the prior year is largely due to the divisional operating profit after interest growth and ROIC targets not being achieved.

2017 MEASURE	2017 Weighting	Performance Against target
Group HEPS growth	20%	Not achieved
Group achievement of ROIC target over WACC	20%	Partially achieved
Group growth in black senior and middle management, BEE scorecard, succession and talent management	30%	Partially achieved
Divisional operating profit after interest growth	30%	Not achieved
Divisional achievement of ROIC target over WACC	30%	Not achieved
Discretionary	20%	Partially achieved
Maximum as percentage of fixed compensation	**150%**	**Partially achieved**

LONG-TERM INCENTIVE AND RETENTION PAYMENTS

Manny received no LTI awards as he is due to retire in January 2018.

PB (Philip) Michaux – *CEO: Vehicle Retail, Rental and Aftermarket Parts (resigned as director 21 August 2017)*

2017 REMUNERATION

R'000

Basic salary	Retirement and medical contributions	Other benefits	Short-term incentive bonus	Total cash remuneration	Gains on exercise of LTI awards	2017 Total taxable remuneration realised	2016 Total taxable remuneration realised
4 830	430	240	5 050	10 550	753	11 303	10 708

FIXED COMPENSATION AND BENEFITS

Philip's fixed compensation and benefits increased by 10% to R5 500 000 (2016: R5 000 000) which takes into account the increase in his area of responsibility, which now includes all retail dealerships including those previously reporting to then vehicle importer, distribution and dealerships division, including those in the United Kingdom and Australia.

ANNUAL INCENTIVE BONUS

With reference to the criteria below, Philip received an incentive bonus of R5 050 000 (2016: R4 600 000), which included an additional amount in recognition of the transition to his new areas of responsibility, contribution to the Motus restructure and to his role in executing the acquisitions in the United Kingdom and Australia.

2017 MEASURE	2017 Weighting	Performance Against target
Group HEPS growth	20%	Not achieved
Group achievement of ROIC target over WACC	20%	Partially achieved
Group growth in black senior and middle management, BEE scorecard, succession and talent management	30%	Partially achieved
Divisional operating profit after interest growth	30%	Not achieved
Divisional achievement of ROIC target over WACC	30%	Partially achieved
Discretionary	20%	Achieved
Maximum as percentage of fixed compensation	**150%**	**Partially achieved**

LONG-TERM INCENTIVE AND RETENTION PAYMENTS

Philip was awarded 38 126 DBPs in line with LTI award benchmarks for executive directors. These shares are to be held in escrow and will vest on 15 September 2020. The value of this award is R5 112 000.

PRESCRIBED OFFICERS' REMUNERATION

The group had no prescribed officers for the 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.

Summarised financial statements

contents

Directors' responsibility for the separate and consolidated annual financial reporting

The directors of the company are responsible for the maintenance of adequate accounting records and the preparation and integrity of the separate and consolidated annual financial statements and related information. The separate and consolidated annual financial statements have been prepared in accordance with IFRS and its interpretations adopted by the International Accounting Standards Board in issue and effective for the group at 30 June 2017 and the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and financial reporting pronouncements as issued by the Financial Reporting Council and the requirements of the South African Companies Act, 2008.

The group's independent external auditors, Deloitte & Touche, have audited the separate and consolidated annual financial statements and their unmodified report appears in the full AFS online.

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

The full audited annual financial statements which are available on the group's website at www.imperial.co.za and were approved by the board of directors on 21 August 2017 and are signed on their behalf by:

SP KANA
Chairman

MJ LAMBERTI
Chief executive officer

M AKOOJEE
Chief financial officer

Independent auditor's report on the summarised financial statements

TO THE SHAREHOLDERS OF IMPERIAL HOLDINGS LIMITED

OPINION

The summarised consolidated financial statements of Imperial Holdings Limited, which comprise the summarised consolidated statement of financial position as at 30 June 2017, the summarised consolidated statements of profit and loss, other comprehensive income, changes in equity and of cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Imperial Holdings Limited for the year ended 30 June 2017.

In our opinion, the accompanying summarised consolidated financial statements are consistent, in all material respects with the audited consolidated financial statements of Imperial Holdings Limited, in accordance with IAS 34: Interim Financial Reporting and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

The summarised consolidated financial statements do not contain all the disclosures required by the International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements of Imperial Holdings Limited and the auditor's report thereon.

THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified opinion on the audited consolidated financial statements in our report dated 21 August 2017. That report also includes the communication of other key audit matters as reported in the auditor's report of the audited financial statements.

OTHER MATTER

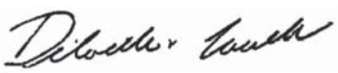
We have not audited future financial performance and expectations by management included in the accompanying summarised consolidated financial statements and accordingly do not express any opinion thereon.

DIRECTORS' RESPONSIBILITY FOR THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with IAS 34: Interim Financial Reporting, the requirements of the Companies Act of South Africa as applicable and for such internal control as the directors determine is necessary to enable the preparation of the summarised consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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



Deloitte & Touche
Registered Auditors
Per: Andrew Mackie
Partner

21 August 2017

Report of the audit committee
for the year ended 30 June 2017

The audit committee has pleasure in submitting this report, which has been approved by the board and has been prepared in accordance with section 94(7)f of the Companies Act No 71 of 2008 (the Act) and incorporating the recommendations of the King Code of Corporate Governance (King III).

In summary, this committee assists the board in its responsibilities covering the:

> Internal and external audit processes for the group taking into account the significant risks.
> Adequacy and functioning of the group's internal controls.
> Integrity of the financial reporting.

The committee has performed all the duties required in section 94(7) of the Act.

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 act independently as described in the Act. The members of the committee for the year ended 30 June 2017 comprised Mr M Kgosana (chairman), Mr G Dempster, Mrs T Dingaan, Ms P Langeni, Mr RJA Sparks and Mr Y Waja, all of whom are independent non-executive directors of the company. Mr RM Kgosana resigned as chairman and as a member of the committee on 8 September 2017 and Mr RJA Sparks assumed the role as chairman of the committee.

The members are being recommended by the board for appointment for the financial year ending 30 June 2018, and their appointments are being submitted to shareholders for approval at the next AGM on 31 October 2017. The abridged curricula vitae of the members are included on page 36.

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

Member	Number of meetings attended
RM Kgosana (Chairman) (Member since 2015)	4
GW Dempster (Member since 2015)	4
T Dingaan (Member since 2014)	4
P Langeni (Member since 2005)	4
RJA Sparks (Member since 2006)	4
Y Waja (Member since 2008)	4

The head of the internal audit department and external auditors, in their capacities as auditors to the group, attend and report at all audit committee meetings. The group risk management function is also represented by the head of risk. Executive directors and relevant senior financial managers attend meetings by invitation. In addition the chairman and deputy chairman of the board and the chairman of the Regent audit committee attend all meetings.

ROLE 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 committee:

> fulfills the duties that are assigned to it by the Act and as governed by other legislative requirements, including the statutory audit committee functions required for subsidiary companies.
> assists the Board in overseeing the quality and integrity of the group's integrated reporting process, including the financial statements, sustainability reporting and announcements in respect of the financial results.
> ensures that an effective control environment in the group is maintained.
> provides the chief financial officer, external auditors and the head of internal audit with unrestricted access to the committee and its chairman as is required in relation to any matter falling within the ambit of the committee.
> meets with the external auditors, senior managers and executive directors as the committee may elect.
> meets confidentially with the internal and external auditors without other executive board members and the company's chief financial officer being present.
> reviews and recommends to the Board the preliminary and interim financial results and the integrated and annual financial statements.
> oversees the activities of, and ensures co-ordination between, the activities of the internal and external auditors.
> fulfills the duties that are assigned to it by the Act and as governed by other legislative requirements, including the statutory audit committee functions required for subsidiary companies.
> receives and deals with any complaints concerning accounting practices, internal audit or the content and audit of its financial statements or related matters.
> conducts annual reviews of the audit committee's work and terms of reference.
> assesses the performance and effectiveness of the audit committee and its members on a regular basis.

FINANCE RISK REVIEW COMMITTEES (FRRC)

Due to the size and diverse nature of the group, the audit committee has established divisional FRRCs which perform the functions of the audit committee at the divisions. These FRRCs are chaired by an independent person and report to the group audit committee.

EXECUTION OF FUNCTIONS DURING THE YEAR

The committee is satisfied that, for the 2017 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 discharged its functions in terms of the charter and ascribed to it in terms of the Act during the year under review as follows:

EXTERNAL AUDIT

The Committee, among other matters:

> nominated Deloitte & Touche and Mr. A Mackie as the external auditor and designated auditor respectively to shareholders for appointment as auditor for the financial year ending 30 June 2017, and ensured that the appointment complied with all applicable legal and regulatory requirements for the appointment of an auditor;
> nominated the external auditor and the independent auditor for each material subsidiary company for re-appointment;
> reviewed the audit effectiveness and evaluated the external auditor's internal quality control procedures;
> obtained an annual confirmation from the auditor that their independence was not impaired;
> maintained a policy setting out the categories of non-audit services that the external auditor may and may not provide, split between permitted, permissible and prohibited services;
> approved non-audit services with Deloitte & Touche in accordance with its policy;
> approved the external audit engagement letter, the plan and the budgeted audit fees payable to the external auditor;
> obtained assurances from the external auditor that adequate accounting records were being maintained by the company and its material subsidiaries;
> considered whether any reportable irregularities were identified and reported by the external auditor in terms of the Auditing Profession Act, No. 26 of 2005; and
> considered any reported control weaknesses, management's response for their improvement and assessed their impact on the general control environment.

The committee is satisfied that Deloitte & Touche is independent of the group after taking the following factors into account:

> representations made by Deloitte & Touche to the committee;
> the auditor does not, except as external auditor or in rendering permitted non-audit services, receive any remuneration or other benefits from the company;
> the auditors' independence was not impaired by any consultancy, advisory or other work undertaken by the auditor;
> the auditors' independence was not prejudiced as a result of any previous appointment as auditor; and
> the criteria specified for independence by the Independent Regulatory Board for Auditors and international regulatory bodies.

INTERNAL AUDIT

The audit committee:

> reviewed and approved the internal audit charter and annual audit plan and evaluated the independence, effectiveness and performance of the internal audit department and compliance with its charter;
> considered the reports of the internal auditor on the group's systems of internal control including financial controls, business risk management and maintenance of effective internal control systems;
> received assurance that proper and adequate accounting records were maintained and that the systems safeguarded the assets against unauthorised use or disposal thereof;
> reviewed significant issues raised by the internal audit processes and the adequacy of corrective action in response to significant internal audit findings.

The head of internal audit reports functionally to the chair of the committee and administratively to the chief financial officer.

ADEQUACY AND FUNCTIONING OF THE GROUP'S INTERNAL CONTROLS

The committee reviewed the plans and work outputs of the external and internal auditors and concluded that these were adequate to address all significant financial risks facing the business.

As noted above, it also reviewed the reporting around the adequacy of the internal controls and based on this concluded that there had been no material breakdowns in internal control, including financial controls, business risk management and the maintenance of effective material control systems.

FINANCIAL REPORTING

The audit committee ensures that the financial reporting to stakeholders fairly presents the state of affairs of the group. This covers the annual financial statements, integrated report, interim and preliminary reports.

The committee among other matters:

> confirmed the going concern as the basis of preparation of the interim and annual financial statements;
> reviewed compliance with the financial conditions of loan covenants and determined that the capital of the company was adequate;
> examined and reviewed the preliminary and interim reports and the integrated and annual financial statements, as well as all financial other information disclosed prior to the submission to the board for their approval and then for disclosure to stakeholders;
> ensured that the annual financial statements fairly present the financial position of the company and of the group as at the end of the financial year and the results of operations and cash flows for the financial year and considered the basis on which the company and the group was determined to be a going concern;
> considered the appropriateness of the accounting policies adopted and changes thereto;
> reviewed the external auditor's audit report and key audit matters included;
> reviewed the representation letter relating to the annual financial statements which was signed by management;
> considered any problems identified and reviewed any significant legal and tax matters that could have a material impact on the financial statements;
> considered accounting treatments, significant unusual transactions and accounting judgments.

Proactive Monitoring

The audit committee hereby confirms that it has considered the findings contained in the 2016 Proactive Monitoring report, published by the JSE, when preparing the annual financial statements for the year ended 30 June 2017 and will also consider the same for the upcoming interims results for the six months ending 31 December 2017. In addition, the committee did in the past financial years consider the contents of the previous Proactive Monitoring reports issued prior to 2015.

SIGNIFICANT AREAS OF JUDGEMENT

In arriving at the figures disclosed in the financial statements there are many areas where judgement is needed. These are outlined in note 1.28 to the full AFS online. The audit committee has considered the quantum of the assets and liabilities on the statement of financial position and other items that require significant judgement and decided to expand on the following:

> Inventories
> Trade receivables
> Land, buildings and leasehold improvements
> Goodwill and intangible assets
> Tax
> Sale of insurance operations and discontinued operations
> Maintenance and warranty contracts
> Put option liabilities.

In making its assessment in each of the above areas the FRRCs and the audit committee examined the external auditors report and questioned senior management in arriving at their conclusions.

Inventories

The major risks relating to this asset are the physical verification and valuation being at the lower of cost and net realisable value. The group has adopted a strict process to count inventory on a regular basis and to follow up on any discrepancies to the accounting records. There were no material adjustments during the year.

The cost of the inventory is assessed in relation to its anticipated realisable value and the necessary impairments raised. The necessary impairments raised were largely relating to used vehicles and certain imported vehicles where the imported cost due to the depreciation of the Rand was above the anticipated selling price.

The FRRCs and audit committee considers the carrying value of inventory to be fairly stated. Refer to note 11 in the full AFS online for the amounts.

Trade receivables

The major risk relating to this asset is credit risk. Credit extension assessment processes are the responsibility of management. The audit committee has assessed that these are adequate and has examined the aging of the group's trade receivables. Based on the aging and management's judgement of the receivable's collectability, a provision for doubtful debts is raised.

The FRRCs and audit committee considers the carrying value of trade receivables to be fairly stated. Refer to note 37.1.4 in the full AFS online.

Land, buildings and leasehold improvements

These assets need to be assessed annually for their residual value, useful lives and impairment. Buildings have estimated useful lives of up to 20 years. To arrive at the residual value of a building in today's values, the usage of the building and its forecasted residual value at the end of its useful life needs to be assessed and then this amount is present valued. This requires the use of capitalisation rates and discount factors with a high level of judgement.

To further advance the review, the group has a process of valuing its property portfolio to assess for impairments. All properties will be valued over a five year cycle. The valuation was done by an internal expert using the income approach method.

There were no material impairments during the year. The FRRCs and the audit committee considered the carrying values to be fairly stated. Refer to notes 6 and 27 in the full AFS online.

Goodwill and intangible assets

Goodwill and other indeterminate useful life intangible assets are assessed annually for impairment. The key assumptions used are cash flow projections, growth rates and discount rates applied. The cash flow projections are approved by senior management. The discount rates are established by an independent expert taking into account the geographic and other risk factors relating to the particular cash generating unit being assessed. The audit committee considered the impairment tests noting the assumptions used, their sensitivities and the head room.

The group acquired Palletways in July 2016 for R3,0 billion. This was a major acquisition resulting in R3 300 million of intangibles in total. The valuation of intangibles resulted in the following being identified: goodwill of R1 951 million, a trademark of R298 million and customer lists and networks of R1 013 million. The goodwill and trademark are seen as indeterminate life assets and are not amortised and are tested for impairment. The customer lists and networks are amortised.

FRRCs and the audit committee agreed with the impairment of the goodwill and intangible assets and that the carrying value of the goodwill and intangibles are fairly stated. Refer to notes 4, 28.2 and 38.2 in the AFS online for further details.

Tax

The group operates in different jurisdictions with complex tax legislation requiring judgements needed in recognising tax liabilities. There are also judgements needed in recognising deferred tax assets.

The FRRCs and audit committee questioned management on the computation and tax risks relating to the group. Where appropriate, the audit committee also considers the opinions of the group's independent tax advisors.

The audit committee considers the probability of the recovery of significant deferred tax assets, based on forecasts prepared by management. A deferred tax asset was raised on a logistics company amounting to R177 million based on an assessment of its forecasted taxable income and its recoverability. No additional deferred tax asset was raised on a motor importer who had additional losses due to an assessment of the recoverability of its existing deferred tax asset.

The effective tax rate of 29.2% was up compared to 27.4% in the prior year mainly due to the release of prior year over provisions in 2016.

No major tax issues arose during the year.

Refer to notes 1.28, 8 and 30 in the full AFS online for further details.

Maintenance and warranty contracts

This liability is required to cover contractual costs of maintenance and warranty work to be carried out in the future. The adequacy of this amount is actuarially determined by forecasted burn rates which are affected by exchange rates, inflation and incident levels. These require a high level of judgement.

Independent actuarial experts are used to determine the inputs needed resulting in the revenue recognition and the final liability. The FRRC in this area is chaired by an independent actuary to strengthen the review process.

The audit committee considers the assumptions supporting the liability to be reasonable and the carrying value to be fair. Refer to notes 1.28 and 21 in the full AFS online for further details.

Put option liabilities

These liabilities arises when new acquisitions have contractual obligations enabling non-controlling interest shareholders to put their shares back to the group at an agreed price. The initial recognition of this amount is debited directly to equity with subsequent movements to the liability recognised in the statement of profit or loss.

In arriving at the liability the future earnings need to be assessed and discounted back to calculate the present value. This requires a high level of judgement.

The audit committee considers that the carrying value is fairly reflected. Refer to notes 1.28, 22, 37.2.2 and the statement of changes in equity in the full AFS online for further details.

Sale of insurance operations and discontinued operations

The sale of the Regent Group was concluded on 30 June 2017 after being treated as a discontinued operation from 30 June 2015.

As a result the statement of profit and loss was split between continuing and discontinued operations for the financial years 30 June 2016 and 30 June 2017. On the statement of financial position at 30 June 2015 and 30 June 2016 Regent's assets were included under 'Assets of discontinued operations' and its liabilities under 'Liabilities of discontinued operations'.

The final transaction was amended so that Imperial retained the VAPS businesses in Regent which resulted in lower proceeds, lower net asset value disposed and lower profits lost due to the disposal.

As a result, the 30 June 2016 consolidated financial statements are restated to reflect the revised split between continued and discontinued operations on the statement of profit and loss and the lower assets and liabilities of discontinued operations on the statement of financial position. The impact is that the continuing operations profits goes up and the discontinued operation profits goes down. The various assets and liabilities of the businesses retained are reclassified from assets and liabilities of discontinued operations back to their appropriate categories.

See note 2 for full details of the restatement in the AFS online.

The audit committee agrees with the adjustment to the split of the prior year published classification of the discontinued operation and the disclosures made.

Refer to note 14 in the AFS online for the results of discontinued operations for the year.

QUALITY OF EARNINGS

The reconciliation of the attributable profits to headline and core earnings is outlined in note 31, available in the AFS online.

There were no other material once off income or expense items that affected the operating profit.

RISK MANAGEMENT AND INFORMATION TECHNOLOGY (IT) GOVERNANCE

The committee:

- reviewed the group's policies on risk assessment and risk management, including fraud risks and IT risks as they pertain to financial reporting and the going concern assessment, and found them to be sound; and
- considered the relevant findings and recommendations of the risk committee.

LEGAL AND REGULATORY REQUIREMENTS

To the extent that these may have an impact on the annual financial statements, the committee:

- reviewed legal matters that could have a material impact on the group;
- reviewed the adequacy and effectiveness of the group's procedures, including its risk management framework, to ensure compliance with legal and regulatory responsibilities;
- monitored complaints received via the group's whistle-blowing service; and
- considered reports provided by management, internal audit and the external auditors regarding compliance with legal and regulatory requirements.

EXPERTISE AND EXPERIENCE OF CHIEF FINANCIAL OFFICER AND THE FINANCE FUNCTION

As required by 3.84(h) of the JSE Limited Listings Requirements, the audit committee has satisfied itself that the chief financial officer, Mr M Akoojee, 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.

SUBSIDIARY COMPANIES

The functions of the committee are also performed for each subsidiary company of Imperial Holdings Limited that has not appointed an audit committee, on the basis that the committee delegates the performance of such functions to sub-committees 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 divisions.

INTEGRATED REPORT

Following the review by the committee of the consolidated and separate annual financial statements of Imperial Holdings Limited for the year ended 30 June 2017, the committee is of the view that in all material respects they comply with the relevant provisions of the Act and IFRS and fairly present the consolidated and separate financial positions at that date and the results of operations and cash flows for the year then ended. The committee has also satisfied itself of the integrity of the integrated report and the sustainability information reported therein.

Having achieved its objectives, the committee has recommended the consolidated and separate annual financial statements and the integrated report for the year ended 30 June 2017 for approval to the board. The board has subsequently approved the reports, which will be open for discussion at the forthcoming AGM.

M KGOSANA
Chairman

21 August 2017

Presenting continuing and discontinued operations
for the year ended 30 June 2017

The results of the Regent Insurance businesses, which were disposed on 30 June 2017, are presented in the summarised consolidated statement of profit or loss as discontinued operations. The following shows the combined result of the continued and discontinued operations after eliminating inter-group transactions.

	% change	Total operations 2017 Rm	Continuing operations 2017 Rm	Discontinued operations 2017 Rm	Total operations 2016* Rm	Continuing operations 2016* Rm	Discontinued operations 2016* Rm
Revenue	1	119 517	116 839	2 678	118 849	115 800	3 049
Net operating expenses		(110 450)	(108 261)	(2 189)	(109 908)	(107 293)	(2 615)
Profit from operations before depreciation and recoupments		9 067	8 578	489	8 941	8 507	434
Depreciation, amortisation, impairments and recoupments		(2 529)	(2 529)		(2 559)	(2 559)	
Operating profit	2	6 538	6 049	489	6 382	5 948	434
Recoupments from sale of properties, net of impairments		212	212		28	28	
Amortisation of intangible assets arising on business combinations		(521)	(521)		(437)	(437)	
Impairment of intangible assets arising on business combinations					(151)	(151)	
Foreign exchange losses		(619)	(619)		(72)	(72)	
Other non-operating items		(408)	(357)	(51)	(46)	(30)	(16)
Profit before net finance costs	(9)	5 202	4 764	438	5 704	5 286	418
Net finance costs	17	(1 680)	(1 680)		(1 440)	(1 440)	
Profit before share of result of associates and joint ventures		3 522	3 084	438	4 264	3 846	418
Share of result of associates and joint ventures		103	103		138	138	
Profit before tax	(18)	3 625	3 187	438	4 402	3 984	418
Income tax expense		(1 060)	(901)	(159)	(1 221)	(1 054)	(167)
Net profit for the year	(19)	2 565	2 286	279	3 181	2 930	251
Net profit attributable to:							
Owners of Imperial	(13)	2 601	2 373	228	2 997	2 802	195
Non-controlling interests		(36)	(87)	51	184	128	56
		2 565	2 286	279	3 181	2 930	251
Earnings per share (cents)							
– Basic	(14)	1 339	1 221	118	1 554	1 453	101
– Diluted	(14)	1 302	1 187	115	1 514	1 416	98
Headline earnings per share (cents)							
– Basic	(10)	1 390	1 240	150	1 552	1 451	101
– Diluted	(11)	1 351	1 205	146	1 512	1 414	98
Core earnings per share (cents)							
– Basic	(5)	1 626	1 480	146	1 720	1 617	103
– Diluted	(6)	1 581	1 439	142	1 675	1 575	100

The cash flows from discontinued operations were as follows:	2017 Rm	2016* Rm
Cash flows from operating activities	151	352
Cash flows from investing activities	391	17
Cash flows from financing activities	(46)	(1)

* *Restated. See note 3 on page 102.*

Summarised consolidated statement of profit or loss
for the year ended 30 June 2017

	Notes	% change	2017 Rm	2016* Rm
Continuing operations				
Revenue		1	116 839	115 800
Net operating expenses			(108 261)	(107 293)
Profit from operations before depreciation and recoupments			8 578	8 507
Depreciation, amortisation, impairments and recoupments			(2 529)	(2 559)
Operating profit		2	6 049	5 948
Recoupments from sale of properties, net of impairments			212	28
Amortisation of intangible assets arising on business combinations			(521)	(437)
Impairment of intangible assets arising on business combinations				(151)
Foreign exchange losses			(619)	(72)
Other non-operating items	7		(357)	(30)
Profit before net finance costs		(10)	4 764	5 286
Net finance costs	8	17	(1 680)	(1 440)
Profit before share of result of associates and joint ventures			3 084	3 846
Share of result of associates and joint ventures			103	138
Profit before tax		(20)	3 187	3 984
Income tax expense			(901)	(1 054)
Profit for the year from continuing operations		(22)	2 286	2 930
Discontinued operations				
Profit for the year from discontinued operations			279	251
Net profit for the year		(19)	2 565	3 181
Net profit attributable to:				
Owners of Imperial			2 601	2 997
– Continuing operations			2 373	2 802
– Discontinued operations			228	195
Non-controlling interests			(36)	184
– Continuing operations			(87)	128
– Discontinued operations			51	56
			2 565	3 181
Earnings per share (cents)				
Continuing operations				
– Basic		(16)	1 221	1 453
– Diluted		(16)	1 187	1 416
Discontinued operations				
– Basic		17	118	101
– Diluted		17	115	98
Total operations				
– Basic		(14)	1 339	1 554
– Diluted		(14)	1 302	1 514

* *Restated. Please refer to note 3 on page 102.*

Summarised consolidated statement of comprehensive income

for the year ended 30 June 2017

	2017 Rm	2016* Rm
Net profit for the year	**2 565**	3 181
Other comprehensive (loss) income	**(405)**	147
Items that may be reclassified subsequently to profit or loss	**(521)**	306
Exchange (losses) gains arising on translation of foreign operations	**(724)**	607
Share of associates' and joint ventures movement in foreign currency translation reserve		16
Reclassification of gain on disposal of investment in associate	**(8)**	
Movement in hedge accounting reserve	**244**	(374)
Income tax relating to items that may be reclassified to profit or loss	**(33)**	57
Items that will not be reclassified to profit or loss	**116**	(159)
Remeasurement of defined benefit obligations	**199**	(228)
Income tax on remeasurement of defined benefit obligations	**(83)**	69
Total comprehensive income for the year	**2 160**	3 328
Total comprehensive income attributable to:		
Owners of Imperial	**2 209**	3 138
Non-controlling interests	**(49)**	190
	2 160	3 328

* *Restated. Please refer to note 3 on page 102.*

Earnings per share information
for the year ended 30 June 2017

	% change	2017 Rm	2016* Rm
Headline earnings reconciliation			
Earnings~		2 601	2 997
Recoupment for disposal of property, plant and equipment (IAS 16)		(323)	(97)
(Loss) recoupment for disposal of intangible assets (IAS 38)		3	(1)
Impairment of property, plant and equipment (IAS 36)		32	12
Impairment of intangible assets (IAS 36)		30	167
Impairment of goodwill (IAS 36)		123	258
Impairment of investments in associates and joint ventures (IAS 28)		34	89
Loss (profit) on disposal of subsidiaries and businesses (IFRS 10)		151	(520)
Impairment loss on assets of disposal groups			90
Reclassification of loss on disposal of investment in associate		(8)	
Remeasurements included in share of result of associates and joint ventures			2
Tax effects of remeasurements		66	60
Non-controlling interests share of remeasurements		(9)	(63)
Headline earnings~		2 700	2 994
Headline earnings per share (cents)			
Continuing operations			
– Basic	(15)	1 240	1 451
– Diluted	(14)	1 205	1 414
Discontinued operations			
– Basic	49	150	101
– Diluted	49	146	98
Total operations			
– Basic	(10)	1 390	1 552
– Diluted	(11)	1 351	1 512
Core earnings reconciliation			
Headline earnings	(10)	2 700	2 994
Amortisation of intangible assets arising on business combinations		521	437
Foreign exchange gain on inter-group monetary item			(92)
Business acquisition costs		82	63
Remeasurement of contingent consideration and put option liabilities		37	50
Change in economic assumptions on insurance funds		(10)	4
Tax effects of core earnings adjustments		(131)	(98)
Non-controlling interests share of core earnings adjustments		(40)	(41)
Core earnings~	(6)	3 159	3 317
Core earnings per share (cents)			
Continuing operations			
– Basic	(8)	1 480	1 617
– Diluted	(8)	1 439	1 575
Discontinued operations			
– Basic	42	146	103
– Diluted	42	142	100
Total operations			
– Basic	(5)	1 626	1 720
– Diluted	(6)	1 581	1 675
ADDITIONAL INFORMATION			
Net asset value per share (cents)	3	10 550	10 261
Dividend per ordinary share (cents)	(18)	650	795
Number of ordinary shares in issue (million)			
– total shares		201,1	208,1
– net of shares repurchased		196,6	196,6
– weighted average for basic		194,3	192,9
– weighted average for diluted		199,8	198,0
Number of other shares (million)			
– Deferred ordinary shares to convert into ordinary shares		6,7	7,5

* *Restated. Please refer to note 3 on page 102.*
~ *There are no reconciling items between the basic and the diluted earnings values.*

Summarised consolidated statement of financial position

at 30 June 2017

	Note	2017 Rm	2016* Rm	2015* Rm
ASSETS				
Goodwill and intangible assets	9	9 529	7 501	7 193
Investment in associates and joint ventures		1 002	993	1 352
Property, plant and equipment		10 371	11 602	11 104
Transport fleet		5 560	5 953	5 610
Deferred tax assets		1 509	1 387	1 108
Investments and other financial assets		805	404	447
Vehicles for hire		3 963	3 469	3 603
Inventories		16 953	16 717	15 465
Tax in advance		330	484	297
Trade and other receivables		13 353	12 717	12 849
Cash resources		4 499	2 321	2 275
Assets of discontinued operations and disposed groups			6 287	4 409
Properties held for sale		979		
Total assets		68 853	69 835	65 712
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital and share premium		1 030	1 030	382
Shares repurchased		(574)	(1 226)	(668)
Other reserves		24	1 003	1 089
Retained earnings		20 262	19 366	18 065
Attributable to owners of Imperial		20 742	20 173	18 868
Put arrangement over non-controlling interests		(1 148)	(1 307)	(1 473)
Non-controlling interests		667	909	1 838
Total equity		20 261	19 775	19 233
Liabilities				
Non-redeemable, non-participating preference shares		441	441	441
Retirement benefit obligations		1 229	1 531	1 157
Interest-bearing borrowings		19 146	18 396	16 157
Maintenance and warranty contracts		3 022	3 156	3 191
Deferred tax liabilities		1 115	881	1 193
Other financial liabilities		1 952	2 335	2 019
Trade, other payables and provisions		21 350	19 630	19 142
Current tax liabilities		337	673	561
Liabilities of discontinued operations and disposed groups			3 017	2 618
Total liabilities		48 592	50 060	46 479
Total equity and liabilities		68 853	69 835	65 712

* *Restated. Please refer to note 3 on page 102.*

Summarised consolidated statement of cash flows
for the year ended 30 June 2017

	Note	% change	2017 Rm	2016* Rm
Cash flows from operating activities				
Cash generated by operations before movements in net working capital		(6)	8 388	8 931
Movements in net working capital			688	(788)
Cash generated by operations before interest and taxes paid		11	9 076	8 143
Net finance cost paid			(1 670)	(1 461)
Tax paid			(1 520)	(1 910)
Cash generated by operations before capital expenditure on rental assets		23	5 886	4 772
Expansion capital expenditure – rental assets			(1 118)	(772)
Net replacement capital expenditure – rental assets			(591)	(839)
– Expenditure			(3 422)	(3 539)
– Proceeds			2 831	2 700
Cash generated by operations after capital expenditure on rental assets		32	4 177	3 161
Cash flows from investing activities				
Net cash flow on disposal and acquisition of subsidiaries and businesses			(1 687)	760
Expansion capital expenditure – excluding rental assets			45	(1 130)
Net replacement capital expenditure – excluding rental assets			(999)	(1 397)
Net movement in associates and joint ventures			514	71
Net movement in investments, loans and other financial instruments			188	108
			(1 939)	(1 588)
Cash flows from financing activities				
Hedge cost premium paid			(10)	(193)
Settlement of cross currency swap instruments				(157)
Ordinary shares repurchased~				(558)
Dividends paid			(1 688)	(1 909)
Change in non-controlling interests			(252)	(439)
Capital raised from non-controlling interests			149	26
Net increase in other interest-bearing borrowings			1 509	2 193
			(292)	(1 037)
Net increase in cash and cash equivalents			1 946	536
Effects of exchange rate changes on cash resources in foreign currencies			(224)	145
Cash and cash equivalents at beginning of year			719	38
Cash and cash equivalents at end of year	10		2 441	719

~ *The repurchase of the 7 864 456 ordinary shares during the year was an inter-group transaction with no impact on the group's cash flows.*
* *Restated. Please refer to note 3 on page 102.*

Summarised consolidated statement of changes in equity

for the year ended 30 June 2017

	Share capital and share premium Rm	Shares repurchased Rm	Other reserves Rm	Retained earnings Rm	Attributable to owners of imperial Rm	Put arrangement over non-controlling interests Rm	Non-controlling interests Rm	Total equity Rm
At 30 June 2015	382	(668)	1 089	18 065	18 868	(1 473)	1 838	19 233
Total comprehensive income for the year			300	2 838	3 138		190	3 328
Net attributable profit for the year				2 997	2 997		184	3 181
Other comprehensive income			300	(159)	141		6	147
Movement in statutory reserves			20	(20)				
Share-based cost charged to profit or loss			144		144		4	148
Share-based equity reserve transferred to retained earnings on vesting			(55)	55				
Share-based equity reserve hedge cost			(183)		(183)			(183)
Ordinary dividend paid				(1 572)	(1 572)			(1 572)
Repurchase of 3 387 507 ordinary shares from the open market at an average price of R164,78 per share, plus transaction cost		(558)			(558)			(558)
Share of changes in net assets of associates and joint ventures			(5)		(5)			(5)
Realisation on disposal of subsidiaries			59		59			59
Non-controlling interests disposed, net of acquisitions and shares issued							(71)	(71)
Net decrease in non-controlling interests though buy-outs	648		(366)		282	166	(715)	(267)
Non-controlling interests share of dividends							(337)	(337)
At 30 June 2016	1 030	(1 226)	1 003	19 366	20 173	(1 307)	909	19 775
Total comprehensive income for the year			(508)	2 717	2 209		(49)	2 160
Net attributable profit for the year				2 601	2 601		(36)	2 565
Other comprehensive income			(508)	116	(392)		(13)	(405)
Transfer of reserves on disposal of Mix Telematics Limited			(108)	108				
Movement in statutory reserves			11	(11)				
Share-based cost charged to profit or loss			150		150			150
Share-based equity reserve transferred to retained earnings on vesting			102	(102)				
Shares cancelled and delivered to settle share based obligations		39	(39)					
Share-based equity reserve hedge cost			(222)		(222)			(222)
Ordinary dividend paid				(1 461)	(1 461)			(1 461)
Cancellation of 7 864 456 ordinary shares		613		(613)				
Non-controlling interests acquired, net of disposals and shares issued							119	119
Net decrease in non-controlling interests through buy-outs			(167)		(167)	159	(85)	(93)
Realisation on disposal of subsidiaries			(198)	258	60			60
Non-controlling interests share of dividends							(227)	(227)
At 30 June 2017	1 030	(574)	24	20 262	20 742	(1 148)	667	20 261

Notes to the summarised consolidated financial statements
for the year ended 30 June 2017

1. BASIS OF PREPARATION

The summarised consolidated financial statements have been prepared in accordance with the framework concepts and measurement requirements of IFRS and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and financial reporting pronouncements as issued by the Financial Reporting Standards Council. The results are presented in accordance with IAS 34 – Interim Financial Reporting and comply with the Companies Act of South Africa, 2008. These summarised consolidated financial statements are an extract of the full audited consolidated annual financial statements for the year ended 30 June 2017.

These summarised consolidated financial statements and the complete set of consolidated financial statements have been prepared under the supervision of R Mumford, CA(SA) and were approved by the board of directors on 21 August 2017.

2. ACCOUNTING POLICIES

The accounting policies adopted and methods of computation used in the preparation of the summarised consolidated financial statements are in accordance with IFRS and are consistent with those of the annual financial statements for the year ended 30 June 2016.

3. RESTATEMENT OF 2016

The Regent Insurance operations have been classified as discontinued operations since 30 June 2015. Protracted negotiations and regulatory requirements resulted in the sale being concluded on 30 June 2017. The final transaction was amended so that Imperial retained the value-added products (VAPS) businesses in Regent which resulted in lower proceeds, lower net asset value disposed and lower profits lost due to the disposal.

As a result the 30 June 2016 consolidated financial statements are restated to reflect the revised split between continued and discontinued operations on the statement of profit and loss and the lower assets and liabilities of discontinued operations on the statement of financial position. The impact is that the continuing operations profits increase and the discontinued operation profits decrease. The various assets and liabilities of the businesses retained were reclassified from assets and liabilities of discontinued operations back to their appropriate categories.

In reviewing the 30 June 2016 VAPS businesses it has been discovered that certain provisions were understated by R40 million which impacts the continuing operations results. In addition the charge to profit and loss for the non-controlling interests for discontinued operations was understated by R25 million. The total earnings impact on 2016 is R52 million. These amounts are not material and do not warrant restatement. However as the group is restating 30 June 2016 for the VAPS businesses retained, these restatements have also been included.

The 2016 statement of cash flows was restated to reclassify the cash inflows for interest-rate swap instruments amounting to R19 million from investing activities to operating activities and to reclassify the cash outflows for cross-currency swap instruments amounting to R157 million from investing activities to financing activities.

The effects of the restatement on the prior year consolidated financial statements were as follows. The amounts below are the changes to the 30 June 2016 financial statements:

STATEMENT OF FINANCIAL POSITION	2016 Rm	2015 Rm
ASSETS		
Investment in associates and joint ventures	7	1
Property, plant and equipment	137	137
Deferred tax assets	11	11
Investments and loans	105	54
Tax in advance	1	2
Trade and other receivables	5	
Cash resources	4	4
Assets of discontinued operations	(265)	(209)
Total assets	5	
EQUITY AND LIABILITIES		
Retained earnings	(52)	
Attributable to owners of Imperial	(52)	
Non-controlling interest	25	
Total equity	(27)	
LIABILITIES		
Trade and other payables and provisions	137	95
Current tax liabilities	(8)	
Liabilities of discontinued operations	(97)	(95)
Total liabilities	32	
Total equity and liabilities	5	

STATEMENT OF PROFIT OR LOSS	VAPS restatement 2016 Rm	Error restatement 2016 Rm	Total restatement 2016 Rm
Continuing operations			
Revenue	62		62
Net operating expenses	33	(40)	(7)
Operating profit	95	(40)	55
Share of result of associates and joint ventures	5		5
Profit before tax	100	(40)	60
Income tax expense	(13)	8	(5)
Profit for the year from continuing operations	87	(32)	55
Discontinued operations			
Profit for the year from discontinued operations	(82)		(82)
Net profit for the year	5	(32)	(27)
Net profit attributable to:			
Owners of Imperial	5	(57)	(52)
– Continuing operations	87	(32)	55
– Discontinued operations	(82)	(25)	(107)
Non-controlling interest		25	25
– Continuing operations			
– Discontinued operations		25	25

3. RESTATEMENT OF 2016 (CONTINUED)

STATEMENT OF COMPREHENSIVE INCOME	VAPS restatement 2016 Rm	Error restatement 2016 Rm	Total restatement 2016 Rm
Net profit for the year	5	(32)	(27)
Total comprehensive income for the year	5	(32)	(27)
Total comprehensive income attributable to:			
Owners of Imperial	5	(57)	(52)
Non-controlling interest		25	25
	5	(32)	(27)

STATEMENT OF CASH FLOWS	Error restatement 2016 Rm	Reclassification 2016 Rm	Total restatement 2016 Rm
Cash flows from operating activities			
Decrease in cash generated by operations before movements in working capital	(40)	19	(21)
Increase in movements in net working capital	40		40
Increase in cash from operating activities		19	19
Cash flows from investing activities			
Increase in net movement in investment, loans and non-current financial instruments		138	138
Increase in cash from investing activities		138	138
Cash flows from financing activities			
Settlement of cross currency swap instruments		(157)	(157)
Decrease in cash from financing activities		(157)	(157)

4. BASIS OF SEGMENTATION

In line with the group's organisational changes as announced on 3 June 2016 the basis of segmentation for the 2017 financial year has been revised as follows:

Logistics division reports segmentally on three sub-divisions namely:

- Logistics South Africa
- Logistics Africa Regions
- Logistics International.

The Vehicles division reports segmentally on four sub divisions namely:

- Vehicle Import and Distribution
- Vehicle Retail and Rental
- Aftermarket Parts
- Motor Related Financial Services.

The revision resulted in the restatement of amounts that was previously disclosed on the June 2016 segment reports.

5. NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

International Financial Reporting Standards that will become applicable to the group in future reporting periods includes IFRS 9 Financial Instruments (effective 1 January 2018), IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018) and IFRS 16 Leases (effective 1 January 2019). The details of these standards are outlined in the 30 June 2017 annual financial statements.

The group is in the process of assessing the impact of these standards on its consolidated financial statements.

	2017	2016
6. FOREIGN EXCHANGE RATES		
The following major rates of exchange was used in the translation of the group's foreign operations:		
SA Rand : Euro		
– closing	14,92	16,31
– average	14,81	16,10
SA Rand : US Dollar		
– closing	13,06	14,70
– average	13,58	14,51
SA Rand : Pound Sterling		
– closing	17,02	19,58
– average	17,23	21,47
SA Rand : Australian Dollar		
– closing	10,04	10,95
– average	10,24	10,56

	2017 Rm	2016 Rm
7. OTHER NON-OPERATING ITEMS		
Remeasurement of financial instruments not held-for-trading	(29)	(50)
Charge for remeasurement of put option liabilities	(39)	(64)
Gain on remeasurement of contingent consideration liabilities	2	14
Reclassification of gain on disposal of investment in associate	8	
Capital items	(328)	20
Impairment of goodwill	(123)	(258)
Impairment of investments in associates and joint ventures	(34)	(89)
(Loss) profit on disposal of subsidiaries and businesses	(89)	520
Impairment losses on assets of disposal group		(90)
Business acquisition costs	(82)	(63)
	(357)	(30)
8. NET FINANCE COSTS		
Net interest paid	(1 670)	(1 462)
Fair value (losses) gains on interest-rate swap instruments	(10)	22
	(1 680)	(1 440)
9. GOODWILL AND INTANGIBLE ASSETS		
Goodwill		
Cost	7 679	6 286
Accumulated impairments	(985)	(862)
	6 694	5 424
Carrying value at beginning of year	5 424	5 018
Net acquisition (disposal) of subsidiaries and businesses	2 012	(130)
Impairment charge	(123)	(258)
Reclassified to assets held for sale		(28)
Currency adjustments	(619)	822
Carrying value at end of year	6 694	5 424
Intangible assets	2 835	2 077
Goodwill and intangible assets	9 529	7 501
10. CASH AND CASH EQUIVALENTS		
Cash resources	4 499	2 321
Cash resources included in assets of discontinued operations and of disposal groups		1 352
Short-term loans and overdrafts (included in interest-bearing borrowings)	(2 058)	(2 954)
	2 441	719

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

11.1 FAIR VALUE HIERARCHY

The group's financial instruments carried at fair value are classified in three categories defined as follows:

Level 1 financial instruments are those that are valued using unadjusted quoted prices in active markets for identical financial instruments.

Level 2 financial instruments are those valued using techniques based primarily on observable market data. Instruments in this category are valued using quoted prices for similar instruments or identical instruments in markets which are not considered to be active; or valuation techniques where all the inputs that have a significant effect on the valuation are directly or indirectly based on observable market data.

Level 3 financial instruments are those valued using techniques that incorporate information other than observable market data. Instruments in this category have been valued using a valuation technique where at least one input, which could have a significant effect on the instrument’s valuation, is not based on observable market data.

11.2 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES CARRIED AT AMORTISED COST

The following table sets out instances where the carrying amount of financial liabilities, as recognised on the statement of financial position, differ from their fair values.

30 June 2017	Carrying value Rm	Fair value* Rm
Listed corporate bonds (included in interest-bearing borrowings)	5 341	5 295
Listed non-redeemable, non-participating preference shares	441	337

* *Level 2 of the fair value hierarchy.*

The fair values of the remainder of the group's financial assets and financial liabilities approximate their carrying values.

The following table presents the valuation categories used in determining the fair values of financial instruments carried at fair value.

30 June 2017	Total Rm	Level 2 Rm	Level 3 Rm
Financial assets carried at fair value			
Unlisted investments	648		648
Cross currency and interest-rate swap instruments (Included in Other financial assets)	6	6	
Foreign exchange contracts and other derivative instruments (Included in Trade and other receivables)	68	68	
Financial liabilities carried at fair value			
Put option liabilities (Included in Other financial liabilities)	1 553		1 553
Contingent consideration liabilities (Included in Other financial liabilities)	45		45
Swap instruments (Included in Other financial liabilities)	145	145	
Foreign exchange contracts and other derivative instruments (Included in Trade, other payables and provisions)	31	31	

There were no reclassifications between fair value hierarchy levels during the year.

Level 3 sensitivity information

The fair values of the level 3 financial instruments were estimated by applying an income approach valuation method including a present value discount technique. The fair value measurements are based on significant inputs that are not observable in the market. Key assumptions used in the valuations includes the assumed probability of achieving profit targets, expected future cash flows and the discount rates applied. The assumed profitabilities and cash flows were based on historical performances but adjusted for expected growth.

The following table shows how the fair value of the level 3 financial instruments as at 30 June 2017 would change if the significant assumptions were to be replaced by a reasonable possible alternative.

Financial instruments	Valuation technique	Key assumption	Carrying value Rm	Increase in carrying value Rm	Decrease in carrying value Rm
Unlisted investments (asset)	Income approach	Preset value of expected cash flows	648	72	(76)
Put option liabilities	Income approach	Earnings growth	1 553	8	(14)
Contingent consideration liabilities	Income approach	Assumed profits	45		(8)

	2017 Rm	2016 Rm
12. CONTINGENCIES AND COMMITMENTS		
Capital commitments	1 448	1 309
Contingent liabilities	649	770

13. ACQUISITION AND DISPOSAL OF BUSINESSES DURING THE YEAR

ACQUISITIONS

Please refer to page 108 for acquisitions during the year.

DISPOSALS

Please refer to the CFO report on page 25 for disposals during the year.

14. EVENTS AFTER THE REPORTING PERIOD

DIVIDEND DECLARATION

Shareholders are advised that a preference and an ordinary dividend has been declared by the board of Imperial on 21 August 2017. For more details please refer to the dividend declaration on page 17.

ACQUISITIONS

Surgipharm Limited

Logistics African Regions acquired 70% of Surgipharm Limited for a consideration of R470 million (USD 35 million). Surgipharm, which is headquartered in Nairobi, markets and distributes pharmaceutical, medical, surgical and allied supplies in Kenya, with an annual turnover of approximately R964 million (USD 73 million). The transaction was effective 1 July 2017.

Pentagon Motor Holdings

Motus acquired on 14 August 2017 100% of Pentagon Motor Holdings Limited (Pentagon), for a cash consideration of R493 million (£28 million). Headquartered in Derbyshire, Pentagon operates 20 prime retail dealerships in Derbyshire, Nottinghamshire, Lincolnshire, Yorkshire and greater Manchester. For the year ending 31 December 2016 Pentagon had a turnover of R8,715 million (£495 million). Pentagon was established in 1991 and has grown steadily from its initial Vauxhall franchise base to represent numerous leading car and van manufacturers including Peugeot, Seat, Mazda, Kia, Renault, Fiat, Alfa Romeo, Nissan, Mitsubishi and Jeep.

SWT Group Proprietary Limited

Motus entered into an agreement to acquire 75% of SWT, an Australian based group which operates 16 dealerships, for a cash consideration of R254 million (AUD 24.2 million). The transaction is subject to certain conditions precedent.

As the initial accounting for the above acquisitions were not complete at the time that the financial statements were authorised for issue no further disclosures are provided.

Business combinations during the year

Businesses acquired	Nature of business	Operating segment	Date acquired	Interest acquired (%)	Purchase consideration transferred Rm
Palletways Group Limited~	Express delivery solutions for small consignments of palletised freight across Europe	Logistics International	July 2016	95,2	**1 683**
Itumele Bus Lines (Proprietary) Limited	Consumer bus operations in the Free State province of South Africa	Logistics South Africa	November 2016	55	**147**
Individually immaterial acquisition					**56**
Fair value of previously held interest					**(90)**
					1 796

~ *The total purchase consideration of R3,0 billion disclosed in the June 2016 report included preference shares and subordinated loans acquired amounting to R1 317 million, thereby arriving at the purchase consideration of R1 683 million above.*

FAIR VALUE OF ASSETS ACQUIRED AND LIABILITIES ASSUMED AT DATE OF ACQUISITION:

	Palletways Rm	Itumele Bus Lines Rm	Individually immaterial acquisitions Rm	Total Rm
Assets				
Intangible assets (excluding goodwill)	1 360	112	17	**1 489**
Property, plant and equipment	32	17	30	**79**
Transport fleet		269		**269**
Investments, associates and joint ventures and other financial assets		12	56	**68**
Deferred tax assets			3	**3**
Inventories	3	14	31	**48**
Trade and other receivables	617	54	73	**744**
Cash resources	141	82	3	**226**
	2 153	560	213	**2 926**
Liabilities				
Retirement benefit obligations	9			**9**
Deferred tax liabilities	264	70	5	**339**
Interest-bearing borrowings	1 350	141	126	**1 617**
Other financial liabilities		2	94	**96**
Trade and other payables and provisions	773	84	73	**930**
Current tax liabilities	17	1		**18**
	2 413	298	298	**3 009**
Acquirees' carrying amount at acquisition	(260)	262	(85)	**(83)**
Non-controlling interests	(8)	(118)	(7)	**(133)**
Net assets acquired	(268)	144	(92)	**(216)**
Purchase consideration transferred	1 683	147	(34)	**1 796**
Cash paid	1 683	142	25	**1 850**
Fair value of previously held interest			(90)	**(90)**
Contingent consideration		5	31	**36**
Excess of purchase price over net assets acquired	1 951	3	58	**2 012**

REASONS FOR THE ACQUISITIONS

The group acquired a 95,2% shareholding in Palletways. This acquisition is in line with Imperial's strategic intent to expand its presence beyond South Africa through the acquisition of asset light logistics businesses that benefit from Imperial's existing footprint and capabilities. Palletways provides an express delivery solution for small consignments of palletised freight through more than 400 depots and 14 hubs, which collects and distribute 38 000 daily or 8 million pallets annually across 20 European countries where it currently handles one in every four pallets handled by palletised freight networks.

The acquisition of a 55% shareholding in Itumele Bus Lines, is in line with the group's strategy to diversify into other related industries and allows entry into the commuter bus service market. Itumele's primary business is providing public transport services on behalf of the provincial government to commuters in and around Bloemfontein. Founded in 1975, the operation comprises a fleet of 253 commuter busses and 32 luxury coaches. Itumele transports approximately 50 000 passengers daily and its busses travel approximately 17 million kilometres a year.

The other businesses were acquired to complement and expand our transport and business solutions through the acquisition of a depot in Europe and an import and export solutions business in South Africa.

DETAILS OF CONTINGENT CONSIDERATION

The contingent consideration requires the group to pay the vendors an additional total amount of R36 million over three years if the entities' net profit after tax exceeds certain profit targets.

ACQUISITION COSTS

Acquisition costs for business acquisitions concluded during the year amounted to R27 million and have been recognised as an expense in profit or loss in the 'Other non-operating items' line.

IMPACT OF THE ACQUISITION ON THE RESULTS OF THE GROUP

From the dates of acquisition the businesses acquired during the year contributed revenue of R6 233 million, operating profit of R396 million and after tax profit of R127 million. The after tax profit of R127 million includes the after tax impact of the funding cost of R70 million calculated on the cash consideration paid on acquisitions and the amortisation of intangible assets arising out of the business combinations of R177 million.

Had all the acquisitions been consolidated from 1 July 2016, they would have contributed revenue of R6 446 million, operating profit of R404 million and after tax profit of R119 million. The group's continuing revenue for the year would have been R117 052 million, operating profit would have been R6 057 million and after tax profit R2 278 million.

SEPARATE IDENTIFIABLE INTANGIBLE ASSETS

As at the acquisition date the fair value of the separate identifiable intangible assets was R1 489 million. This fair value, which is classified as level 3 in the fair value hierarchy, was determined using the Multi-period Excess Earnings Method (MEEM) valuation technique for contract based intangible assets and the Relief-form-royalty method for the trademark.

The significant unobservable valuation inputs were as follows:

	Palletways %	Itumele Bus Lines %
Trademark		
– Discount rates	9,1	
– Royalty rate	1,0	
Contract based intangible assets		
– Weighted average discount rates	6.7 – 7.3	17,5
– Terminal growth rates	1.0	5,4

The assumptions used in arriving at projected cash flows were based on past experience and adjusted for any expected changes.

OTHER DETAILS

Trade and other receivables had gross contractual amounts of R790 million of which R46 million was doubtful. Non-controlling interests have been calculated based on their proportionate share in the acquiree's net assets. None of the goodwill is deductible for tax purposes.

Segmental information

Financial position

	IMPERIAL HOLDINGS		IMPERIAL LOGISTICS: Logistics South Africa		IMPERIAL LOGISTICS: Logistics African Regions		IMPERIAL LOGISTICS: Logistics International		IMPERIAL LOGISTICS	
R million	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
Assets										
Intangible assets	9 529	7 501	924	1 030	2 210	2 496	5 540	3 004	8 674	6 530
Property plant and equipment	10 371	11 602	1 434	1 825	356	693	2 278	2 245	4 068	4 763
Transport fleet	5 560	5 953	2 528	2 344	306	371	2 763	3 278	5 597	5 993
Vehicles for hire	3 963	3 469								
Investments in associates	686	694	17	22	298	320	137	167	452	509
Investments	403	113	23	5			5	5	28	10
Inventories	16 953	16 717	324	251	1 157	1 247	249	314	1 730	1 812
Trade and other receivables	13 353	12 717	3 907	3 562	1 356	1 432	3 830	3 618	9 093	8 612
Cash resources	207	17								
Operating assets	61 025	58 783	9 157	9 039	5 683	6 559	14 802	12 631	29 642	28 229
– South Africa	34 669	32 796	9 157	9 039					9 157	9 039
– Rest of Africa	6 464	7 329			5 683	6 559			5 683	6 559
– International	19 892	18 658					14 802	12 631	14 802	12 631
Liabilities										
Retirement benefit obligations	1 229	1 531					1 229	1 531	1 229	1 531
Maintenance and warranty contracts	3 022	3 156								
Trade and other payables and provisions	21 350	19 630	4 352	3 578	1 922	2 013	3 945	3 372	10 219	8 963
Other financial liabilities	399	460	33	31	76	88		1	109	120
Operating liabilities	26 000	24 777	4 385	3 609	1 998	2 101	5 174	4 904	11 557	10 614
– South Africa	15 773	14 459	4 385	3 609					4 385	3 609
– Rest of Africa	2 223	2 366			1 998	2 101			1 998	2 101
– International	8 004	7 952					5 174	4 904	5 174	4 904
Net working capital	8 956	9 804	(121)	235	591	666	134	560	604	1 461
– South Africa	6 961	7 213	(121)	235					(121)	235
– Rest of Africa	916	838			591	666			591	666
– International	1 079	1 753					134	560	134	560
Net debt	15 088	16 516	1 306	2 610	2 473	2 639	5 516	3 955	9 295	9 204
– South Africa	7 182	9 911	1 306	2 610					1 306	2 610
– Rest of Africa	2 781	2 821			2 473	2 639			2 473	2 639
– International	5 125	3 784					5 516	3 955	5 516	3 955
Net capital expenditure	(2 663)	(4 138)	155	(534)	(93)	(346)	(554)	(1 027)	(492)	(1 907)
– South Africa	(1 853)	(2 624)	155	(534)					155	(534)
– Rest of Africa	(165)	(416)			(93)	(346)			(93)	(346)
– International	(645)	(1 098)					(554)	(1 027)	(554)	(1 027)

	MOTUS: Vehicle Import and Distribution		MOTUS: Vehicle Retail and Rental		MOTUS: Aftermarket Parts		MOTUS: Motor Related Financial Services		MOTUS: Eliminations		TOTAL VEHICLES		Head Office and eliminations		Insurance	
R million	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
Assets																
Intangible assets	110	133	355	422	364	366	9		8	9	846	930	9	41		
Property plant and equipment	511	837	5 279	5 668	413	207	11	10	(1)	1	6 213	6 723	90	116		
Transport fleet													(37)	(40)		
Vehicles for hire	1 991	1 534	1 959	1 723			1 915	1 071	(1 902)	(859)	3 963	3 469				
Investments in associates	21	(37)	17	32	119	111	61	62	8	9	226	177	8	8		
Investments	4	4		27			317	190			321	221	54	(118)		
Inventories	5 445	5 145	8 350	8 457	1 121	1 111	397	436	(90)	(219)	15 223	14 930		(25)		
Trade and other receivables	1 977	1 645	2 295	2 274	592	608	682	934	(1 270)	(1 293)	4 276	4 168	(16)	(63)		
Cash resources							207	17			207	17				
Operating assets	10 059	9 261	18 255	18 603	2 609	2 403	3 599	2 720	(3 247)	(2 352)	31 275	30 635	108	(81)		
– South Africa	9 439	8 637	13 198	12 946	2 588	2 388	3 599	2 720	(3 298)	(2 763)	25 526	23 928	(15)	(171)		
– Rest of Africa	620	624	139	103	21	15			1	28	781	770				
– International			4 918	5 554					50	383	4 968	5 937	123	90		
Liabilities																
Retirement benefit obligations																
Maintenance and warranty contracts							2 915	3 040	107	102	3 022	3 142		14		
Trade and other payables and provisions	5 212	4 282	6 936	7 111	987	940	747	598	(2 979)	(2 182)	10 903	10 749	228	(82)		
Other financial liabilities	102	67	11		5	51		10		(9)	118	119	172	221		
Operating liabilities	5 314	4 349	6 947	7 111	992	991	3 662	3 648	(2 872)	(2 089)	14 043	14 010	400	153		
– South Africa	5 105	4 098	4 132	4 136	989	988	3 662	3 648	(2 872)	(2 089)	11 016	10 781	372	69		
– Rest of Africa	209	251	13	11	3	3					225	265				
– International			2 802	2 964							2 802	2 964	28	84		
Net working capital	2 210	2 508	3 709	3 620	726	779	332	772	1 619	670	8 596	8 349	(244)	(6)		
– South Africa	1 916	2 216	2 871	2 630	716	769	332	772	1 618	687	7 453	7 075	(369)	(96)		
– Rest of Africa	294	292	18	13	10	10			1	(143)	323	171				
– International			820	977						126	820	1 103	125	90		
Net debt	2 895	1 913	3 678	5 490	555	352	(1 450)	(1 237)	101	(368)	5 779	6 150	14	1 162		
– South Africa	2 658	1 806	3 239	4 748	536	337	(1 450)	(1 237)	76	(396)	5 059	5 258	817	2 043		
– Rest of Africa	237	107	52	49	19	15				11	308	182				
– International			387	693					25	17	412	710	(803)	(881)		
Net capital expenditure	(1 227)	(905)	(1 112)	(1 120)	(263)	(42)	(596)	(228)	1 025	169	(2 173)	(2 126)	(45)	(7)	47	(98)
– South Africa	(1 212)	(878)	(967)	(1 011)	(262)	(40)	(596)	(228)	1 025	169	(2 012)	(1 988)	(44)	(6)	48	(96)
– Rest of Africa	(15)	(27)	(55)	(39)	(1)	(2)					(71)	(68)			(1)	(2)
– International			(90)	(70)							(90)	(70)	(1)	(1)		

PROFIT or LOSS

	IMPERIAL HOLDINGS		IMPERIAL LOGISTICS								TOTAL LOGISTICS	
			Logistics South Africa		Logistics African Regions		Logistics International		Business held for sale			
R million	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenue	116 839	115 800	16 207	14 447	9 356	11 016	24 220	19 512	882	2 937	50 665	47 912
– South Africa	66 972	66 072	16 207	14 447					291	819	16 498	15 266
– Rest of Africa	11 171	13 432			9 356	11 016			591	837	9 947	11 853
– International	38 696	36 296					24 220	19 512		1 281	24 220	20 793
Operating profit	6 049	5 948	953	828	746	773	1 105	1 000	(40)	(58)	2 764	2 543
– South Africa	3 809	3 779	953	828					(34)	(78)	919	750
– Rest of Africa	792	843			746	773			(6)	7	740	780
– International	1 448	1 326					1 105	1 000		13	1 105	1 013
Depreciation, amortisation, impairments and recoupments	(2 838)	(3 119)	(394)	(590)	(257)	(295)	(777)	(738)	(6)	(56)	(1 434)	(1 679)
– South Africa	(1 694)	(1 924)	(394)	(590)					(3)	(14)	(397)	(604)
– Rest of Africa	(302)	(327)			(257)	(295)			(3)	(3)	(260)	(298)
– International	(842)	(868)					(777)	(738)		(39)	(777)	(777)
Interest expense	(1 680)	(1 440)	(307)	(300)	(222)	(214)	(220)	(197)	(19)	(29)	(768)	(740)
– South Africa	(1 140)	(913)	(307)	(300)					(12)	(14)	(319)	(314)
– Rest of Africa	(256)	(236)			(222)	(214)			(7)	(5)	(229)	(219)
– International	(284)	(291)					(220)	(197)		(10)	(220)	(207)
Pre-tax profit	3 434	3 901	773	524	113	368	593	576	(59)	(106)	1 420	1 362
– South Africa	2 448	2 723	773	524					(47)	(100)	726	424
– Rest of Africa	133	386			113	368			(12)	(15)	101	353
– International	853	792					593	576		9	593	585
Additional segment information												
Analysis of revenue by type												
– Sale of goods	67 587	70 228	872	628	7 106	8 251			772	1 186	8 750	10 065
– Rendering of services	49 252	45 572	15 335	13 801	2 133	2 676	24 220	19 512	110	1 751	41 798	37 740
External revenue	116 839	115 800	16 207	14 429	9 239	10 927	24 220	19 512	882	2 937	50 548	47 805
Inter-group revenue				18	117	89					117	107
	116 839	115 800	16 207	14 447	9 356	11 016	24 220	19 512	882	2 937	50 665	47 912
Analysis of depreciation, amortisation, impairments and recoupments	(2 838)	(3 119)	(394)	(590)	(257)	(295)	(777)	(738)	(6)	(56)	(1 434)	(1 679)
Depreciation and amortisation	(2 575)	(2 601)	(561)	(582)	(101)	(118)	(548)	(580)	(6)	(56)	(1 216)	(1 336)
Recoupments and impairments	258	70	211	24	10	11	66	35			287	70
Amortisation and impairment of intangible assets arising on business combinations	(521)	(588)	(44)	(32)	(166)	(188)	(295)	(193)			(505)	(413)
Associate income included in pre-tax profits	103	138	5	3	19	30	28	25			52	58
Operating margin %	5,2	5,1	5,9	5,7	8,0	7,0	4,6	5,1			5,5	5,3

	MOTUS												TOTAL VEHICLES		Head Office and eliminations	
	Vehicle Import and Distribution		Vehicle Retail and Rental		Aftermarket Parts		Motor Related Financial Services		Businesses held for sale		Eliminations					
R million	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenue	18 157	18 307	55 633	55 132	6 153	5 824	2 036	1 837	427	2 945	(15 866)	(15 566)	66 540	68 479	(366)	(591)
– South Africa	17 116	16 857	41 121	39 741	6 120	5 808	2 036	1 837	315	2 722	(15 866)	(15 567)	50 842	51 398	(368)	(592)
– Rest of Africa	1 041	1 450	150	112	33	16						1	1 224	1 579		
– International			14 362	15 279					112	223			14 474	15 502	2	1
Operating profit	728	913	1 478	1 426	406	382	833	725	(2)	102	(133)	(146)	3 310	3 402	(25)	3
– South Africa	730	886	1 067	1 056	409	386	833	725	(3)	105	(133)	(146)	2 903	3 012	(13)	17
– Rest of Africa	(2)	27	57	40	(3)	(4)							52	63		
– International			354	330					1	(3)			355	327	(12)	(14)
Depreciation, amortisation, impairments and recoupments	(622)	(653)	(721)	(686)	(41)	(39)	(183)	(150)		(157)	177	231	(1 390)	(1 454)	(14)	14
– South Africa	(606)	(645)	(635)	(575)	(40)	(39)	(183)	(150)		(156)	177	232	(1 287)	(1 333)	(10)	13
– Rest of Africa	(16)	(8)	(25)	(21)	(1)								(42)	(29)		
– International			(61)	(90)						(1)		(1)	(61)	(92)	(4)	1
Interest expense	(499)	(267)	(356)	(464)	(69)	(48)	(10)	5	(11)	(61)	96	143	(849)	(692)	(63)	(8)
– South Africa	(483)	(259)	(276)	(381)	(69)	(48)	(10)	5	(10)	(59)	97	144	(751)	(598)	(70)	(1)
– Rest of Africa	(16)	(8)	(11)	(8)								(1)	(27)	(17)		
– International			(69)	(75)					(1)	(2)	(1)		(71)	(77)	7	(7)
Pre-tax profit	(178)	417	1 127	948	364	369	828	774	(16)	10	(35)	6	2 090	2 524	(77)	15
– South Africa	(145)	411	809	682	345	373	828	774	(13)	6	(35)	7	1 789	2 253	(68)	46
– Rest of Africa	(33)	6	46	32	19	(4)						(1)	32	33		
– International			272	234					(3)	4			269	238	(9)	(31)
Additional segment information																
Analysis of revenue by type																
– Sale of goods	6 274	6 457	46 317	46 248	6 055	5 796			371	2 156	(181)	(496)	58 836	60 161	1	2
– Rendering of services	186	236	6 372	6 228	2	1	823	677	50	656	(15)	(5)	7 418	7 793	36	39
External revenue	6 460	6 693	52 689	52 476	6 057	5 797	823	677	421	2 812	(196)	(501)	66 254	67 954	37	41
Inter-group revenue	11 697	11 614	2 944	2 656	96	27	1 213	1 160	6	133	(15 670)	(15 065)	286	525	(403)	(632)
	18 157	18 307	55 633	55 132	6 153	5 824	2 036	1 837	427	2 945	(15 866)	(15 566)	66 540	68 479	(366)	(591)
Analysis of depreciation, amortisation, impairments and recoupments	(622)	(653)	(721)	(686)	(41)	(39)	(183)	(150)		(157)	177	231	(1 390)	(1 454)	(14)	14
Depreciation and amortisation	(637)	(540)	(690)	(662)	(37)	(34)	(184)	(144)		(117)	177	232	(1 371)	(1 265)	12	1
Recoupments and impairments	15	2	(20)	(5)	1		1	(6)		5		(1)	(3)	(5)	(26)	4
Amortisation and impairment of intangible assets arising on business combinations		(115)	(11)	(19)	(5)	(5)				(45)			(16)	(184)		9
Associate income included in pre-tax profits	(6)	(25)	3	4	39	42	5	49		2	1	3	42	75	9	5
Operating margin %	4,0	5,0	2,7	2,6	6,6	6,6	40,9	39,5					5,0	5,0		

Independent limited assurance report

We have performed our limited assurance engagement in respect of the selected sustainability key performance indicators, as described below, disclosed by Imperial Holdings Limited (Imperial or the Company) in the Integrated and Sustainability Reports for the year ended 30 June 2017.

The subject matter comprises of the sustainability key performance indicators disclosed in accordance with management's basis of preparation, supported by the Global Reporting Initiative (GRI) Sustainability Framework G4 as prepared by the responsible party, during the 2017 reporting period ended 30 June 2017.

The subject matter includes:

1. Kilometres travelled (Absolute)
2. Road accidents (Absolute)
3. Accidents per million kilometres
4. Road fatalities (Company) (Absolute)
5. Fatalities per million kilometres
6. Diesel consumed – Normal engine
7. Petrol consumed – Normal engine
8. Electricity consumed
9. Scope 1 emissions (Carbon emission tonnes, tCO_2e)
10. Scope 2 emissions (Carbon emission tonnes, tCO_2e)
11. Employee training hours
12. Municipal Water consumed
13. Training spend
14. CSI spend

DIRECTORS' RESPONSIBILITY

The Directors being the responsible party, and where appropriate, those charged with governance are responsible for the selection, preparation and presentation of the subject matter in accordance with the criteria. This responsibility includes ensuring the subject matter is prepared in accordance with the GRI G4, the identification of stakeholders and stakeholder requirements, material matters, for commitments with respect to the non-financial key performance and for the design, implementation and maintenance of internal control relevant to the preparation of the Reports that is free from material misstatement, whether due to fraud or error.

The responsible party is responsible for:

> ensuring that the subject matter information on which limited assurance has been performed is properly prepared and presented in accordance with the GRI G4 supported by managements basis of preparation;
> confirming the measurement or evaluation of the underlying subject matter against the applicable criteria, including that all relevant matters are reflected in the subject matter information; and
> designing, establishing and maintaining internal controls to ensure that the subject matter information is properly prepared and presented in accordance with GRI G4 and managements' basis of preparation.

ASSURANCE PRACTITIONERS' RESPONSIBILITY

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. This standard requires us to comply with ethical requirements and to plan and perform our limited assurance engagement with the aim of obtaining limited assurance regarding the subject matter of the engagement.

We shall not be responsible for reporting on any non-financial performance indicator transactions beyond the period covered by our limited assurance engagement.

QUALITY CONTROL

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

INDEPENDENCE AND OTHER ETHICAL REQUIREMENTS

We have complied with the independence and other ethical requirements of Parts A and B of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

SUMMARY OF WORK PERFORMED

We have performed our procedures on the subject matter of the Company, as prepared by management in accordance with the GRI G4 as supported by managements' basis of preparation for the year ended 30 June 2017.

Our evaluation included performing such procedures as we considered necessary which included:

> interviewing management and senior executives to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process for the selected subject matter;
> testing the systems and processes to generate, collate, aggregate, validate and monitor the source data used to prepare the selected subject matter for disclosure in the Report;
> inspected supporting documentation and performed analytical review procedures; and
> evaluated whether the selected KPI disclosures are consistent with our overall knowledge and experience of sustainability processes at Imperial.

Our assurance engagement does not constitute an audit or review of any of the underlying information in accordance with International Standards on Auditing or International Standards on Review Engagements and accordingly, we do not express an audit opinion or review conclusion.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

In a limited assurance engagement, the procedures performed vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the non-financial performance indicators have been presented, in all material respects, in accordance with GRI G4, supported by management's internal basis of preparation

CONCLUSION

Based on our work described in this report, nothing has come to our attention that causes us to believe that the selected sustainability key performance indicators as set out in the subject matter paragraph (of our report) for the year ended 30 June 2017, is not prepared, in all material respects, in accordance with the GRI G4 supported by managements' internally developed basis of preparation.

RESTRICTION ON USE AND DISTRIBUTION

Our report is made solely to the directors of Imperial in accordance with our engagement letter dated 26 April 2017, for the purpose of providing limited assurance over the key sustainability performance indicators disclosed in the Imperial Integrated Report for the year ended 30 June 2017.

Claire Hoy
Director
Deloitte & Touche

Risk Advisory
15 September 2017

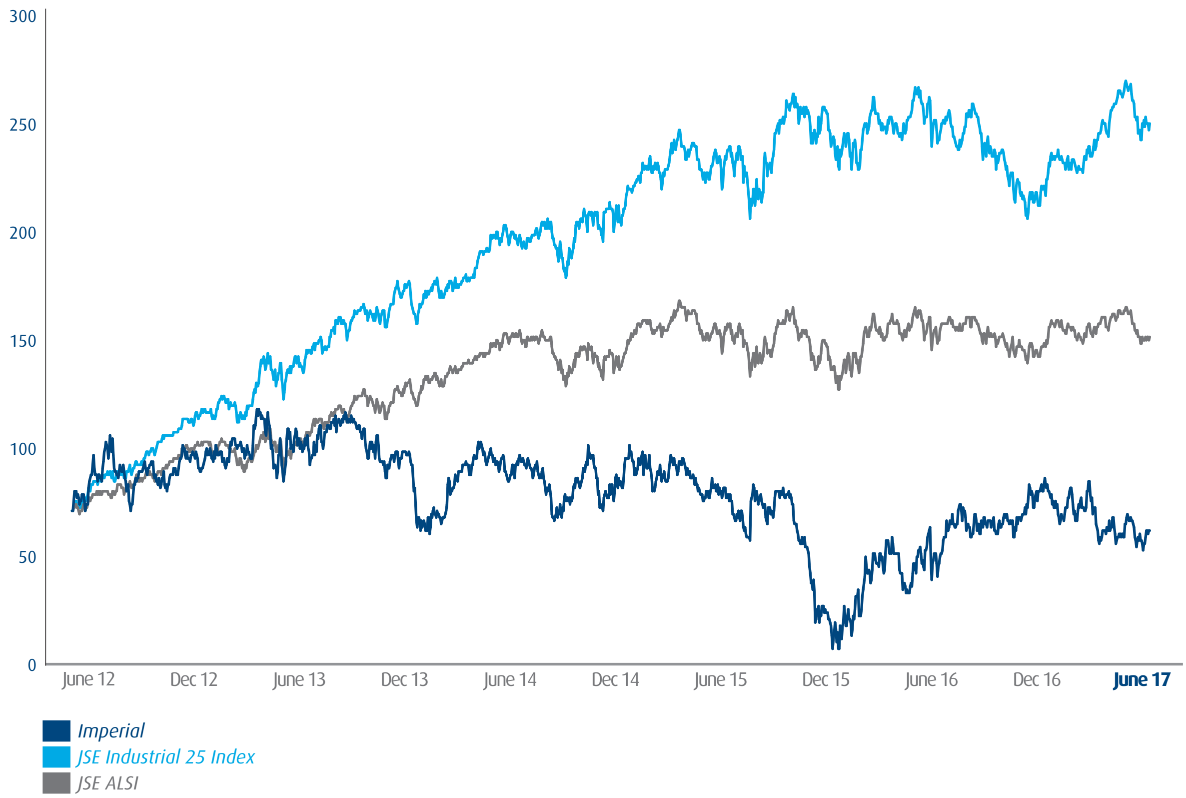
Shareholder analysis

Top ten shareholders	Share Class	Number of shares ('000)	% of issued voting capital
Lazard Asset Management	Ordinary	23 797	11,9
Public Investment Corporation	Ordinary	21 576	10,8
M&E Investment Management	Ordinary	18 980	9,5
Ukhamba Holdings (Pty) Ltd	Ordinary	14 225	7,1
Ukhamba Holdings (Pty) Ltd	Deferred Ordinary	8 531	4,1
Lynch Family Holdings	Ordinary	8 236	4,1
Fidelity Management and Research	Ordinary	7 735	3,9
Dimensional Fund Advisors	Ordinary	7 308	3,7
Mr Manuel P de Canha (executive director)	Ordinary	6 194	3,1
Vanguard Group	Ordinary	5 864	2,9
BlackRock Investment Management	Ordinary	4 821	2,4

Stock exchange performance	2017	2016
Number of shares in issue (million)	**201**	208
Number of shares traded (million)	**206**	261
Value of shares traded (Rand million)	**34 434**	37 985
Market price (cents per share)		
– Closing price	**16 100**	14 948
– High	**18 889**	18 600
– Low	**13 778**	9 999
Earning yield %^	**8,6**	10,6
Price: earnings ratio^	**11,6**	9,5

^ *Calculated using headline earnings per share.*

Five-year performance of Imperial share price versus the JSE Industrial 25 Index and the JSE ALSI



Distribution of shareholders (listed ordinary shares)	Number of shareholders	Number of shares ('000)	% of ordinary shares listed
Public shareholders	6 370	112 560	56,0
Non-public shareholders			
– Shareholder holding more than 10%	3	68 513	34,1
– Shareholder entitled to appoint a director			
– Directors, their associates and employees	72	16 594	8,2
– Treasury shares	1	3 473	1,7
	6 446	201 140	100,0

Spread of listed holdings	Number of shareholders	%	Number of shares ('000)	%
1 – 1 000	4 864	75,5	1 476	0,7
1 001 – 10 000	1 078	16,7	3 479	1,7
10 001 – 100 000	361	5,6	11 354	5,6
Over 100 000	143	2,2	184 831	92,0
	6 446	100,00	201 140	100,0

Shareholder type	Number of shares ('000)	% of voting shares
Financial institutions, pension and provident funds	68 743	33,3
Unit trusts	90 405	43,8
Individuals	5 309	2,6
Directors and employees	16 594	8,1
Corporate holdings	16 616	8,1
Listed ordinary shares (net of treasury shares)	197 667	95,9
Unlisted deferred ordinary shares	8 531	4,1
Total voting shares in issue net of treasury shares	206 198	100,0
Treasury shares	3 473	
Non-redeemable preference shares	4 540	
Total shares in issue	214 211	

	2017		2016	
Directors' interests in shares*	Beneficial	Non-Beneficial	Beneficial	Non-Beneficial
Non-executive				
GW Dempster	99		99	
SP Kana	9 417		9 417	
RJA Sparks	40 000	20 000	40 000	20 000
Y Waja	1 000		3 000	
	50 516	20 000	52 516	20 000
Executive				
MJ Lamberti	600 000		600 000	
M Akoojee	51 064			
OS Arbee	134,850		121 771	
MP de Canha	7 298 946		6 292 670	
P Michaux	95 931		57 519	
M Swanepoel	110 575		88 366	
	8 291 366	0	7 160 326	0
Total	8 341 882	20 000	7 212 842	20 000

* *Between year end and the publication of this report there were changes in the directors interests, as disclosed on SENS on 29 August 2017.*

Declaration of final preference and ordinary dividends

for the year ended 30 June 2017

PREFERENCE SHAREHOLDERS

Notice is hereby given that a gross final preference dividend of 431.93836 cents per preference share has been declared by the Board of Imperial, payable to holders of 4 540 041 non-redeemable, non-participating preference shares. The dividend will be paid out of reserves.

The preference dividend will be subject to a local dividend tax rate of 20%. The net preference dividend, to those shareholders who are not exempt from paying dividend tax, is therefore 345.55069 cents per share.

ORDINARY SHAREHOLDERS

Notice is hereby given that a gross final ordinary dividend in the amount of 330.00000 cents per ordinary share has been declared by the Board of Imperial, payable to holders of 201 139 981 ordinary shares. The dividend will be paid out of reserves.

The ordinary dividend will be subject to a local dividend tax rate of 20%. The net ordinary dividend, to those shareholders who are not exempt from paying dividend tax, is therefore 264.00000 cents per share.

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

	2017
Last day for preference shares and ordinary shares respectively to trade cum-preference dividend and cum ordinary dividend	**Tuesday, 19 September**
Preference and ordinary shares commence trading ex-preference dividend and ex-ordinary dividend respectively	**Wednesday, 20 September**
Record date	**Friday, 22 September**
Payment date	**Tuesday, 26 September**

Share certificates may not be dematerialised/re-materialised between Wednesday, 20 September 2017 and Friday, 22 September 2017, both days inclusive.

On Tuesday, 26 September 2017, 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 26 September 2017 will be posted on or about that date. Shareholders who have dematerialised their shares will also have their accounts, held at their CSDP or broker, credited on Tuesday, 26 September 2017.

On behalf of the board

RA Venter
Group company secretary

21 August 2017

Notice of annual general meeting

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 annual general meeting of shareholders will be held on Tuesday, 31 October 2017 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 2016 will be available for inspection at the registered office of the Company until 17:00 on Monday, 30 October 2017 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 or some of 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 from the registered office of the Company and the transfer secretaries, Computershare Investor Services (Proprietary) Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 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 incorporation.

RECORD DATE

The record date for the purpose of determining which shareholders of the Company are entitled to receive notice of the annual general meeting is Friday, 22 September 2017.

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, 20 October 2017.

Accordingly, only shareholders who are registered in the register of members of the Company on 20 October 2017 will be entitled to attend, speak and vote at the annual general meeting. Therefore the last day to trade in order to be eligible to participate and vote at the meeting is Tuesday, 17 October 2017.

ELECTRONIC PARTICIPATION IN THE ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of shareholders of the Company will be held on Tuesday, 31 October 2017 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 16h00 on Friday, 27 October 2017 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 1 – APPROVAL OF THE FINANCIAL STATEMENTS

"Resolved that the audited consolidated Company annual financial statements of Imperial for the year ended 30 June 2017, 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 2 – APPOINTMENT OF THE AUDITORS

"Resolved that Deloitte & Touche be appointed as auditors of the Company and Mr. T Brown as designated partner until the date of the next annual general meeting."

The Audit Committee has recommended the reappointment of Deloitte & Touche as external auditors of the Company from this AGM until the conclusion of the next AGM of the company with Mr. T Brown (IRBA No 247030) 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 in terms of section 94(2) of the Companies Act of 2008 (Act 71 of 2008), as amended (the "Companies Act") by a separate vote in respect of each member:

3.1 Mr. GW Dempster
3.2 Mrs. T Skweyiya (Dingaan)
3.3 Ms. P Langeni
3.4 Mr. RJA Sparks (chairman)
3.5 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 36 of the Integrated Annual Report.

PERCENTAGE VOTING RIGHTS

The minimum percentage of voting rights that is required for each of resolutions 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 Mr. OS Arbee
4.2 Mr. GW Dempster
4.3 Mr. SP Kana
4.4 Mr. MV Moosa
4.5 Mr. Y Waja

A brief curriculum vitae of each of the directors offering themselves for re-election in terms of resolution 4 is contained on page 36 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 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 5 – CONFIRMATION OF DIRECTORS APPOINTED DURING THE YEAR

"Resolved that the appointment of Mr M Akoojee, who was appointed during the year in terms of the MOI, be authorised and confirmed
A brief curriculum vitae of Mr Akoojee is contained on page 38 of the Integrated Annual Report.
The board recommends that Mr Akoojee be confirmed.

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.

6. ORDINARY RESOLUTION 6 – 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 2016, commonly referred to as King IV, the group's remuneration policy as set out in the remuneration report on pages 67 to 83 of the Integrated Annual Report be hereby confirmed."

7. ORDINARY RESOLUTION 7 – CONFIRMATION OF THE IMPLEMENTATION 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 2016, commonly referred to as King IV, the implementation group's remuneration policy as set out in the remuneration report on pages 67 to 83 of the Integrated Annual Report be hereby confirmed."

8. SPECIAL RESOLUTION NUMBER 1 – DIRECTORS' FEES

"Resolved that in terms of section 66(9) of the Companies Act of 2008 (Act 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 from 1 July 2018 to 30 June 2019 as follows:

		Fee from 1 July 2017 to 30 June 2018	**Fee from 1 July 2018 to 30 June 2019**
8.1	Chairperson*	R937 000	**R993 000**
8.2	Deputy chairperson and lead independent director*	R468 500	**R496 500**
8.3	Board member	R268 000	**R284 000**
8.4	Assets and liabilities committee chairperson*	R170 500	**R181 000**
8.5	Assets and liabilities committee member	R113 500	**R120 500**
8.6	Audit committee chairperson*	R354 000	**R375 000**
8.7	Audit committee member	R176 500	**R187 000**
8.8	Divisional board member: Motus division	R132 500	**R140 500**
8.9	Divisional board member: Logistics division	R159 000	**R168 500**
8.10	Divisional Finance and Risk committee member: Motus	R53 000	**R56 000**
8.11	Divisional Finance and Risk committee member: Logistics	R63 600	**R67 500**
8.12	Investment committee chairperson*	R354 000	**R375 000**
8.13	Investment committee member	R176 500	**R187 000**
8.14	Risk Committee chairman*	R170 500	**R181 000**
8.15	Risk committee member	R113 500	**R120 500**
8.16	Remuneration committee chairperson	R128 000	**R135 500**
8.17	Remuneration committee member	R84 500	**R90 000**
8.18	Nomination committee chairperson	R128 000	**R135 500**
8.19	Nomination committee member	R84 500	**R90 000**
8.20	Social, ethics and sustainability committee chairperson *	R170 500	**R181 000**
7.17	Social, ethics and sustainability committee member	R113 500	**R120 500**

* *Paid in addition to a members' fee.*

Executive directors do not receive directors' fees.

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.

9. SPECIAL RESOLUTION NUMBER 2 – GENERAL AUTHORITY TO REPURCHASE COMPANY SECURITIES

"Resolved that, the Company, or a subsidiary of the Company, be and is hereby authorised, by way of a general authority, to acquire securities issued by the Company, in terms of the provisions of sections 46 and 48 of the Companies Act and in terms of the Listings Requirements of the JSE Limited (the "JSE"), (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 securities 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 2;
- when the Company has cumulatively repurchased 3% of the number of securities in issue on the date of passing of special resolution number 2, 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 5% of the Company's issued ordinary shares as at the date of passing of this special resolution number 2; and
- in determining the price at which the securities are repurchased by the Company or its subsidiary in terms of this general authority, the maximum price at which such securities may be repurchased will not be greater than 10% above the weighted average of the market value for such securities for the five business days immediately preceding the date of repurchase of securities.

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 notice of the annual general meeting ;
- the consolidated assets of the Company and the group, fairly valued in accordance with the accounting policies used in the latest audited annual group financial statements, will exceed its consolidated liabilities for a period of 12 months after the date of the notice of the annual general meeting;
- the share capital and reserves of the Company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the annual general meeting; and
- the working capital of the Company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the annual general meeting.

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 general repurchases, some of which appear elsewhere in the annual report of which this notice forms part:

> Major shareholders page 116
> Share capital of the Company page 117

DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names are given on page ·· of the integrated/annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to the general repurchase resolution 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 the aforementioned resolution contain all information required by law and the Listings Requirements.

NO MATERIAL CHANGES TO REPORT

Other than the facts and developments reported on in the annual report, there are no material changes in the affairs or financial position of the Company and its subsidiaries that have occurred subsequent to the 30 June 2017 year end until the date of the notice of annual general meeting.

REASON AND EFFECT

The reason for and effect of special resolution 2 is to authorise the Company and/or its subsidiaries by way of a general authority to acquire their own securities 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 securities, 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 securities, it is deemed appropriate that the Company or a subsidiary be authorised to repurchase the Company’s securities.

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.

10. ORDINARY RESOLUTION 8 – 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 2017.”

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.

11. ORDINARY RESOLUTION 9 – 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 2017, 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;
> an announcement giving full details, including the impact on net asset value and earnings per share in the case of convertible securities, 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."

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.

12. ORDINARY RESOLUTION 10 – 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.

13. SPECIAL RESOLUTION NUMBER 3 – AUTHORITY TO PROVIDE FINANCIAL ASSISTANCE IN TERMS OF s44

"Resolved that in terms of section 44 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 44 of the Companies Act, to any person for such amounts and on such terms and conditions as the board of the Company may determine for the purpose of or in connection with the subscription for securities to be issued by the company or any related and inter related companies or for the purchase of securities of the company or related and inter related companies, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the Company."

REASON

Imperial is from time to time, as an essential part of conducting its business, required to provide direct or indirect financial assistance in the form of financial assistance in the form of loans, guarantees, the provision of security or otherwise as contemplated in section 44 of the Companies Act for the purpose of or in connection with the subscription for securities to be issued by the company or related and inter related companies or for the purchase of securities of the company or related and inter related companies. The financial assistance is generally provided in the form of guarantees to capital market investors who invest in bonds and other financial instruments issued by subsidiaries of the company.

In terms of the Companies Act, companies are required to obtain the approval of their shareholders by way of special resolution in order to provide financial assistance to subscribe for such securities 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 investors in securities to be issued by the company or related and inter related companies as contemplated in section 44 of the Companies Act. 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.

Approval is not sought for loans to directors and no such financial assistance will be provided under this authority.

EFFECT

Special resolution 3 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 as contemplated in section 44 of the Companies Act.

COMPLIANCE WITH SECTION 44(3)(B)

The directors of Imperial will, in accordance with 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.

14. SPECIAL RESOLUTION NUMBER 4 – AUTHORITY TO PROVIDE FINANCIAL ASSISTANCE IN TERMS OF s45

"Resolved that in terms of section 45 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 of the Companies Act, to any related or inter related Company or corporation 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 and associate 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, 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 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 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 of the Companies Act.

COMPLIANCE WITH SECTION 45(3)(B)

The directors of Imperial will, in accordance with 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.

15. 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 certificated form or has dematerialised their 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 Friday, 27 October 2017.

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.

(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 (4)(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 2017

Form of proxy

Imperial Holdings Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1946/021048/06)
Share Code: IPL
ISIN: ZAE000067211
("Imperial" or the "Company")

If you are a dematerialised shareholder, other than with "own name" registration, do not use this form. Dematerialised shareholders' (other than with "own name" registration) should provide instructions to their appointed CSDP or broker in the form stipulated in the custody agreement entered into between the shareholder and their CSDP or broker.

An ordinary shareholder entitled to attend and vote at the annual general meeting to be held in the boardroom of Imperial Holdings Limited, Imperial Place, Jeppe Quondam, 79 Boeing Road East, Bedfordview, Gauteng on Tuesday, 31 October 2017 at 09:00 (the "AGM"), is entitled to appoint a proxy to attend, speak or vote thereat in his/her stead. A proxy need not be a shareholder of the Company.

All forms of proxy must be lodged at the transfer secretaries, Computershare Investor Services (Proprietary) Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received by no later than 09:00 on Friday, 27 October 2017.

I/We (Please print name in full)

of (address)

Telephone number Cellphone number

e-mail 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 1 – Financial Statements					
2.	Ordinary Resolution 2 – Appointment of auditors					
3.	Ordinary Resolution 3 – Appointment of audit committee					
	Ordinary Resolution 3. 1 – GW Dempster					
	Ordinary Resolution 3. 2 – T Skweyiya (Dingaan)					
	Ordinary Resolution 3. 3 – P Langeni					
	Ordinary Resolution 3. 4 – RJA Sparks					
	Ordinary Resolution 3. 5 – Y Waja					
4.	Ordinary Resolution 4 – Re-appointment of directors					
	Ordinary Resolution 4. 1 – OS Arbee					
	Ordinary Resolution 4.2 – GW Dempster					
	Ordinary Resolution 4.3 – SP Kana					
	Ordinary Resolution 4.4 – MV Moosa					
	Ordinary Resolution 4.5 – Y Waja					
5.	Ordinary Resolution 5- Confirmation of M Akoojee					
6.	Ordinary Resolution 6- Confirmation of remuneration policy					
7.	Ordinary Resolution 7- Implementation of remuneration policy					
8.	Special Resolution 1 – Directors' fees					
		Fee from 1 July 2017 to 30 June 2018	Fee from 1 July 2018 to 30 June 2019			
8.1	Chairperson*	R937 000	R993 000			
8.2	Deputy chairperson and lead independent director*	R468 500	R496 500			
8.3	Board member	R268 000	R284 000			
8.4	Assets and liabilities committee chairperson*	R170 500	R181 000			
8.5	Assets and liabilities committee member	R113 500	R120 500			
8.6	Audit committee chairperson*	R354 000	R375 000			
8.7	Audit committee member	R176 500	R187 000			
8.8	Divisional board member: Motus division	R132 500	R140 500			
8.9	Divisional board member: Logistics division	R159 000	R168 500			
8.10	Divisional Finance and Risk committee member: Motus	R53 000	R56 000			
8.11	Divisional Finance and Risk committee member: Logistics	R63 600	R67 500			
8.12	Investment committee chairperson*	R354 000	R375 000			
8.13	Investment committee member	R176 500	R187 000			
8.14	Risk Committee chairman*	R170 500	R181 000			
8.15	Risk committee member	R113 500	R120 500			
8.16	Remuneration committee chairperson	R128 000	R135 500			
8.17	Remuneration committee member	R84 500	R90 000			
8.18	Nomination committee chairperson	R128 000	R135 500			
8.19	Nomination committee member	R84 500	R90 000			
8.20	Social, ethics and sustainability committee chairperson *	R170 500	R181 000			
8.21	Social, ethics and sustainability committee member	R113 500	R120 500			
9.	Special Resolution 2 – General authority to repurchase Company shares					
10.	Ordinary Resolution 8 – Authority over unissued ordinary shares					
11.	Ordinary Resolution 9 – Authority to issue shares for cash					
12.	Ordinary Resolution 10 – Authority over unissued preference shares					
13.	Special Resolution 3 – Authority to provide financial assistance- s44					
14.	Special Resolution 4 – Authority to provide financial assistance – s45					

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 2017

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 (Proprietary) Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), to be received by no later than 09:00 on Friday, 27 October 2017.
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.

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

Non-executive directors

SP Kana* (chairman)
A Tugendhaft (deputy chairman)
RJA Sparks* (lead independent)
P Cooper*
MP de Canha
GW Dempster*
P Langeni*
MV Moosa
T Skweyiya*
Y Waja*

** Independent*

Executive directors

MJ Lamberti (group chief executive officer)
M Akoojee (group chief financial officer)
M Swanepoel (chief executive officer – Logistics)
OS Arbee (chief executive officer – Motus)

GROUP INTERNAL AUDIT EXECUTIVE

G Nzalo: BCom, CA(SA), CIA

GROUP TREASURER

WF Reitsma: BTech Banking, MCom, FIBSA, CAIB, PBSA, FIFM

GROUP LEGAL ADVISOR AND COMPANY SECRETARY

RA Venter: BCom, LLB, LLM

GROUP INVESTOR RELATIONS MANAGER

E Mansingh: BA
email: emansingh@ih.co.za

GROUP HEAD OF RISK

BJ Francis: BCompt (Hons), CIA, MBA (IE)

GROUP HEAD OF SUSTAINABILITY

MR Sharfuddin: BBA, IMP (Insead)

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 (Proprietary) Limited
First floor, Rosebank Towers,
15 Biermann Avenue, Rosebank, 2196

PO Box 61051
Marshalltown
2107

Telephone +27 (0)11 370 5000
Facsimile +27 (0)11 370 5487

SPONSOR

Merrill Lynch SA (Pty) Limited
The Place
1 Sandton Drive
Sandton
2196

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 payment:	26 September 2017
Annual general meeting:	31 October 2017
Interim results released:	20 February 2018
Final results released:	21 August 2018

Forward looking statements

This report contains forward looking statements with respect to Imperial's financial position, results, operations and businesses. These statements are not statements of fact or guarantees of future performance as by their nature they involve risk and uncertainty because they relate to future events and circumstances that are difficult to predict and beyond the group's control. There are various factors that could cause actual results to differ materially from those expressed or implied by these forward-looking statements, and undue reliance should not be placed on such statements.

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79 BOEING ROAD EAST
BEDFORDVIEW
2007

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EDENVALE
1610
SOUTH AFRICA

WWW.IMPERIAL.CO.ZA