Imperial Holdings Limited **Annual Report 2008**

www.imperial.co.za

Imperial Holdings

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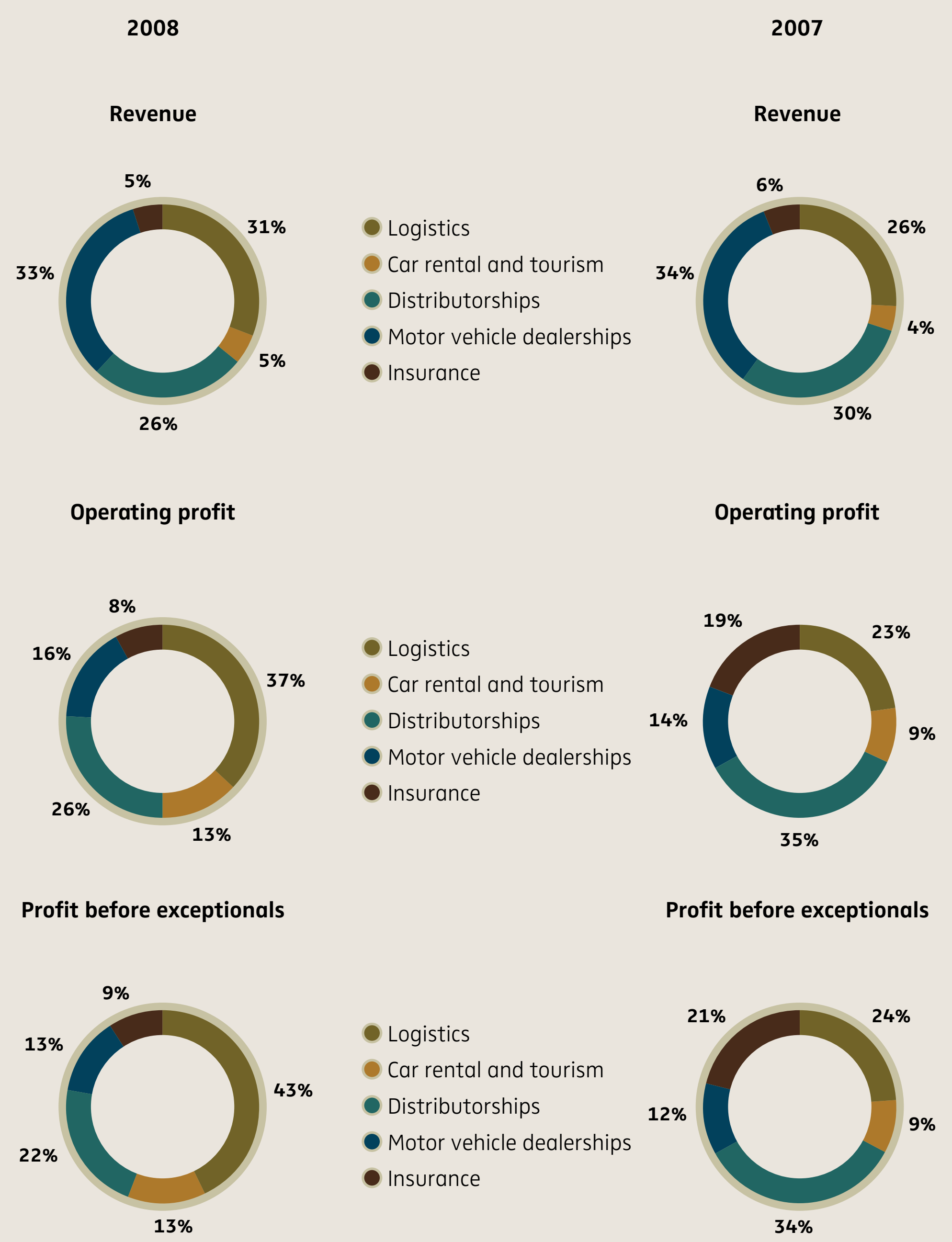
Annual Report 2008

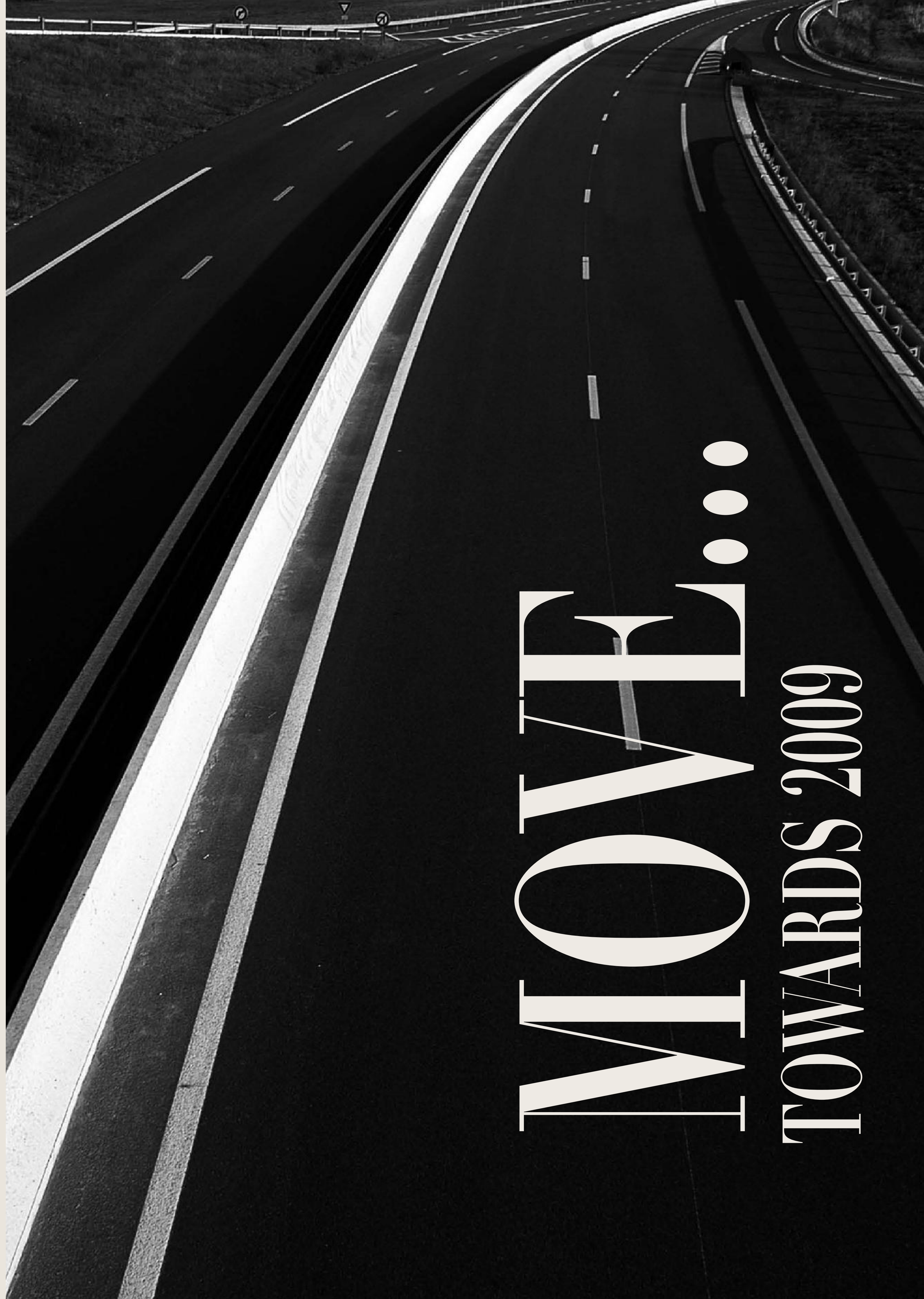
MOVE...

TO A SHARPER FOCUS

Contents

Continuing operations



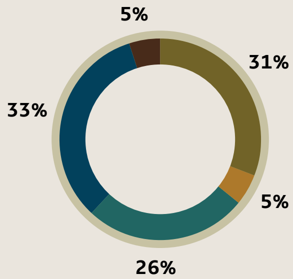


Contents

Continuing operations

2008	2007

Revenue (2008)



- Logistics
- Car rental and tourism
- Distributorships
- Motor vehicle dealerships
- Insurance

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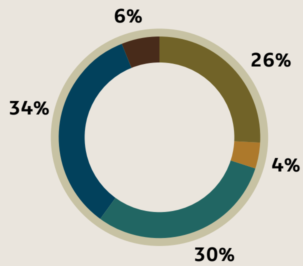
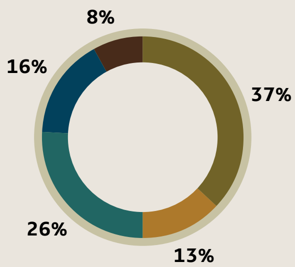


Operating profit (2008)



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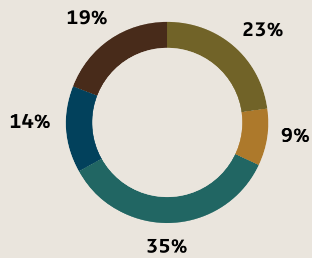
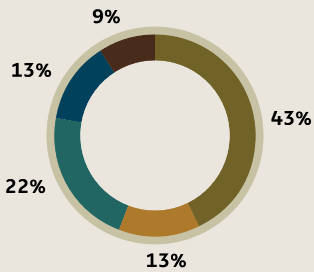


Profit before exceptionals (2008)



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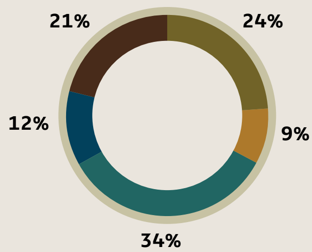


WHEN EXAMINING IMPERIAL TODAY, ONE FINDS A DIVERSIFIED INDUSTRIAL SERVICES GROUP WITH THREE CLEARLY DEFINED CLUSTERS – LOGISTICS, CAR RENTAL AND TOURISM AND VEHICLE RETAILING.

After a year of restructuring and consolidation, these are the areas of Imperial's focus. However, we should not be measured only in terms of what we are today, because we are creating new centres of growth for tomorrow. In keeping with Imperial's history of broadening its horizons into new fields of business, we will continue to pursue opportunities that can be aligned to, and improve our existing operations. Therefore, we believe our future holds more value than our present.


MOVE...
TO GROWING OUR FUTURE

Group at a glance

Logistics

The **southern African logistics** business provides a professional, sophisticated logistics service to the top end of the region's industrial companies. The service spans the entire supply chain from consulting on optimum solutions to the physical execution of logistical services.

Imperial Logistics International is the leading European mover of freight on inland waterways and the transshipment of dry bulk and containerised cargo from the waterways to other modes of transport. It also provides world-class automotive component and spare parts and steel logistics services.

LOGISTICS...

Imperial Logistics is the foremost logistics operation in southern Africa, providing integrated solutions to a diverse range of blue-chip customers. Imperial Logistics International is well established in key sectors in Europe, including steel, oil and chemicals, automotive and paper.

Operating features

- Logistics – domestic and offshore – now a major contributor to group results.
- Revenue growth of 21,4% from southern African logistics underscores the growing importance of service-related and warehousing logistics activities.
- Strong growth in revenue and operating profit from strategically positioned international operations as trade flows across Europe rise.
- Acquisitions in South Africa and Europe strengthened our regional presence and diversified revenue sources.

Outlook Sustainable growth is envisaged for this division based on organic and acquisitive expansion, an extended service offering, particularly at strategic level, and the continued global trend towards outsourcing logistics.

See page 24 for divisional results.

Car rental and tourism

A widely represented car rental service to the corporate, public and leisure sectors, both domestically and from abroad, as well as additional tourism services of coach travel and inbound tour operations.

CAR RENTAL...

With over 130 locations across southern Africa and prime positions at all major airports, Imperial is a strong force in the car rental market, and a leader in the vehicle segment of the fast-growing tourism industry.

Operating features

- Good turnover growth achieved and margins maintained in tough market.
- Operational consolidation of Imperial Car Rental and Europcar complete, rebranding to Europcar under way.
- Tempest refocused as low-cost service provider.
- Fleet size increased by 10%.
- Increased used car sales via AutoPedigree.

Outlook With a simplified structure, leading brands and a comprehensive range of services, the division is well placed to capitalise on growth in tourism and demand for car rental.

See page 28 for divisional results.

Vehicle retailing

The three divisions of distributorships, dealerships and insurance, as well as Imperial Bank, a joint venture with Nedbank, comprise a unique comprehensive motor retail organisation, capturing the entire value chain from the factory gate through to end-user finance. The organisation represents virtually all makes of passenger and commercial vehicles and many motorcycles available in South Africa as distributors or dealers country-wide. Motor specific financial services are offered at the point of sale. The group's insurance companies and bank participate in these services.

DISTRIBUTORSHIPS...

Distributorships

The division imports and distributes passenger cars, light and medium commercial vehicles and motorcycles, representing predominantly Asian and to a lesser extent European manufacturers. It owns the majority of retail dealerships and service centres for these brands, but also supplies a range of independent branded dealerships as distributor. Financial services related to the motor industry are provided through joint ventures. Imperial's remaining aviation interest, National Airways Corporation, and the Autoparts business are reported in this division.

Operating features

- Low consumer demand, particularly for entry-level vehicles, depressed retail unit sales to 17% lower year on year.
- Reduced loss in Australian dealerships, despite subdued market.
- Good performance from aircraft sales activities.

Outlook The value proposition in its portfolio of brands, its product range and the scale of its operations and infrastructure put the division in a strong position to benefit when the economy improves.

See page 30 for divisional results.

MOTOR DEALERSHIPS...

Motor dealerships

Imperial's franchised motor dealerships and used car outlets represent leading vehicle brands with an OEM presence in South Africa. Whilst the core business is selling and servicing motor vehicles, the division has successfully diversified income from secondary sources that provide an important counter-balance to vehicle retail activities.

Operating features

- Turnover maintained through higher truck sales, workshop and parts activities, despite difficult trading conditions.
- Light, medium, heavy and extra heavy commercial vehicle sales up 10% whilst passenger unit sales were down by 22%.
- Medium, heavy and extra heavy truck dealership footprint expanded.

Outlook In addition to streamlining the dealership network, a number of upgrades and relocations are expected to position the division well for an upturn in the motor market.

See page 32 for divisional results.

INSURANCE...

Insurance

The group's niche insurance operations are focused on a range of short-term insurance and life assurance products. These are primarily associated with the automotive market and are sold through motor dealers and on behalf of finance institutions.

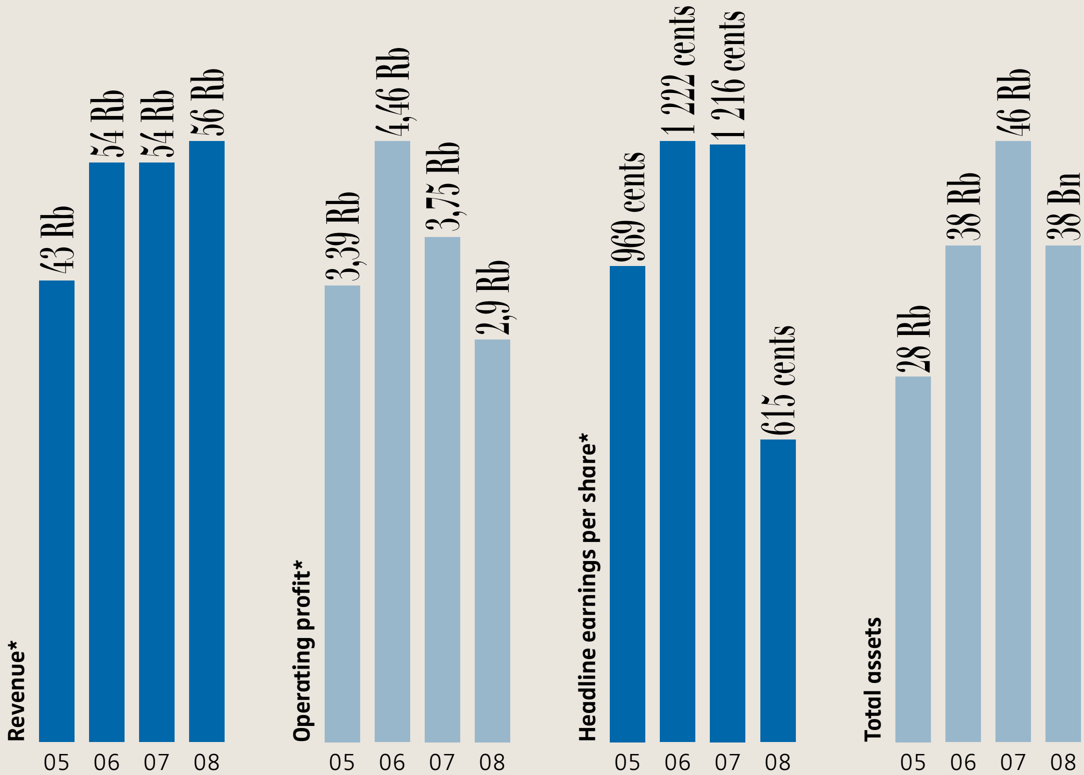
Operating features

- Merger of short-term and life businesses now offers customers a full spectrum of convenient and competitive products through a single team operating on a common platform.
- Overall results sharply down due to lower investment income on equity portfolios and lower underwriting results.
- Premium income was lower and policy lapses higher following new credit legislation.

Outlook With the operations of two insurance companies now merged to offer an integrated insurance service to customers of Imperial and the broader motor industry, the full benefits and synergies are expected in future years.

See page 34 for divisional results.

Financial and operational highlights



2007 and 2008 reflect continuing operations only. 2005 and 2006 include discontinued operations.

Salient features of 2008

- Major restructuring substantially completed
- Significantly strengthened balance sheet
- Revenue from continuing operations up 3% to R56 billion
- Headline earnings per share from continuing operations down 49% to 615 cents
- Lower profits from motor and related operations, but strong performance from logistics in southern Africa and Europe
- Once-off charge of R2,3 billion relating to discontinued operations
- Final dividend of 245 cents per share

Strategies

- Measurement of and focus on the return on invested capital at group, divisional and company level
- Extend the suite of services rendered to logistics clients
- Extend the logistics theme to include asset-light, knowledge-based operations and industrial businesses with strong logistics functions
- Expand the geographic and multi-modal footprint of Imperial Logistics International
- Focus international strategy around existing investments, emphasising logistics and freight operations
- Sharpen the performance of the car rental business in fleet utilisation, brand focus, marketing and yield management
- Cost-efficient management of the motor retail businesses with an extension of non-OEM products
- Strengthen the sustainable profit base of the insurance operations by improving efficiency and products
- Maximise downstream profits from vehicle retailing

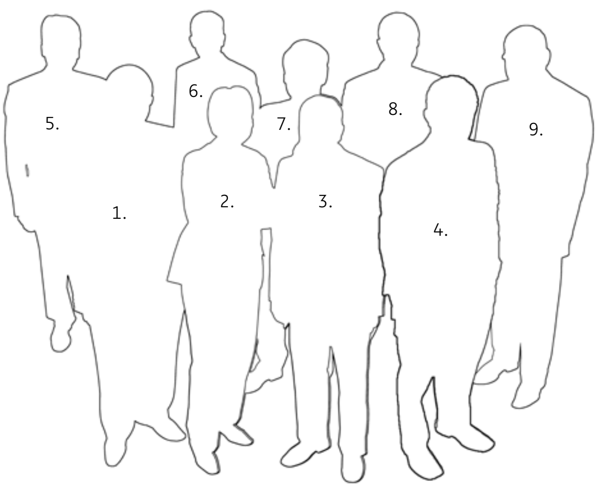
	2008	2007	% change
Revenue (Rm)*	**55 927**	54 451	2,7
Operating profit (Rm)*	**2 992**	3 753	(20)
Profit margin (%)*	**5,3**	6,9	
Profit before tax and exceptional items (Rm)*	**2 113**	3 550	(41)
Headline earnings attributable to shareholders (Rm)*	**1 142**	2 251	(49)
Headline earnings per share (cents)*	**615**	1 216	(49)
Distributions to shareholders (cents)	**245**	560	(56)
Cash generated by operations (Rm)*	**3 633**	4 305	(16)
Return on equity (%)**	**10,3**	20,0	
Total assets (Rm)**	**37 932**	45 534	(17)
Net asset value per share (cents)**	**4 732**	6 223	(24)
Market capitalisation at closing prices (Rm)**	**11 190**	29 661	(62)

**Continuing businesses only.*

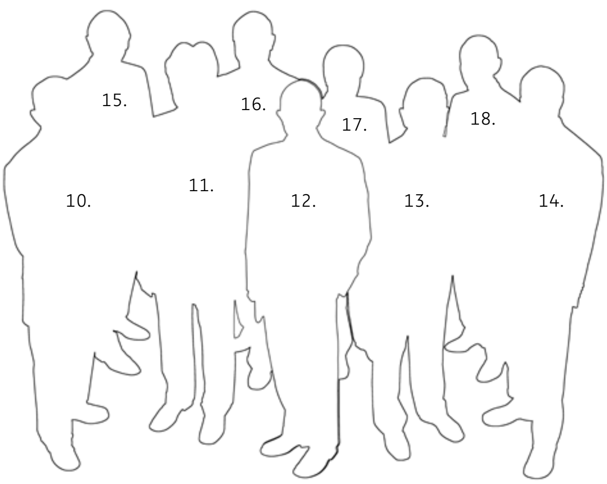
***Impacted by unbundling of Leasing and Capital Equipment division, closure and sale of businesses.*

Directors and executive committee

1. Thulani Gcabashe
2. Phumzile Langeni
3. Hafiz Mahomed
4. Tak Hiemstra
5. Gerhard Riemann
6. Roddy Sparks
7. Hubert Brody
8. Marius Swanepoel
9. Osman Arbee



10. Younaid Waja
11. Oshy Tugendhaft
12. Valli Moosa
13. Roy McAlpine
14. Nazeer Hoosen
15. Schalk Engelbrecht
16. Mike Leeming
17. Max Sisulu
18. Manny de Canha



Directors and executive committee (continued)

Non-executive directors

Thulani Sikhulu Gcabashe (50)*

BA (Botswana), MURP (Ball State Univ, USA)

Thulani is the retired chief executive of Eskom and has subsequently served as a special advisor to the Eskom board. He currently serves as a director of Standard Bank Group, The Standard Bank of South Africa and the National Research Foundation. He is a trustee of the Freedom Park Trust. He was appointed to the board in January 2008 and as chairman in April 2008.

Schalk Engelbrecht (62)*

BSc, MBL, MDP Insead

Schalk is the previous chief executive officer of AECI and is currently a non-executive director of that company. He was appointed chief executive of AECI in 2003, having joined AECI as an executive director in 2002. He was the managing director of Chemical Services (Chemserve) before joining the AECI board. He was appointed to the board in June 2008.

Phumzile Langeni (34)*

BCom (Acc)

Phumzile is the executive chairperson of Afropulse Group, a woman-led Investment, Investor Relations and Corporate Advisory house. She is the economic advisor to the Honourable B P Sonjica, Minister of Minerals and Energy (DME). Phumzile was previously an executive director of junior platinum miner, Anooraq Resources, is an independent non-executive director of Massmart Holdings, Mineworker's Investment Company, Peermont Global and the Port Regulator. She was appointed to the board in June 2004.

Michael John Leeming (64)*

BCom, MCom, FCMA, FIBSA, AMP

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

James Roy McAlpine (67)*

BSc, CA

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

Mohammed Valli Moosa (51)

BSc

Valli is non-executive director of Sanlam, Sun International and Anglo Platinum. He is the executive chairman of Lereko Investments. He is also president of IUCN and serves on the National Executive Committee of the ANC. He is the former chairman of Eskom and he previously served as Minister of Constitutional Development and Minister of Environmental Affairs and Tourism. He was appointed to the board in June 2005.

Max Vuyisile Sisulu (63)

MA, MPA

Max is a prominent public figure and is currently the group general manager of Sasol. He is a non-executive director of African Rainbow minerals and the Resolve group. He is also the non-executive chairperson of Ukhamba Holdings, the group's empowerment partner. He serves on the National Executive Committee of the ANC. He was appointed to the board in March 2004.

Roderick John Alwyn Sparks (49)*

BCom (Hons), CA(SA), MBA

Roddy is a former managing director of Old Mutual South Africa and Old Mutual Life Assurance Company (SA) and former chairperson of Old Mutual Unit Trust, Old Mutual Specialised Finance and Old Mutual Asset Managers (SA). He is a director of Worldwide African Investments and serves on the board of governors of the UCT Graduate School of Business. He was appointed to the board in July 2006.

Ashley (Oshy) Tugendhaft (60)

BA, LLB

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

**Independent in accordance with King II.*

Younaid Waja (56)

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

Younaid is a practising tax and business consultant. He is a director of the Public Investment Corporation Limited (PIC). He also serves on the Boards of Pareto Limited, Blue IQ Investment Holdings, Supplier Park Development Company and Lefatshe Technologies. He is a trustee of the Diabo (Telkom Employees' Share) Trust, a founding member of the Black Business Council and former vice-president of the Association for the Advancement of Black Accountants in Southern Africa (ABASA). He is a former member of the Income Tax Special Court. He is also a former Chairperson of the Public Accountants and Auditors Board. He was appointed to the board in June 2004.

Executive directors

Hubert Rene Brody (44)

BAcc (Hons), CA(SA)

Hubert is the chief executive of Imperial. Hubert joined the group in April 2000 as chief financial officer of Imperial Bank. He was appointed as chief executive of the Motor division in 2003. He joined the executive committee in September 2004 and was appointed to the board in August 2006 and as chief executive on 4 July 2007.

Osman Suluman Arbee (49)

BAcc, CA(SA), HDip Tax

Osman is the CEO of the Car Rental and Tourism division and chairman of the Motor Dealership and Automotive Parts Distribution divisions. He is a director of Distribution and Warehousing Network (DAWN) and Ukhamba Holdings, the group's empowerment partner. He joined the group and the executive committee in September 2004 and was appointed to the board on 4 July 2007.

Manuel Pereira de Canha (58)

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

Recht Louis (Tak) Hiemstra (52)

BCompt (Hons), CA(SA)

Tak is the executive director, strategic development of the group. He is responsible for Strategy, Enterprise and Business Development. He joined the group in 1992 and was appointed to the board in July 1993.

Nazeer Hoosen (44)

BCompt, MBA

Nazeer is the chief executive of Regent Life. He joined the group in November 1996 as financial manager of Regent Life and was appointed to the Regent Life board in 1998 and became the chief executive in June 2002. He was appointed to the executive committee in March 2004 and to the board in July 2007.

Abdul Hafiz Mahomed (57)

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

Hafiz is the deputy chief executive and the group financial director. He joined the group as financial manager in 1982 and was appointed to the board in March 1989.

Gerhard Wessel Riemann (62)

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

Executive committee member

Marius Swanepoel (47)

BCom Acc (Hons)

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

Chairman's report

The review period has undoubtedly been one of the most challenging in recent memory. On top of record fuel prices and the rising cost of living, further interest rate increases eventually had the desired impact: consumer spending slowed sharply during 2008, and the economy lost momentum, particularly in retail-driven sectors. The impact has been felt by all levels of South African society.

Interest rates are not expected to decrease significantly during the new financial year and any positive impact from such relief during the year will most likely be minimal.

The restructuring programme of the past year has achieved all the objectives envisaged. The group's balance sheet is now able to facilitate a renewed expansion drive and provides great resilience in the current challenging trading conditions. Acquisitions and greenfield investments in existing or complementary business operations will be carefully pursued with an emphasis on optimal capital management.

The board recognises that the restructuring of the past year has left the group more exposed to consumer cycles than in the past. We therefore view our logistics businesses, both locally and in Europe, as areas of preferred expansion to enhance the contra-cyclical defensiveness of the group's earnings base. Expansion opportunities in knowledge-based industries which require low capital investment will be emphasised.

Sustainable development

Sustainable development is critical to our future and to our business success. Our vision is to provide transportation that is both sustainable and affordable in every sense of the word: socially, environmentally and economically. In keeping with international standards, we balance the needs of our business and those of our stakeholders with due consideration for this triple bottom line.

Given the role fossil fuel-driven transport, and its environmental impact, plays in our business, our own sustainability depends on the availability of these fuels and fundamentally on the ability to reduce the long-term impact of their use. Important progress in determining the group's carbon footprint and initiatives to reduce this are detailed in our sustainability report contained on our website.

Equally, faced with the global shortage of key skills, during the year, Imperial spent over R70 million (some 700 000 hours) during the year on training and developing in one of our key stakeholder groups – our people. Particularly in South Africa, training and development is just one facet of true economic empowerment. Our transformation initiatives encompass equity ownership and extend to all other areas of the business, from enhancing representation at board level to preferential procurement and enterprise development.

Imperial companies are also active in the communities that provide our employees, nurture our future leaders and buy our products and services. This community investment is determined by an active programme of engagement, aimed at determining real needs and the best ways to meet those needs. This year, we participated in a range of initiatives from innovative lapdesks for school children who were previously without surfaces to write on, to provincial programmes to encourage further learning and to centres caring for orphaned and vulnerable children. Our support is often a combination of financial, expertise and volunteer time.

Corporate governance

Stringent corporate governance remains a core value at Imperial. Board sub-committees are functioning well and governance structures are continually reviewed to ensure that the group is aligned with international best practice.

Thulani S Gcabashe, Chairman

Directorate

The Imperial board now has 17 members, with a good balance between independent directors, non-executives and executive directors. Of the ten non-executive directors, six are independent according to the King II codes of corporate governance.

During the year, we welcomed Schalk Engelbrecht to the Imperial board. As the former chief executive officer of the listed group, AECI Limited, Schalk adds depth and industrial knowledge to our board.

Carol Scott and Phil Erasmus retired as directors during the year. Carol played a key role in the establishments of Imperial Car Rental and developments in that division and in the domestic car rental industry, whilst Phil headed our local transport business for many years. We wish them a long and fulfilling retirement and thank them for their considerable contributions over the years.

Popo Molefe, Veli Mokoena and Walter Hill resigned from the Imperial board to assume positions on the Eqstra board during the year. We wish them every success in their new roles.

Black economic empowerment

Despite the decline in the Imperial share price, the impact on the broad range of beneficiaries of our BEE transaction with Ukhamba Holdings is still very positive. An aggregate sum of approximately R800 million has accrued to previously disadvantaged staff members of the group, both current and former employees. Based on the current share price, benefits to the Lereko Consortium through its 51% shareholding in Lereko Mobility have decreased. However, the transaction still has seven years to run, which leaves the possibility for a recovery of value.

Acknowledgements

The past year has been a testing period for the Imperial group, but one that clearly demonstrated the calibre and commitment of people at every level. On behalf of the board, I thank Hubert Brody and his executive management teams for setting this group so firmly on the path to renewed growth and sound returns.

I also thank my fellow board members whose collective acumen and experience played a valuable role in fine-tuning the strategy that will spearhead future growth.

Regrettably, during the year, Leslie Boyd and Bill Lynch passed away after illnesses. Both gentlemen served the company with distinction over many years and their contributions will be sorely missed.

Bill was responsible for the growth of the group from a small motor dealership to a multinational mobility group.

Thulani S Gcabashe
Chairman
26 August 2008

Leslie Boyd, Chairman from 2001 to 2008

Bill Lynch, CEO from 1987 to 2007


SeaLand


MOVE…
TO A SHARPER STRATEGY

Executive committee

THE RESTRUCTURING PROGRAMME OF THE PAST YEAR HAS ACHIEVED ALL THE OBJECTIVES ENVISAGED. THE GROUP'S BALANCE SHEET IS NOW ABLE TO FACILITATE A RENEWED EXPANSION DRIVE AND PROVIDES GREAT RESILIENCE IN THE CURRENT CHALLENGING TRADING CONDITIONS.

From left: **Hubert Brody, Hafiz Mahomed, Manny de Canha, Tak Hiemstra, Nazeer Hoosen, Osman Arbee and Marius Swanepoel**

Chief executive officer's report

Results for the 12 months to 30 June 2008 were the weakest in the group's history. Trading in vehicle retailing operations was very soft due to the consumer-driven parts of the economy being under significant pressure. On the other hand, our logistics organisations in southern Africa and Europe demonstrated great momentum and flexibility. The benefits of fundamental improvements to our business made during the period, detailed below under strategic restructuring, are already emerging. These benefits currently provide resilience against tough conditions and will become even more apparent when the economy improves.

Performance

The operating environment outlined by the chairman affected both our distributorships and motor dealerships, with new vehicle retail volumes in southern Africa 17% lower year-on-year at 81 744 units. Our retail used car sales amounted to 63 785 units which has been surprisingly resilient. Including retail sales at our international dealerships and wholesale sales of new vehicles by Associated Motor Holdings we sold 174 959 vehicles in total during 2008. This excludes a further 33 646 used vehicles sold to the trade which are normally sold at cost. Overall, we are satisfied with the margins achieved in our motor retail businesses in these conditions.

Our insurance companies not only had to contend with low vehicle sales, but were also badly affected by weak equity markets, with negligible growth in investment portfolios year-on-year, a tough underwriting cycle and the continued impact of new credit legislation which resulted in the lapse ratio being higher than expected. The investigation by the Life Offices Association and Financial Services Board into our previous practices in the credit life insurance industry is complete. Credit insurance remains a very important investment for households and Imperial has made the required compliance changes to its sales and disclosure practices.

All our other continuing businesses performed well during the review period. Our logistics operations in South Africa proved both their resilience and the quality of their management teams, and excellent results from our European operations are testimony to the visionary investments in Germany a number of years ago. Car rental operations recorded a commendable performance despite a challenging used vehicle market and good progress has been made in the merger of Imperial Car Rental and Europcar. Tempest, which pioneered low-cost car rental in South Africa, will have a much sharper focus on the direct market in future.

Hubert Brody, Chief executive officer

Overview of results

The effects of essential restructuring to strengthen the balance sheet, coupled with the downturn in the consumer economy, caused a sharp decline in profits and a reduction in shareholders' funds.

The group returned a loss attributable to Imperial shareholders of R870 million after exceptional losses of R2,3 billion, primarily on the sale of the aviation operations and Multipart, the UK parts distributor, and the closure of CVH, the truck assembly and distribution business. Continuing operations achieved headline earnings of R1 142 million which is 49% down on last year, and headline earnings per share of 615 cents, also 49% down.

Chief executive officer's report (continued)

Net interest-bearing debt (excluding preference shares) at R8,5 billion is now significantly lower than the R14,7 billion at December 2007 and R11,1 billion a year ago. Gearing (net interest-bearing debt/shareholders' funds) now stands at 81% against 119% at the half-year and 82% in June 2007. The unbundling of the leasing and capital equipment division as Eqstra Holdings Limited (Eqstra) resulted in a R5 billion reduction in interest-bearing debt at Imperial. A further R1 067 million is due to be received in September from the sale of Tourvest, on which a profit of approximately R480 million will be realised. In addition R500 million is expected to be received on the completion of the sale of the aviation business.

In line with the group's normal dividend policy, a dividend of 245 cents per share has been declared, after the interim ordinary dividend was passed because the restructuring process was in its early stages.

Strategic restructuring

In a strategic restructuring of the group, major initiatives completed during the review period included the following:

- In May, the leasing and capital equipment division was unbundled to shareholders. Eqstra was separately listed on the JSE, which has unlocked value for shareholders, strengthened Imperial's balance sheet and released capital for expansion. We believe that the separate focus and balance sheet requirements of the business will be better served by this separation into an independent listed company.
- We sold our entire shareholding in Tourvest to improve the group's strategic alignment, resulting in an exceptional capital profit of approximately R480 million to deploy in our core business. This profit will be realised during the 2009 financial year.
- We concluded the sale of our South African and Ireland-based aviation businesses in two separate transactions. We suffered significant losses as these assets were difficult for potential acquirers to fund, given their age and condition. In addition, the recent weakening of the global aviation industry made this sale particularly difficult, and there were few potential buyers in South Africa and foreign buyers had to discount their price for uncertainties in local markets. Certain conditions precedent still apply to the sale of our South African aviation business.
- We closed the commercial vehicle distribution business, CVH, and terminated distributorship agreements with suppliers. Ongoing losses were due to long lead times for orders which led to excessive stock holdings and a constrained working capital cycle, exacerbated by foreign exchange risk and low margins. Since the discontinuation of the business, truck inventories have been reduced by 50%.
- We sold the parts distribution business, Multipart, in the United Kingdom, due to its disappointing performance in gaining new contracts and the recent loss of a significant outsourcing contract with an original equipment manufacturer.
- We announced and implemented the merger of our life and short-term insurance businesses to achieve better operational efficiencies in focusing on our selected target markets.
- We sold 65% of Imperial Re to a New York-listed reinsurance group, Flagstone Re, as a springboard for strengthening the business.
- We merged Europcar and Imperial Car Rental to ensure long-term sustainability with a stronger international presence. Rebranding is currently under way.
- We reviewed our motor dealership footprint and closed or sold 21 outlets – including 10 new vehicle dealerships – making this business more able to withstand adverse economic conditions.

The financial aspects of the most significant of these transactions are detailed in the financial director's report. In summary, our rationale for unbundling Eqstra and disposing of aviation reflected our desire to exit quasi-banking activities, achieve appropriate returns on capital and deploy our capital more effectively.

As a result of these decisive actions, Imperial's balance sheet has been considerably strengthened and net debt reduced by 42% since the interim stage. In the prevailing economic environment, reducing debt is both prudent and strategically sound. It also gives Imperial the financial strength for cost-effective acquisitions.

Group focus

Following our restructuring, Imperial is a group with substantial scale in long-term, sustainable sectors of the South African economy, weighted towards the transport needs of individuals and businesses.

Each of the pillars supporting our refined strategy meets the stringent criteria set for our group in terms of capital discipline, returns and development potential.

- **Industrial focus through logistics.** In South Africa, logistics accounts for almost 16% of GDP and is growing steadily, whilst in Europe it is a €900-billion market, over 20% of which is generated in Germany.

  Logistics deals with the physical storage and movement of goods – an activity that can benefit from, but not be replaced by, technological advances. Technology and globalisation fuel domestic and international trade, placing rising demands on the physical handling and transport of material.

  It is in this space where our southern African and European logistics businesses will expand with their comprehensive product offerings, advanced skills, scale and geographic reach.

- **Car rental and tourism.** The car rental industry is central to increasing economic activity in South Africa, as it is currently driven by infrastructure development and increased internationalisation. Tourism before and after the 2010 FIFA World Cup will be an important driver of growth in travel.

  The rebranding of our car rental business, the focus of Tempest in a niche market and the group's knowledge and experience in the tourism industry will position it well to capitalise on this growth.

  The tourism industry accounted for over 8% of GDP in 2007 and is growing strongly, offering excellent returns on capital. Tourism, including business-related travel in and to South Africa has demonstrated robust growth over the recent past despite a general economic downturn.

- **Consumer focus through vehicle importation, retailing and related financial services.** Despite strong growth in the South African vehicle market since 2002, which is currently consolidating under higher interest rates, this market is still not saturated. Long distances and an increasingly aspirational rising middle class will support demand for private vehicle ownership in South Africa. Lower sales over the past year were often due to vehicle replacements being delayed which cannot be postponed indefinitely.

  With our comprehensive presence in this industry – from the optimum sourcing of vehicles to dealerships, trade and repair, and financial services – we have a robust formula and are well placed to benefit from an upturn.

Today, Imperial holds market-leading positions in industries recording structural growth, albeit cyclical in some instances. Collectively they provide strong platforms with significant annuity income streams and with Imperial's proven entrepreneurial culture it will drive the next growth phase.

Chief executive officer's report (continued)

Expansion during the year

In line with our streamlined focus, acquisitions and expansions were concentrated in our logistics businesses during the year.

- Imperial Logistics International further strengthened its position in intermodal transport activities in Germany's Ruhr district and grew its waterway and specialised road transport fleet. These acquisitions are detailed in the divisional review. Increased container and bulk handling space was obtained in the Ruhr district which accounts for 70% of Germany's container handling traffic. Further expansion will occur next year in a new short sea container terminal in Duisburg and through recommissioning a container terminal in the port of Krefeld, south of Duisburg.
- Subsequent to the year-end, we finalised the acquisition of Hansmann, an automotive logistics group active in Wolfsburg, and Multinaut Donaulogistik, a waterway charter company active in Austria, which gives us access to waterway traffic along the Danube River and through to the Black Sea.
- In South Africa, the logistics division acquired a 51% interest in Volition, a logistics and process consultancy business, demonstrating our desire to invest in asset-light businesses with higher returns. The competition authorities also recently approved the acquisition of RP Logistix, a long-distance transport group based in the Western Cape.
- In the motor dealerships division, a new Mercedes-Benz Lifestyle Centre was opened in Bedfordview and a MAN truck dealership acquired in Johannesburg, strengthening the range of commercial vehicles on offer from our group.

Skills development, health and social investment

During the prior year, our board approved a R100-million investment over five years in skills development and training, including the establishment of an internal leadership academy. A programme of executive training was launched during the year, using self-development forums to create entrepreneurial leaders as opposed to managers. As part of the R100-million investment, a motor apprentice training centre was established in Cape Town and a new training facility is being built in Germiston. These initiatives augment an extensive range of training programmes at various levels throughout the group with a particular emphasis on people from previously disadvantaged groups.

For a group such as Imperial, driven by entrepreneurial flair and an owner-manager culture, developing the pool of skills within our businesses and fostering a sense of ownership are pivotal components of our growth strategy.

During the year, the group continued its active financial and practical support of a number of schools in poor areas of the Gauteng province. There is also a continued focus on the health of our staff, with particular emphasis on truck drivers. Vehicle accidents and deaths in service of the group are thoroughly investigated and active training takes place to minimise such incidents as far as possible.

Appreciation

The performance of Imperial's 42 000-strong workforce during arguably the most difficult year in our history has been inspiring and demonstrates the strong fabric of the people in our group.

We are also grateful for the steady support of our suppliers, customers, partners and the public sector, and the insight and counsel of our board members.

We pay tribute to two men who contributed so much to our group over the years – former CEO, Bill Lynch and former chairman, Leslie Boyd – and mourn their passing with their families and friends. It was a privilege to work with Bill and Leslie and to learn from their wise counsel.

Prospects

We expect low consumer spending to continue for most of our 2009 financial year, causing our motor retail and ancillary businesses to remain under severe pressure, as they were for the past financial year. These conditions affect our dealerships, distributorships, insurance, banking and, partially, our car rental business. The car rental division will, however, benefit from the Europcar merger and brand refocusing.

Whilst it is not immune to the current economic slowdown, logistics in southern Africa is better able to maintain margins and volumes through its broad base of customers and will benefit from improved operational efficiencies. The European logistics business will find it more difficult to grow from a current high base, particularly as the global economy is slowing, but the benefits of recent prudent organic and acquisitive expansion should be evident.

The benefits of the past year's restructuring should begin to emerge as group debt is reduced and the underperforming commercial vehicle and aviation businesses have been closed, sold or are in the process of being sold.

Overall, we expect performance in the year ahead to remain weak as long as consumer-driven economic growth in South Africa is under strain.

Hubert Brody
Chief executive officer
26 August 2008


MOVE...
TO OPERATIONAL SUCCESS

Logistics Divisional review

"Our reputation is founded on developing intelligent and tailored solutions for our diversified blue-chip customers by leveraging processes, people, technology and infrastructure. We value the strength of our strategic partnerships and alliances . Our track record is underpinned by our ability to determine the correct operating model, and implementing the agreed solutions effectively and timeously."

Marius Swanepoel, Chief executive officer
of southern Africa Logistics operations.

"The trade flows across Europe present us with significant opportunities for growth, given that the volume of goods traffic in the European Union – with its 27 member states – is forecast to increase by 60% to 2020. The ongoing expansion of the EU since the 1990's has turned Germany into the hub for trade and logistics in central Europe, presenting huge growth potential in inland shipping and terminal handling for a logistics provider such as Imperial."

Gerhard Riemann, Chief executive officer
of Imperial Logistics International.

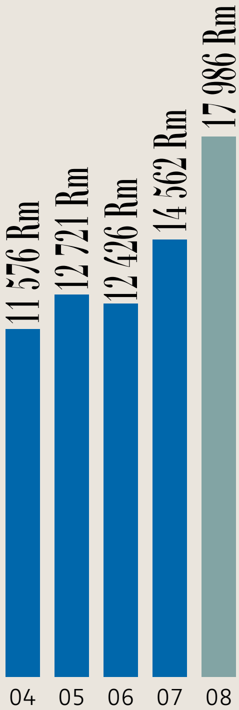
- Important counter-balance to cyclical operations with compound annual growth rate of 19% from 1996 to 2008.
- Active in almost every industry, serving blue chip customers across a wide range of different market segments.
- Leading logistics and supply chain management operation in southern Africa.
- Leading inland waterway shipping company in Europe, with 19 subsidiaries.
- Largest container-handling depots in Germany's Ruhr district.

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

Performance drivers
- New business gains
- Price escalations
- Customer success
- Cost control
- Asset utilisation

Risks
- Slower economic growth in South Africa and Europe
- A strong rand
- HIV/Aids

Strategies
- Integrated, value-adding solutions
- Combine our global logistics interests
- Focus on outsourcing opportunities
- Multi-modal solutions
- Growth, with an asset-light emphasis



Revenue

31%
Revenue

37%
Operating profit

43%
Profit before exceptionals

Divisional contribution

	2008 Rm	2007 Rm	% Change
Revenue	**17 986**	14 562	24
Operating profit	**1 102**	869	27
Net financing cost	**(130)**	(60)	117
Profit before exceptional items	**1 000**	820	22
Operating assets	**10 456**	8 470	23
Non-interest-bearing liabilities	**4 394**	3 720	18
Capital expenditure	**1 371**	1 031	33
Operating margin	**6,1%**	6,0	
Employees	**18 863**	15 930	18

Divisional review

Imperial's logistics operations form a major contributor to group results, through value-added services, a geographically diversified income stream and synergies within the group.

The logistics division comprises two distinct businesses – Imperial Logistics southern Africa and Imperial Logistics International – with different markets and different business drivers.

Common to both, however, is an approach that goes beyond transport and warehousing. By adding value, improving service, reducing cost, understanding customers' operations and exceeding their individual supply chain requirements, the Imperial companies have become strategic supply chain partners to their client base. Their respective specialisation in specific supply chains is expected to underpin growth into new markets. In Europe, Imperial Logistics International occupies key positions in inland ports which combine with its leadership in inland waterway shipping to ensure long-term strength in the heart of the European freight industry.

At industry level, Imperial Logistics southern Africa continues to invest in developing partnerships with companies and institutions dedicated to developing intelligent logistics and supply chain solutions, including Cardiff University in the UK and the CSIR (Council for Scientific and Industrial Research) in South Africa. Recently, Imperial Logistics concluded a unique partnership with i2 Technologies, a pre-eminent multinational provider of advanced supply chain technology, which will give Imperial customers access to on-demand solutions through a hosted managed service.

During the review period, the logistics division contributed 31% of group revenue and 37% of operating profit, both significantly ahead of prior-year results. Sustainable growth is envisaged for this division based on organic expansion, an extended service offering – particularly at strategic level, and the continued global trend towards outsourcing of logistics.

Despite the tough trading conditions, the logistics division continued with strategic acquisitions that have added bulk handling capabilities and further sophistication to the division.

Imperial Logistics Southern Africa

In southern Africa, Imperial's logistics business operates in four focused groups servicing different niche markets:

- Imperial Logistics Consumer Products focuses on the fast-moving consumer goods (FMCG) and the retail industry. It offers an integrated supply chain solution to a wide range of FMCG companies, as well as the agriculture and furniture industries.
- Imperial Logistics Transport and Warehousing focuses mainly on the automotive, construction, lubricants, mining, packaging, paper and glass industries. It delivers complete logistics and supply chain services throughout South Africa and in neighbouring countries.
- Imperial Logistics Specialised Freight operates a fleet of tankers under well-known brand names such as Tanker Services, focused on the food, chemicals, fuels and gas, construction and mining industries.
- Megafreight is a service extension to the division's core business, offering world-class freight forwarding and clearing solutions, supported by an electronic data interchange system.

Managing the largest logistics operation in southern Africa requires sophisticated and integrated support services. Imperial Logistics has a suite of companies offering related services, including dedicated information technology solutions, supply chain management expertise, freight forwarding and clearing, bulk fuel procurement, in-house insurance and anti-theft and tracking services.

During the review period, Imperial Logistics southern Africa acquired Volition Consulting Services, a knowledge-based business focused on supply chain engineering, procurement and planning solutions. This will enhance the depth of divisional skills and extend the range of value-added services offered to customers.

Results

Imperial Logistics southern Africa returned a very satisfactory performance despite the impacts of high fuel costs on margins and lower consumer spending affecting volumes in the fast-moving consumer goods (FMCG) segment of the business. Revenue growth of 21% was boosted by the diesel price which increased by more than 76% over the year and has been largely recovered from customers.

The division had some underperforming companies and contracts in certain businesses, which led to appropriate corrective actions and the sale of the assets of Forecourt Express, the motor vehicle transport group that served the local original equipment manufacturers. However, this was counteracted by a number of businesses that performed better than expected.

The division generated good cash flow, after net capital expenditure of R625 million. During the period, the capitalisation of the group's divisions was aligned between divisions and head office, leading to increased debt.

Imperial Logistics International

Imperial Logistics International is well established in key sectors in Europe, including steel, oil/chemical, automotive and paper. The business comprises four operating units:

- Panopa Logistik – a leading logistics service provider in the steel, paper and automotive industries.
- Neska – a major multi-modal operator of inland port terminals along the Rhine River, specialising in handling, storage and transport of containerised and bulk cargo. Neska controls some of the largest container handling and warehousing facilities in Germany for bulk products such as coal, iron ore and ferroalloys.
- Imperial Reederei – the leading inland waterway shipping company in Europe for dry and liquid bulk commodities. It is involved in transport of dry and liquid bulk goods and general cargo on inland waterway ships and barges.
- Brouwer Shipping (30% shareholding) – operates through a global network of long-standing relationships focused on ocean time charters and transporting bulk cargo.

During the period, to strengthen its presence in key industrial sectors in Europe, Imperial Logistics International acquired Laabs and Foodtankers, respectively German and Swedish transporters of liquid food and chemicals. Foodtankers, with subsidiaries in Hungary, Poland and the Netherlands, together with Laabs, gives Imperial a significant position in the European market for transporting liquid food. It further acquired Rijnaarde – a Dutch inland waterway charterer, Maxx Thiebaut – a Belgian inland waterway company, and Danes – a regional container trucking company that supports the container terminals of the Neska Group. Lastly, as short sea shipping is expected to be the fastest-growing sector in transport in the next decade, Imperial acquired Amadeus, a German short sea broker.

Subsequent to year-end, we finalised the acquisition of Hansmann, an automotive logistics group active in Wolfsburg and Multinaut Donaulogistik, a waterway transport company based in Austria, which gives us access to waterway traffic along the Danube River to the Black Sea.

Results

Imperial Logistics International experienced favourable economic conditions in its markets. The reporting period for most of the companies spanned 13 months with the change in the year-end from May to June. Revenue grew by 26% to R8,3 billion (10% in euros). The container terminals on the Rhine increased revenue significantly, as did Panopa Logistics.

Operating profit grew strongly by 58% to R396 million (42% in euros), although fuel cost increases could not be fully passed on to customers and affected margins slightly. Inland waterway shipping in Imperial Reederei and container and bulk terminals in Neska performed very well. The terminals operated at full capacity. Significant capacity is being added with the objective of doubling container handling to 2 million TEUs (twenty-foot equivalent units) per year by 2012. Currently any excess demand on our inland waterways fleet is dealt with through chartering vessels. Over the long-term if the demand is seen as being sustainable our fleet will be expanded.

Panopa Logistics also performed well despite staff cost pressures in the supply chain contract in Poland where Panopa runs its largest branch. Gilhuber has been returned to profitability through decisive management action and we have disposed of or closed a number of small unsuccessful businesses.

Car rental and tourism Divisional review

"The simplified structure of the division, with the merger of the Imperial Car Rental and Europcar back offices and fleets, the phased rebranding to Europcar and refocusing of Tempest as a low-cost service provider will ensure maximum utilisation and returns."

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

- Imperial is a leader in the vehicle segment of the tourism industry, which accounted for over 8% of GDP in 2007, and grew by R22 billion between 2006 and 2007.
- Its fleet averaged 15 400 vehicles for hire, worth R1,2 billion.
- Corporate, government and international sectors account for 75% of the car rental customer base.
- It is the largest provider of coaches to the South African tourism industry, and operates in eight African countries.

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

Performance drivers
- Higher volumes through a fixed cost base
- Pricing
- Cost control and efficiencies
- State of the used car market

Risks
- Pricing policies in the car rental industry
- Crime
- Used car prices
- International travel
- Exchange rates

Strategies
- Acquisitions in niche markets
- Efficiency and process improvements
- Regional growth by appointing agents

Revenue

5%
Revenue

13%
Operating profit

13%
Profit before exceptionals

Divisional contribution

	2008 Rm	2007 Rm	% Change
Revenue	**2 712**	2 258	20
Operating profit	**370**	344	8
Net financing cost	**(70)**	(45)	56
Profit before exceptional items	**301**	299	1
Operating assets	**2 051**	1 667	23
Non-interest-bearing liabilities	**356**	291	22
Capital expenditure	**1 349**	1 127	20
Operating margin	**14%**	15%	
Employees	**2 654**	2 640	1

Divisional review

Imperial is a strong force in the car rental market, with over 130 locations across southern Africa and prime positions at all major airports. All airport contracts were successfully renewed in 2008 for a further five years.

Following the earlier conclusion of a long-term agreement with Europcar for the southern Africa franchise, the back-office operations of Imperial Car Rental and Europcar were merged during the year with significant savings and efficiency improvements. Supported by extensive research and infrastructural investment, the Imperial and Europcar brands are being merged in southern Africa to maximise synergies, entrench global best practices and capitalise on the global reach of the Europcar brand. We also secured exclusive inbound/outbound referral agreements with National and Alamo, which offers access to their respective global customer bases and global airline partnerships.

The pioneer of low-cost car rental in South Africa, Tempest Car Hire, has become a trusted brand with an innovative business model. Going forward, Tempest will contain costs by operating older yet totally dependable vehicles and limit its vehicle range and locations, ensuring optimum use of assets. Its 37 strong branch network is complemented by growing use of the internet reservation system, and alliances with low-cost airlines. By mutual consent, the Sixt franchise agreement was terminated which will further enable the business to focus on the low-cost segment.

Auto Pedigree is the largest used car dealer network in South Africa, with 68 branches. The strategy of the group is to dispose of the majority of vehicles from its car rental fleet into the retail market through this business. The wisdom of this strategy was proven through the ability of the business to dispose of 22% more vehicles during the tough year of trading in the used car market. By offering affordable low-mileage vehicles and value-added related services – such as online finance and insurance, Auto Pedigree has become a trusted consumer brand.

Our wholly owned tourism businesses include Springbok Atlas, an inbound tour operator with 130 luxury coaches and smaller, more versatile vehicles, as well as several niche and vehicle-based tour operations in southern Africa, including the Maui Britz franchise that rents out camper homes and 4x4 vehicles.

Other divisional businesses include Holiday Autos, Grosvenor Tours, panel shops and chauffeur services.

Results

Good turnover growth was achieved, mainly due to higher growth in the lower-margin used car segment of the division which outpaced rental growth. However, margins in both segments were satisfactory.

The operational consolidation of Imperial Car Rental and Europcar is now complete and a significant investment has been made in the rebranding from Imperial to Europcar, which has been largely absorbed in these results.

Operationally, the average fleet size increased by 10% and utilisation reduced slightly, whilst accident-repair costs and theft losses increased by more than the fleet size. Despite tough used vehicle trading conditions, AutoPedigree performed well.

The tourism assets performed well but results were affected by closure costs of certain small unprofitable operations.

Distributorships Divisional review

"Despite the decline and tough market of the past year, this year's motor market in South Africa will be roughly double its levels of eight years ago. The market is also much bigger in terms of manufacturers and the variety of models and model derivatives. Competition is therefore much more intense, which affirms our strategy of owning the distribution chain, including a significant part of the related financial services and aftermarket activities."

Manny de Canha, Chief executive officer of Associated Motor Holdings.

Left: **Daan van der Linde,** Chief executive officer of the Imperial Parts division.

Right: **Martin Banner,** Chief executive officer of NAC.

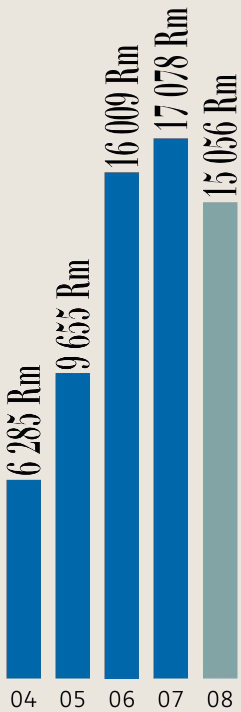
- Many brands, now an integral part of the choices available to consumers, were launched in this country by Imperial.
- Well positioned in a cyclical sector through a full-service offering and ancillary services, such as insurance and finance.

Macro drivers
- Economic growth
- Interest rates
- New consumers
- Currency movements
- Regulatory landscape

Performance drivers
- New vehicle sales
- Cost containment and overhead absorption
- Sale of value-added products
- Working capital management
- Volume throughput
- Gross margin management

Risks
- Interest rate increases
- Exchange rate volatility
- Renewal of long-term distribution agreements

Strategies
- Expand value-added product sales and downstream profit opportunities
- Improve customer satisfaction
- Building vehicle parque in brands
- Maintaining good relations with suppliers



Revenue

26%
Revenue

26%
Operating profit

22%
Profit before exceptionals

Divisional contribution

	2008 Rm	2007 Rm	% Change
Revenue	**15 056**	17 078	(12)
Operating profit	**751**	1 526	(51)
Net financing cost	**(186)**	(153)	22
Profit before exceptional items	**514**	1 376	(63)
Operating assets	**7 061**	6 672	6
Non-interest-bearing liabilities	**2 424**	2 599	(7)
Capital expenditure	**1 219**	1 242	(2)
Operating margin	**5%**	9%	
Employees	**6 137**	6 070	1

Divisional review

Associated Motor Holdings imports and distributes passenger cars, light and medium commercial vehicles and motorcycles, representing predominantly Asian and to a lesser extent European manufacturers. It owns the majority of retail dealerships and service centres for these brands, but also supplies a range of independent branded dealerships as distributor. It also has joint ventures with financial services providers to the motor industry.

These brands are well accepted in the market with a good demand in the used car market.

Its 49% equity-accounted interest in Renault SA has been problematic in recent years, but corrective actions are being implemented. A further commitment has now been made to the partnership with Renault of France on a limited-risk basis and AMH's management influence has been extended. Prospects for an improved performance from Renault SA have been enhanced by the recent announcement by Renault France and Nissan to invest R1 billion in shared local assembly, which will see the introduction of several attractive new models.

The division also owns six Ford and one Mitsubishi dealership in Sydney, Australia.

Following the discontinuation of the aviation division and the conditional disposal of the majority of the assets of Safair, the business of National Airways Corporation (NAC) is now reported in the distributorships division. NAC is the leading aircraft sales organisation in the African general aviation market, with distribution rights for Bell and Robinson helicopters and Beechcraft, Hawker, Diamond and Tecnam fixed-wing aircraft. NAC owns and operates 43 Air School, the largest pilot training school in the southern hemisphere with bases in Port Alfred and Bisho, and undertakes contract and charter flying to many African destinations.

The automotive parts distribution operation within the division supplies generic and original automotive and engine parts through Imperial Autoparts, Alert Engine Parts, and Mikar. This business is still in the developmental phase and recorded a loss for the review period. However, following a strategic restructuring, the directors believe that the right management and infrastructure is now in place for sustainable growth. During the year, we acquired Engineparts, a specialist supplier which trades out of Bloemfontein.

The South African vehicle market has recorded exponential growth in recent years. Since 2002, the market has more than doubled, reaching a peak in 2006. Even at lower 2008 levels, this market is considerably larger than it was in the early years of the decade, reflecting growing wealth among the working population as the country's demographics change.

We believe the current period of weakness was inevitable when interest rates rose and rendered vehicles less affordable. Steep increases in other consumable items aggravated the problem as disposable income of consumers in our traditional market segments was significantly affected.

Results

AMH had a difficult year due to low consumer demand for motor vehicles. Retail unit sales were 18% lower than last year as entry-level dealership sales – where AMH is strong – were worst affected by the vehicle sales slowdown. With a high fixed-cost component and a weaker rand against its suppliers' currencies, margins were down as fully compensating price increases could not be achieved. As the dealer base in AMH is still being developed and comprises mostly cost-effective multi-franchise operations, no dealerships were closed in response to lower vehicle demand. Trading in the Australian dealerships was also subdued, but the loss before tax was reduced from AU$5,6 million to AU$3,4 million.

The business model as it relates to our inventory profile in the auto parts business was revised and a loss was incurred following inventory write downs predominantly in general spares and accessory lines.

NAC showed good improvement in margins and profit before and after interest. Strong growth in aircraft sales in South Africa was achieved with over 100 units sold. With expanded facilities at Bisho airport, 43 Air School, made an important contribution as did fixed-wing and helicopter charter divisions.

Motor dealerships Divisional review

"Our dealerships performed really well in a challenging market, achieving margins at the upper end of our expectations. This is due to a robust performance from our commercial vehicle sales, maintenance and contributions from our non-OEM businesses most notably Beekman Canopies and Jurgens."

Philip Michaux, Chief executive officer of motor dealerships.

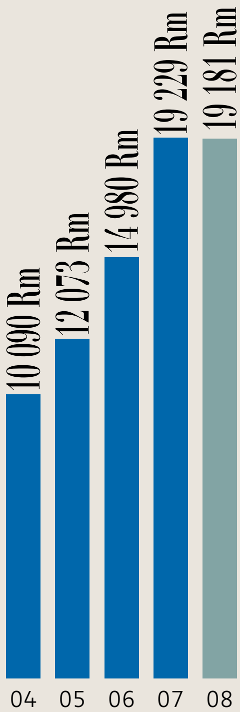
- Represents all major original equipment manufacturers in South Africa, with 101 dealerships in South Africa. In addition there are 24 commercial vehicle dealerships in the United Kingdom and 4 Nissan dealerships in Sweden.
- Outperformed industry in current depressed new vehicle market.
- Used car sales began to slow towards the latter part of the financial year and was affected by closure of outlets.

Macro drivers
- Economic growth
- Interest rates
- Consumer confidence
- Foreign exchange rates
- OEM performance
- Regulatory landscape

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

Risks
- Ability to source and retain skilled individuals
- Exchange rates
- Market exposure to interest rates

Strategies
- Expand used vehicle sales
- Improve customer satisfaction
- Maintaining good relations with our suppliers and customers



Revenue

33%
Revenue

16%
Operating profit

13%
Profit before exceptionals

Divisional contribution

	2008 Rm	2007 Rm	% Change
Revenue	**19 181**	19 229	0
Operating profit	**470**	524	(10)
Net financing cost	**(170)**	(125)	36
Profit before exceptional items	**293**	399	(27)
Operating assets	**5 201**	4 948	5
Non-interest-bearing borrowings	**1 777**	2 263	(21)
Capital expenditure	**505**	501	1
Operating margin	**2%**	3%	
Employees	**7 744**	7 743	0

Divisional review

Imperial's franchised motor dealerships and used car outlets represent leading vehicle brands that have an OEM presence in South Africa. The core business is selling and servicing passenger and commercial vehicles.

The spread of brands includes Alfa, Audi, BMW, Cadillac, Chevrolet, Chrysler, Dodge, Fiat, Ford, Freightliner, Fuso, Hino, Hummer, International, Honda, Isuzu, Iveco, Jaguar, Land Rover, Lexus, Mazda, MAN, Mercedes-Benz, Mini, Mitsubishi, Nissan, Nissan Diesel, Opel, Saab, Seat, Toyota, Volkswagen and Volvo.

In the United Kingdom, we retail DAF, Man, LDV, Isuzu, Renault/Fiat and Hino commercial vehicles. In Sweden we have four dealerships retailing Nissan vehicles.

Against unprecedented competition in the vehicle market given the number of new entrants and a plethora of consumer choices, the motor dealerships business has successfully diversified its income from secondary sources. Beekman Canopies was acquired in 2006 and Jurgens Caravans in 2007. These businesses provide some counter-balance to cyclical vehicle retail operations and are excellent examples of leveraging the dealer network to enhance their competitiveness.

To mitigate the combined effect of new credit legislation, high interest rates, and slowing consumer spending with a concomitant extension of service intervals, strong action was taken during the review period. Eight new and eleven used car dealerships were closed and two were sold. This has streamlined the business and positioned it well for the expected cyclical recovery. Evidence of this upturn is not yet apparent, but is expected to emerge as the interest rate cycle starts turning down.

The division expanded its medium, heavy and extra heavy truck dealership footprint during the year by acquiring a MAN dealership as well as a flagship International dealer which was taken over from Commercial Vehicle Holdings.

Results

As in all our motor and related businesses, trading was difficult, although turnover was maintained through higher truck sales and workshop and parts activities. Whilst the division benefited from profits on the disposal of properties, it was gratifying to see operating margins in extremely tough conditions at 2,2% net of profits on these disposals. The strategy of diversification into non-OEM products such as canopies and caravans has clearly paid off.

Since 2006, the composition of the division's revenue between sales of new passenger and commercial vehicles has changed from 66% and 34% respectively between passenger and commercial to 48% and 52% in 2008. This is partly due to the outperformance of commercial vehicle sales against passenger vehicle sales.

Passenger unit sales were down by 22% but light, medium and heavy commercial vehicle sales were up 10%. Used vehicle retail sales were 10% lower. Beekman Canopies and Jurgens Caravans also had lower sales but profitability remained satisfactory.

Finance costs rose due to increased borrowings for property investments, stock and higher interest rates, causing pre-tax profit to decline by 27%.

In addition to some strategic dealership closures, a number of upgrades and relocations were undertaken to position the division better for an upturn in the motor market.

The performance of the UK and Swedish dealerships was satisfactory under difficult trading conditions.

Insurance Divisional review

"With the operations of two insurance companies now merged and offering an integrated insurance service to customers of Imperial and the motor industry at large, we have a compelling business case. We will be able to re-engineer our product offering and marketing channels to meet the challenges presented by new credit legislation."

Nazeer Hoosen, Joint managing director Regent.

Andy Tennick, Joint managing director Regent.

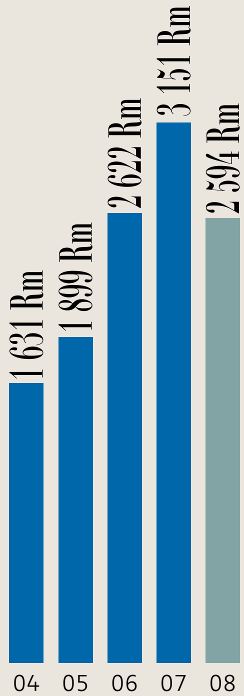
- Regent offers a full range of short-term and credit life products to the retail motor industry.
- The delivery mechanism of these products has been streamlined during the year to ensure maximum cost-efficiency.
- Imperial's motor businesses bring an important customer base, yet the majority of business is sourced outside the group.
- The insurance float and statutory reserves create a valuable pool of investable funds, ensuring good returns on equity and invested capital for the Imperial group over the long-term.
- Imperial's 35% interest in Flagstone Re Africa is a valuable stake in the broader insurance industry outside motor insurance.

Macro drivers
- Economic growth
- Interest rates
- Motor vehicle sales
- Equity markets

Performance drivers
- Economies of scale
- New products
- Assumed risk and re-insurance
- Actuarial assumptions

Risks
- Investment returns
- Actuarial assessments
- Underwriting cycle

Strategies
- Access new, related markets
- Further develop cross-selling channels within the group
- Process and product design and efficiency



Revenue

5%
Revenue

8%
Operating profit

9%
Profit before exceptionals

Divisional contribution

	2008 Rm	2007 Rm	% Change
Revenue	**2 594**	3 151	(18)
Operating profit	**249**	713	(65)
Profit before exceptional items	**203**	710	(71)
Operating assets	**3 942**	4 182	(6)
Non-interest-bearing borrowings	**2 681**	2 824	(5)
Capital expenditure	**41**	102	(60)
Operating margin	**10%**	23%	
Employees	**937**	861	9

Divisional review

The short-term and life businesses – although operating under separate insurance licences – were merged under the Regent brand with effect from 1 July 2008, combining the best of each business's resources and infrastructure. Life products are focused on convenient protection policies covering vehicle buyers against death and disability for the term of a finance agreement. Regent also offers group life and individual life cover to a growing base of customers. Short-term products span the transport and mobility markets. Policies are sold through motor dealers and on behalf of finance institutions. Regent also has a growing broker network through which it underwrites cover for various personal and commercial risks.

In tandem with greater efficiencies and improved cost management, the merger of Regent Life and Regent Insurance offers customers a full spectrum of convenient and competitively priced products through a single team operating on a common platform. The merger has also strengthened management resources, which will enable greater focus on strategic growth areas. The full benefits and synergies of merging these operations are expected to flow from 2009 and an annualised saving of R50 million will be achieved.

The introduction of the National Credit Act (NCA) in June 2007 has had a protracted effect on the financial services industry, particularly in premium income flow and investment income. To counter this impact – and understanding the vital financial security that competitive insurance products provide for consumers – Regent will now focus on service levels, enhancing value and innovation in its product ranges and containing costs.

A decision was recently made to decrease the exposure of this division to equity markets by increasing the emphasis on cash and related investments.

Results

The overall result of insurance operations was sharply down due to lower investment income on equity portfolios and lower underwriting results. Premium income also declined as a result of lower vehicle sales and the new NCA which prescribes selling monthly premium policies instead of single premium policies. This was particularly evident in the life company.

During the second half of the financial year, certain estimates and judgements on reserving were revised, resulting in stronger reserves in both insurance companies. These adjustments, together with an extremely difficult motor vehicle underwriting cycle and weak returns on investment portfolios, caused a small loss in the division in the second half.

The number of credit life and Adcover policies written was well down on last year due to the combined effect of the NCA and lower vehicle sales. Policy lapses were also significantly higher due to the switch to monthly premium policies from single premium business.

Regent Life paid a fine of R1 million following the Financial Services Board's and the NPA's investigation into commission payments.

Associates

Income from associates amounted to R278 million. The principal associates are Imperial Bank (49,9% held), which increased its contribution by 2% to R206 million for the period, Renault South Africa (49% held), which incurred a substantial loss of R90 million, and is referred to under the distributorships section, and Ukhamba Holdings (47% held) which contributed R132 million, including a once-off gain of R70 million on the receipt of deferred shares in Eqstra.

Imperial Bank

- Imperial Bank continues to gain market share in the vehicle finance industry through MFC.
- Its property and medical finance divisions delivered a valuable contribution.
- Despite pressure on the consumer-driven motor finance business, the bank delivered solid results.

Imperial Bank was incorporated in 1996. Nedbank Limited acquired 50,1% in 2000 whilst Imperial Holdings retained 49,9%. The bank is a niche business, primarily engaged in asset-based financing. Total assets at 30 June 2008 were R43,6 billion, over half of which relates to motor finance. The bank is also active in asset-based finance in the property, medical and supplier fields.

Nedbank provides funding and valuable governance and risk management support. Imperial provides access to its extensive motor dealership network and marketing expertise throughout South Africa. The shareholders have reconfirmed their commitment to Imperial Bank and have finalised a revised agreement, subject to regulatory approval, that will formalise the terms of their commitment to the bank beyond 2010.

In line with its majority shareholder, Imperial Bank has a December year-end. For the six months to 30 June 2008, high consumer debt levels and increased cost of living negatively impacted on the banking industry's trading conditions. Despite the tougher trading environment and tightened credit criteria, the bank's new business volumes were maintained at the levels of the previous year. Motor finance volumes, in particular, benefited from increased financing in the used car market. Loans and advances grew 27% while net profit for the period was up 2%, mainly due to higher tax charges. Net interest income increased 29% on the back of the increase in loans and advances. However in the six months to June 2008 the net interest income was affected by an increase in the cost of funds. Expenses remained well controlled, increasing by only 3% and resulting in the efficiency ratio improving from 32% to 27%. The return on ordinary shareholders' equity declined from 24% to 15%. An increased level of impairments resulted in the credit loss ratio increasing from 2,0% to 2,7%. Motor finance was the main contributor to the impairment charge, increasing significantly from R177 million to R341 million.

Imperial Bank expects conditions to remain challenging as performance will continue to be affected by high interest rates.

Ukhamba

Ukhamba holds 10,1% of Imperial through ordinary and deferred ordinary shares which convert to ordinary shares based on a formula related to HEPS growth of Imperial. No deferred ordinary shares will be converted to ordinary shares based on Imperial's HEPS for the 2008 financial year. Ukhamba is invested in 15 companies some of which are associated with the business of the Imperial group, the largest of which is the listed Distribution and Warehousing Network Limited (Dawn), in which Ukhamba holds 32% and which increased HEPS in the year to 30 June 2008 by 35%.


MOVE...
TO FINANCIAL STRENGTH

Financial director's report

In a year marked by a downturn in the consumer economy that affected some of our businesses more than others, Imperial has completed major restructuring and significantly strengthened its balance sheet.

Review of the income statement

The combination of essential restructuring to strengthen the balance sheet and the downturn in the consumer economy caused a sharp reduction in both profits and shareholders' funds.

The main reasons for the sharp decline in headline earnings per share from continuing operations were:

- the drop in consumer spending and vehicle sales following the effect of five 50-point interest rate hikes during the period, aggravated by extraordinarily high fuel prices which resulted in a significant reduction in disposable income;
- a weaker rand affecting imported vehicle prices without corresponding sales price increases;
- weaker equity markets causing a significant swing in mark-to-market adjustments on the insurance portfolios; and
- weak underwriting results in the insurance operations.

The group returned an attributable loss to Imperial shareholders of R870 million after exceptional losses of R2,3 billion, primarily on the sale of aviation operations and Multipart, and on the closure of our truck assembly and distribution business, Commercial Vehicle Holdings (CVH).

Continuing operations recorded headline earnings of R1 142 million and headline earnings per share of 615 cents, both 49% below the prior year. This reflects poorer performance from the insurance, motor dealership and distributorship divisions and masks good performances from our logistics and car rental divisions. Included in the headline earnings of 615 cents per share are once-off charges of 145 cents as detailed below.

Hafiz Mahomed, Financial director

The decline in the Imperial share price, from R141,50 at June 2007 to a combined share price of Imperial and Eqstra of R65,30 at June 2008, necessitated a further R308 million impairment of our vendor finance loan to Lereko Mobility. In addition, a provision of R182 million was made against a loan to the Imperial Share Trust. Other once-off amounts included in headline earnings are a profit of R150 million on revaluation due to currency movements on capital which was repatriated from our international operations, and R70 million income from our 47% interest in Ukhamba Holdings due to that company's receipt of Eqstra shares through the unbundling. All these amounts are reflected in headline earnings and resulted in a net charge to HEPS of 145 cents.

The relative contribution of the group's international operations again increased strongly, with 27% of revenue (2007: 23%) and 15% of operating profit (2007: 12%) earned from sources outside South Africa. In particular, the European logistics business almost doubled its contribution to group operating profit. The overall operating margin declined from 6,9% to 5,3%, primarily because of lower sales volumes in the motor retail and distributorship divisions and sharply lower profits from the insurance division. Margins in the logistics business improved slightly from 6,0% to 6,1% and were lower at 13,6% from 15,2% in car rental due to a change in the sales mix towards a higher used-car content and absorbing some once-off rebranding costs.

Income from associates increased by 18% to R278 million, largely due to our 47% interest in Ukhamba Holdings which benefited from a once-off gain by receipt of Eqstra shares through the unbundling amounting to R70 million. The substantial attributable loss from Renault of R90 million resulted in the investment being fully written down.

Net finance costs increased 69% to R807 million due to the increased debt during most of the reporting period. Whilst the impact of rising interest rates was also felt, it was limited due to some fixed rate funding.

The tax rate was 39%, mainly due to the impact of non-tax deductible charges on the Lereko transaction and the impairment of the share trust loans.

The adoption of circular 8/2007 – Headline Earnings, caused a restatement of the prior year headline earnings. This circular now requires us to exclude from headline earnings profits or losses made on the disposal of our fleets.

Discontinued operations

The attributable loss from discontinued operations amounted to R1,9 billion, which includes losses on the disposal of aviation (R1,3 billion) and the closure of CVH (R807 million). At headline level, discontinued operations contributed net earnings of R190 million, principally R214 million from leasing and R91 million from Tourvest and a loss in CVH of R106 million. The assets of these operations, which are accounted for as held for sale, amount to R4,4 billion, against which liabilities and creditors of R2,4 billion are held.

Dividend

The board has resolved to maintain the group's dividend policy of paying 40% of headline earnings. At the half-year, it was decided not to pay a dividend as the restructuring was not yet complete. A dividend of 245 cents per share has now been declared, which equates to 40% of headline earnings from continuing operations for the full year.

Review of the balance sheet

Total shareholders' equity declined by R3,1 billion mainly as a result of the exceptional loss on discontinued operations referred to earlier. This reduction also incorporates a capital contribution of R1,7 billion to Eqstra on unbundling and the capital distribution to shareholders in September 2007 of R529 million.

Net interest-bearing debt (excluding preference shares which are perpetual) has declined by 42% since December 2007. Net debt at 30 June 2008 was R8,5 billion, significantly lower than the R14,7 billion at December 2007 and R11,1 billion a year ago. Gearing (net interest-bearing debt/shareholders' funds) now stands at 81% against 119% at the half-year and 82% in June 2007. The unbundling of the leasing and capital equipment division of Eqstra resulted in a R5 billion reduction in interest-bearing debt.

Total assets declined by 17%, primarily due to the unbundling of the leasing and capital equipment division whose operating assets amounted to R7,2 billion in the prior year. Transport vehicles and vehicles for hire increased by R1,2 billion. The group's working capital turn has improved significantly since the unbundling of Eqstra.

Assets in the discontinued operations (accounted for as assets held for sale) amount to R4,4 billion, against which R2,1 billion in interest-free liabilities and R0,3 billion in interest-bearing debt are held. The net assets of R2,0 billion, comprise R0,7 billion in Tourvest, which will be realised in September 2008, R0,4 billion in CVH, the majority of which will be realised in the new financial year and R0,9 billion in the aviation business of which approximately R0,5 billion will be realised in the new financial year subject to the conditions precedent being met.

Review of the cash flow

Cash flow for the year was affected by restructuring steps aimed at improving the group's cash position. Total cash flow from unbundling and the disposals of subsidiaries and businesses generated cash of R5,8 billion.

Cash flow from operations in continuing businesses, at R3 633 million, was 15,6% lower than last year. Expansion capital expenditure amounted to R1 595 million against R1 275 million last year and replacement capital expenditure came to R1 017 million, up from R703 million last year. In total for the review period, gross debt excluding preference shares declined to R11 599 million from R13 845 million and cash holdings, which include cash in the insurance companies, increased from R2 788 million to R3 148 million.

Impairment of share trust loan and Lereko Mobility vendor finance

In addition to the R182 million impairment of the share trust loan against earnings from continuing operations, R84 million was impaired against earnings from discontinued operations and a total of R54 million in interest on the loan was not recognised. Despite the impairments having been taken, the amounts due by scheme participants are still owing in terms of the scheme rules.

Of the vendor finance to our BEE shareholding partner, Lereko Mobility, R308 million was impaired against income, and a further R238 million against equity resulting in a carrying value of R71 million at year-end.

Restructuring

The chief executive has detailed the major restructuring initiatives undertaken during the year. Salient financial features of these transactions are summarised below:

- In May, shareholders received ordinary shares in Eqstra on a one-for-one basis for Imperial shares held. Eqstra was separately listed on the JSE on 12 May 2008, removing R5 billion in interest-bearing debt from Imperial's balance sheet. Total equity of R1,6 billion (before minorities and Imperial's attributable on its treasury stock) was contributed by Imperial to Eqstra. Apart from strengthening Imperial's balance sheet, the continuous obligation to fund the capital-intensive operations of this business has been eliminated.
- On 23 April, we accepted an offer of 208 cents per share for our entire 66% shareholding in Tourvest. R1 067 million is due as proceeds from the sale on 8 September 2008, which will result in an exceptional profit of approximately R480 million on the disposal.
- We concluded the sale of the Ireland-based airfreight business, Air Contractors Limited, to Petercam, a Belgian financial services group, and Compagnie Maritime Belge NV, a Belgian shipping company, for €22 million with effect from 15 February 2008. Subsequently, agreement has been reached with the Aergo Capital group of Ireland for the sale of substantially all the remaining assets of the aviation division as a going concern with effect from 25 November 2007, including our 50% interest in Safair Lease Finance (Pty) Limited. The purchase consideration amounts to the sum of US$56 million and R510 million. US$35 million of the purchase consideration will be received on fulfilment of all conditions precedent, expected to be during the second half of 2008, and the balance of US$21 million will be received in various amounts between the completion date and 31 October 2012. The rand-based consideration will be received in various tranches over a five-year period subsequent to the completion date. The transaction is still subject to the fulfilment of certain conditions precedent.
- The only remaining aviation assets of Imperial which are held for sale and accounted for as a discontinued operation are a fleet of nine Hercules aircraft, which will be leased to Aergo for a maximum of five years when Imperial has a right to put the aircraft to Aergo at regular intervals over the period at pre-agreed prices, a further two MD 83's and one Boeing 737–200 aircraft. These aircraft are running out their existing lease contracts and will then be disposed of. In addition, an offer for the group's 60% interest in Naturelink (Pty) Limited has been accepted without any further significant losses anticipated.
- Since the discontinuation of the CVH business, truck inventories have been reduced by 50%.
- We realised a loss of R294 million on the sale of Multipart, the UK parts distribution business.
- Annual cost savings of R50 million will be achieved through the merger of our short-term and life insurance operations. Once-off rationalisation costs will amount to R39 million, of which R25 million was incurred during the current financial year. Significant process engineering and product redevelopment are required in our insurance companies and it will take time to complete. In line with this assessment of our insurance interests, we sold 65% of Imperial Re to Flagstone Re. Since renamed Flagstone Re Africa, this company is expected to achieve a meaningful share of the local market through the expertise and credit rating added by the new controlling shareholder.

Details of the discontinued operation's losses are given in note 16 to the group annual financial statements on page 108.

Treasury management

Treasury is responsible for implementing the risk management policies and directives of the group's asset and liability committee (ALCO), capital management, facilitation of banking services and facilities as well as being the interface to local and international debt capital markets.

The group has a policy of being fully hedged against operational foreign exchange risks with the exception of imports of automotive parts, which are transacted in the spot market. The distributor business can hedge up to 75% of annual forecast imports in terms of special dispensation obtained from South African Exchange Control.

The group was well placed in terms of interest rate and liquidity risk with the result that its funding requirements and funding position were not adversely affected by the weakening of credit markets and lack of liquidity in financial markets. The maturing IPL2 bond (R1,2 billion) was repaid from bank funding and internal resources when R665 million was repatriated from cash holdings offshore with no need to go to the distressed debt capital markets at the time.

In line with the group's strategy to review all its businesses from a capital utilisation and return on capital perspective, a capital management and divisional performance measurement framework was facilitated with the introduction of return on invested capital, working capital and asset turn metrics. Appropriate gearing levels for each business type were introduced to measure the businesses against optimised weighted average cost of capital (WACC). Intense focus on working capital management by the divisions has limited the negative impact of the slowdown in vehicle sales growth.

Treasury played a leading role in securing the bank funding package of some R7 billion required to unbundle the leasing and capital equipment division into the separately listed entity Eqstra Holdings. As a result of this unbundling, Imperial was able to repay bank funding of some R4 billion and Imperial Capital commercial paper of some R1 billion.

This year also saw the introduction of commitment fees on unused bank facilities as a result of Basel II regulatory capital requirements. A review of the group's bank facilities is under way to manage this expense.

Imperial Capital

Imperial Capital is a ringfenced entity that owns fleet assets employed in the logistics and car rental divisions. It continues to make a valuable contribution to the group in terms of debt capital market access and cost efficiencies. R2,2 billion of the group's assets are funded through this entity. The balance sheet of Imperial Capital is contained in Annexure D on page 167.

Financial ratios

Due to the substantial restructuring that took place during the financial period under review, the ratios may not be comparable to the prior year's ratios and the current period's ratios could also be distorted by the change in assets/equity/income at a particular time. The ratios have been calculated as in the past using, where appropriate, opening and closing balances and not adjusting for the restructuring during the course of the period.

	2008	2007
EBITDA to revenue*	**7,3%**	8,5%
Net interest covered by EBITDA (times)*	**5,1**	9,7
Interest cover by operating profit (times)*	**3,7**	7,9
Depreciation to revenue*	**2,1%**	1,7%
Operating margin*	**5,3%**	6,9%
Profit before exceptional items to revenue*	**3,8%**	6,5%
Tax rate*	**38,5%**	30,3%
Return on average equity	**12,0%**	22,6%
Net debt to equity (preference shares treated as debt)	**85,4%**	85,4%
Net debt to EBITDA (times)	**2,2**	2,5
Equity to total assets	**27,5%**	29,6%
Operating profit to operating assets*	**9,9%**	13,8%
Distributions during the year (cents)	**245**	560
Headline earnings per share (cents)*	**615**	1 216
Basic earnings per share (cents)*	**629**	1 242
Price earnings ratio (times)	**7,3**	10,3
Earnings yield	**13,6**	9,7

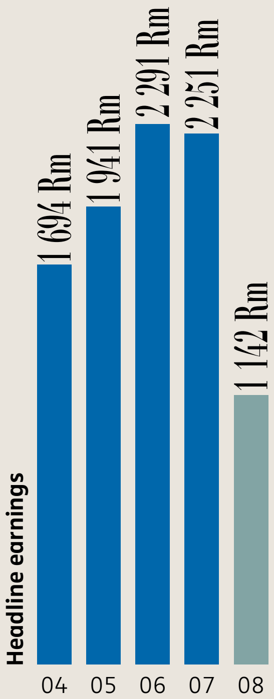
For continuing operations only.

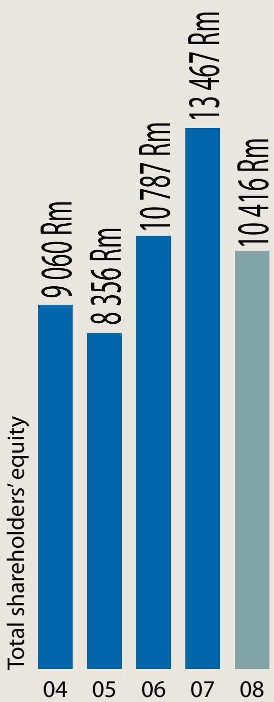
Hafiz Mahomed

Financial director

26 August 2008

10-year review





	10 year compound growth %
INCOME STATEMENT – HEADLINE EARNINGS	
Revenue/Turnover	19
Profit from operations before the following:	
Depreciation, amortisation and recoupments	
Net financing costs	
Income from associates and joint ventures	
Profit before taxation	10
Income tax expense	
Profit after taxation	8
Impairment of property, plant and equipment, net of taxation	
Profit on disposal of property, plant and equipment, net of taxation	
Taxation on exceptional items	
Exceptional items included in income from associates	
Goodwill, net of taxation	
Minority interest, excluding share of exceptional items	
Earnings attributable to preferred ordinary shareholders	
Headline earnings attributable to shareholders	6
BALANCE SHEET – ASSETS	
Intangible assets	
Investments and loans	
Property, plant and equipment	
Transport fleet	
Leasing assets	
Vehicles for hire	
Deferred taxation	
Banking and other advances	
Other non-current financial assets	
Inventories	
Trade and other receivables	
Taxation in advance	
Cash and cash equivalents	
Assets classified as held for sale	
Total assets	14

□ The group has unbundled the Leasing and Capital Equipment division and sold or closed certain businesses during 2008. Only the 2007 comparatives for the income statement, balance sheet and headline earnings have been restated. Certain ratios, share performance and market capitalisation numbers are not comparable as the effect of the unbundling and disposals impact comparability of the prior periods.

- The 2006 and 2005 numbers are stated in terms of IFRS. The previous years are reported as previously under SA GAAP.

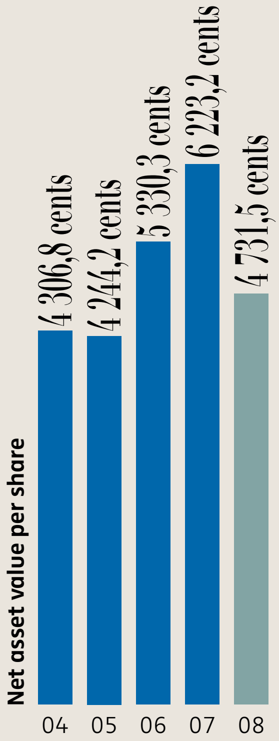
** Calculated on weighted average number of shares.*

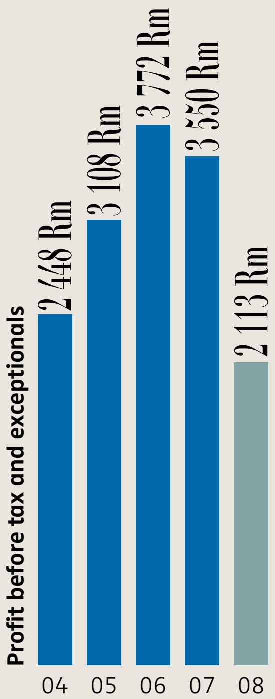
 # Dividend includes capital distributions and notional dividends on which capitalisation share awards were calculated.

~ Excluding Imperial Bank's assets and liabilities.

Ø Continuing operations only.

2008 Rm	See note□ 2007 Rm	2006 Rm	2005 Rm	2004 Rm	2003 Rm	2002 Rm	2001 Rm	2000 Rm	1999 Rm
55 927	54 451	54 105	42 605	34 747	32 277	28 122	21 874	14 944	9 913
3 728	4 681	5 904	4 898	3 954	3 741	3 364	2 672	1 914	1 577
(1 086)	(889)	(1 632)	(1 390)	(1 256)	(1 216)	(1 078)	(824)	(612)	(539)
(807)	(478)	(782)	(586)	(478)	(555)	(500)	(428)	(177)	(192)
278	236	282	186	228	167	65	42	21	5
2 113	3 550	3 772	3 108	2 448	2 137	1 851	1 462	1 146	851
707	1 008	1 234	989	692	606	484	291	238	187
1 406	2 542	2 538	2 119	1 756	1 531	1 367	1 171	908	664
4	(4)	8							
(59)	(25)	(10)	(5)	(9)	(9)	(4)	(5)	(3)	(2)
25	1	(1)	22						
6	(3)								
				59	58	50	16		
(162)	(207)	(244)	(195)	(112)	(142)	(119)	(60)	(39)	(1)
(78)	(52)								
1 142ø	2 252ø	2 291	1 941	1 694	1 438	1 294	1 122	866	661
897	688	945	622	488	504	606	280	23	
4 337	5 782	3 810	2 699	2 660	1 989	1 903	1 944	849	594
5 681	4 505	4 231	2 781	2 311	2 180	2 109	1 544	1 173	797
3 465	2 789	2 570	2 449	4 785	1 881	1 556	1 205	858	610
337	338	6 443	5 074	2 150	4 713	4 532	3 388	2 327	1 595
1 286	1 012	896	790	734	735	580	538	446	361
637	268	426	339	275	247	348	133	87	
								3 087	2 100
330	842	718	412						
6 442	6 227	7 535	5 586	3 729	3 551	2 772	2 538	1 554	1 200
6 821	6 284	8 248	5 752	4 769	4 480	4 142	3 249	2 824	1 443
111	(73)	108	128	98	61	90	49	49	
3 148	2 302	1 630	1 043	1 261	1 298	1 472	1 508	1 099	1 330
4 440	14 570								
37 932	45 534	37 560	27 675	23 260	21 639	20 110	16 376	14 376	10 030





	10 year compound growth %
BALANCE SHEET *(continued)* **– LIABILITIES**	
Equity-settled interest-bearing debt	
Insurance contracts	
Deferred tax liabilities	
Banking liabilities	
Interest-bearing borrowings (Including preference shares)	
Other liabilities	
Liabilities directly associated with assets held for sale	
Total liabilities	
Net assets	
FUNDED BY	
Imperial Holdings shareholders	
Minority shareholders	
Total shareholders' equity	9
SHARE PERFORMANCE (cents per share)	
Headline earnings per share*	6
Dividends per share#	7
Net asset value per share	8
Market prices	
– Closing	
– High	
– Low	
Market capitalisation at closing prices (Rm)	
Value of shares traded (Rm)	
Value traded as a percentage of average capitalisation (%)	
NUMBER OF EMPLOYEES	
KEY RATIOS	
Operating margin	
Return on average ordinary shareholders' interest (headline)	
Total shareholders' equity to total assets	
Interest-bearing debt as a % of total shareholders' equity~	

□ *The group has unbundled the Leasing and Capital Equipment division and sold or closed certain businesses during 2008. Only the 2007 comparatives for the income statement, balance sheet and headline earnings have been restated. Certain ratios, share performance and market capitalisation numbers are not comparable as the effect of the unbundling and disposals impact comparability of the prior periods.*

- *The 2006 and 2005 numbers are stated in terms of IFRS. The previous years are reported as previously under SA GAAP.*

* *Calculated on weighted average number of shares.*

Dividend includes capital distributions and notional dividends on which capitalisation share awards were calculated.

~ *Excluding Imperial Bank's assets and liabilities.*

Ø *Continuing operations only.*

2008 Rm	See note□ 2007 Rm	2006 Rm	2005 Rm	2004 Rm	2003 Rm	2002 Rm	2001 Rm	2000 Rm	1999 Rm
		794							
1 535	1 722	1 331	978	833	566	428	247	209	240
549	548	941	695	630	531	489	232	166	79
								1 605	1 503
12 040	6 950	10 699	7 562	6 576	6 135	5 901	4 110	3 068	1 889
11 035	10 915	13 008	10 084	6 161	5 715	5 201	4 629	3 403	1 941
2 357	11 932								
27 516	32 067	26 773	19 319	14 200	12 947	12 019	9 218	8 451	5 652
10 416	13 467	10 787	8 356	9 060	8 692	8 091	7 158	5 925	4 378
9 605	12 521	10 002	7 890	8 618	8 199	7 658	6 975	5 854	4 361
811	946	785	466	442	493	433	183	71	17
10 416	13 467	10 787	8 356	9 060	8 692	8 091	7 158	5 925	4 378
615ø	1 216ø	1 221	969	836	700	609	528	435	352
245	560	474	395	315	265	230	190	168	125
4 732	6 223	5 330	4 244	4 307	4 041	3 712	3 235	2 797	2 286
5 275	14 150	12 850	10 180	6 712	5 399	5 430	6 750	5 530	5 900
14 849	17 693	17 600	10 850	7 150	5 750	7 000	6 850	7 800	6 190
4 800	12 250	10 000	6 650	5 250	4 300	4 375	4 950	4 500	3 105
11 190	29 661	26 715	20 909	14 676	11 703	11 739	14 553	11 576	11 256
23 801	26 823	23 158	10 596	5 738	5 249	5 896	5 036	5 376	3 621
116,5	95,2	97,3	59,6	43,5	44,8	44,8	38,5	47,1	32,2
41 520	43 792	39 412	32 696	29 528	26 897	27 162	25 036	23 935	18 696
5,3%	6,9%	8,2%	8,0%	8,3%	8,1%	8,1%	8,4%	8,7%	10,5%
10,3%	20,0%	25,6%	23,0%	20,3%	18,1%	17,7%	17,5%	17,0%	16,0%
27,5%	29,6%	28,7%	30,2%	39,0%	40,2%	40,2%	43,7%	41,2%	43,6%
85,4%	85,4%	91,4%	78,0%	58,7%	55,6%	54,7%	36,4%	33,2%	12,8%

Shareholders' information

Distribution of shareholders (listed ordinary shares)	Number of shareholders	Number of shares (000)	% of shares listed
Public shareholders	5 144	155 279	73,2
Non-public shareholders			
– Shareholder holding more than 10%	1	28 629	13,5
– Directors, their associates and employees	93	4 358	2,1
– Treasury stock	1	23 864	11,2
	5 239	212 130	100,0

Spread of holdings	Number of shareholders	%	Number of shares ('000)	%
1 – 2 500	4 258	81,3	2 192	1,0
2 501 – 5 000	274	5,2	993	0,5
5 001 – 10 000	157	3,0	1 148	0,5
Over 10 000	550	10,5	207 797	98,0
	5 239	100,0	212 130	100,0

Shareholder type	Number of shares ('000)	% of voting shares
Financial institutions, pension and provident funds	86 542	39,4
Unit trusts	48 790	22,2
Individuals	25 242	11,5
Directors and employees	4 358	2,1
Corporate holdings	23 334	10,6
Listed ordinary shares (net of treasury stock)	188 266	85,8
Deferred ordinary shares	16 782	7,6
Preferred ordinary shares	14 517	6,6
Total voting shares in issue net of treasury stock	219 565	100,0
Treasury stock	23 864	
Total shares in issue	243 429	

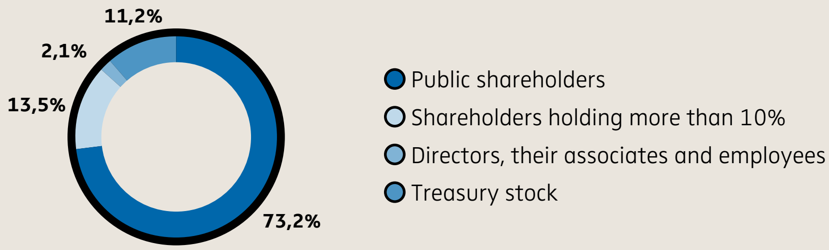
Shareholdings of more than 5%	Share class	Number of shares (000)	% of issued voting capital
Public Investment Corporation Limited	Ordinary	28 629	13,0
Ukhamba Holdings (Proprietary) Limited	Ordinary	5 973	2,7
Ukhamba Holdings (Proprietary) Limited	Deferred ordinary	16 782	7,6
Lereko Mobility (Proprietary) Limited	Preferred ordinary	14 517	6,6

Stock exchange performance	**2008**	2007
Number of shares in issue (million)	**212**	210
Number of shares traded (million)	**251**	182
Value of shares traded (Rand million)	**23 801**	26 823
Market price (cents per share)*		
– Closing price	**5 275**	14 150
– High	**14 849**	17 900
– Low	**4 800**	12 001
Earnings yield (%)	**13,6**	10,3
Price: earnings ratio (based on headline earnings)	**7,3**	9,7

** Not comparable as the Leasing and Capital Equipment division (Eqstra Holdings Limited) was unbundled during May 2008.*

Shareholder type

Distribution of shareholders (listed ordinary shares)



Declaration of dividends

Preference shareholders and ordinary shareholders

Notice is hereby given that:

- a preference dividend of 554,384 cents per preference share has been declared payable to holders of non-redeemable, non-participating preference shares; and
- dividend in an amount of 245 cents per ordinary share has been declared payable to ordinary shareholders.

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

	2008
Last day for preference shares and ordinary shares respectively to trade cum-preference dividend and cum ordinary dividend	**Thursday, 18 September**
Preference and ordinary shares commence trading ex-preference dividend and ex-ordinary dividend respectively	**Friday, 19 September**
Record date	**Friday, 26 September**
Payment date	**Monday, 29 September**

Share certificates may not be dematerialised/rematerialised between Friday, 19 September 2008 and Friday, 26 September 2008, both days inclusive.

On Monday, 29 September 2008, 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 29 September 2008 will be posted on or about that date. Shareholders who have dematerialised their shares will have their accounts, held at their CSDP or Broker, credited on Monday, 29 September 2008.

In terms of the Exchange Control Regulations of the Republic of South Africa, cash payments based on emigrants' shares controlled in terms of the Exchange Control Regulations will be forwarded to an authorised dealer in foreign exchange controlling their blocked assets. The elections by emigrants for the above purpose must be made through the authorised dealer in foreign exchange controlling their blocked assets. Payments due to non-residents are freely transferable from the Republic.

Preferred ordinary shareholders (unlisted)

Notice is hereby further given that a preferred ordinary dividend of 267,5 cents per preferred ordinary share has been declared and is payable to preferred ordinary shareholders recorded in the registers of the company at the close of business on Thursday, 25 September 2008.

On Friday, 26 September 2008 the preferred ordinary dividend will be electronically transferred to the bank accounts of preferred ordinary shareholders.

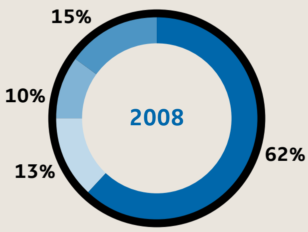
On behalf of the board

RA Venter
Group company secretary

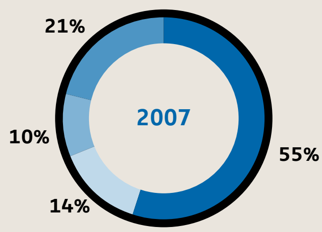
26 August 2008

Value-added statement

for the period ended	30 June 2008 Rm	%	25 June 2007 Rm	%
Revenue	**55 927**		54 451	
Paid to suppliers for materials and services	**45 226**		44 107	
Total wealth created	**10 701**		10 344	
Wealth distribution				
Salaries, wages and other benefits (note 1)	**6 623**	**62**	5 702	55
Providers of capital	**1 414**	**13**	1 502	14
– Net financing costs	**807**	**7**	478	4
– Capitalisation share awards, dividends and capital distributions (excludes unbundling of the Leasing and Capital Equipment division)	**607**	**6**	1 024	10
Government (note 2)	**1 049**	**10**	986	10
Reinvested in the group to maintain and develop operations	**1 615**	**15**	2 154	21
– Depreciation, amortisation and recoupments	**1 086**		889	
– Future expansion	**529**		1 265	
	10 701	**100**	10 344	100
Value-added ratios				
– Number of employees	**36 512**		33 428	
– Revenue per employee (000)	**1 532**		1 629	
– Wealth created per employee (000)	**293**		309	
Notes				
1 Salaries, wages and other benefits				
– Salaries, wages, overtime, commissions, bonuses, allowances	**6 003**		4 508	
– Employer contributions	**620**		1 194	
	6 623		5 702	
2 Central and local governments				
– SA normal taxation	**703**		728	
– Secondary tax on companies	**16**		17	
– Foreign taxation	**188**		104	
– Regional Services Council levies			1	
– Rates and taxes	**56**		59	
– Skills development levy	**32**		35	
– Unemployment Insurance Fund	**54**		42	
	1 049		986	



Salaries, wages and other beneftis
Providers of capital
Government
Reinvested in the group to maintain and develop operations

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MOVE...
TO GREATER SUSTAINABILITY

Sustainability
Chief executive officer's message

Our business is becoming leaner and more focused on meeting customers' needs and requirements. In the evermore competitive global environment, customers, employees and investors are increasingly focused on the sustainability of a business and they demand transparency founded on trust between our company and our stakeholders. During the course of the year, our business was fundamentally restructured through the unbundling of our Leasing and Capital Equipment division, the discontinuation of our truck assembly operations and the sale of the aviation division and our interest in Tourvest (concluded after year-end).

It is clear to us that sustainable development is critical to the company's future and to our business success. Future expansion projects are bound to bring their own complexities and new environmental and social challenges. We aim to provide sustainable transportation that is affordable in every sense of the word: socially, environmentally and economically. Our strategy recognises that our business depends heavily on fossil fuel-driven transport, with a significant environmental impact. The sustainability of our business therefore depends not only on the availability of fossil fuels but also fundamentally on the ability to reduce the long-term impact of their use.

We face different challenges in our various operations and priorities and perspectives vary considerably by business and region. Stakeholders in the different markets and countries in which we do business also have different expectations and needs. These differences are taken into consideration in our operations.

During the year we have moved forward in a number of important areas:

- The completion of a comprehensive carbon footprint for the group and participation in the Carbon Disclosure Project for voluntary disclosure of the carbon emissions of companies. We are further gaining efficiencies through the introduction of new technology in our transport fleets that conserve energy and reduce emissions.
- We have achieved one of our safety goals in the reduction of the number of employee fatalities over the past two years.
- We completed BEE ratings processes in most of our divisions and for Imperial Holdings Limited secured a BEE rating certificate in respect of ownership and management.

Sadly, not all aspects of the group's performance were positive and in this respect, employees of the group authorised the demolition of the Rand Steam Laundries building during the year. This building was in the process of being declared a national heritage site. The group has since implemented stricter controls to prevent a recurrence of such actions and have given certain undertakings regarding the future use of the site in order to ensure features of the original heritage can be preserved.

Critical electricity shortages in South Africa during the year forced the company to implement a number of measures to safeguard itself against electricity outages but also to rethink the way it uses energy. A number of savings were introduced and continue as a result.

In South Africa, transformation and empowerment are of particular importance and are viewed as key elements in ensuring the ongoing sustainability of the group. In this respect our transformation committee has become very active in the recent past under the leadership of its chairperson, Valli Moosa. The objective of the committee is not only to achieve transformation in the typically measured sense but also to ensure Imperial is a worthy participant in the transformed South African society as it is unfolding.

In the light of the environmental impact of printing large reports, we have this year made a decision not to print a comprehensive sustainability report but to rather make the full sustainability report available electronically on our website at http://www.imperial.co.za. This also enabled us to include more information in the report than would have been the case if we printed it.

I hope our report will help you to understand our visions and our commitment to contribute to sustainable development and the role of each of the players in our environment and the changes all of us need to make to build a responsible future.

Hubert Brody

Chief executive officer

26 August 2008

The full sustainability report is available on the
Imperial website
http://www.imperial.co.za

Corporate governance report

Principles of corporate governance and structures

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

The group is committed to an open governance process such that all stakeholders may derive assurance that its directors and managers at all levels are managing the group responsibly. The board subscribes to the principles of the Code of Corporate Practices and Conduct as set out in the King Report on Corporate Governance II (King II) and complies with its recommendations unless otherwise indicated.

The principles contained in King II are reflected in the group's corporate governance structures, which are reviewed from time to time to take into account organisational changes and international developments in the field of corporate governance. It is the policy of the board and management to actively review and enhance the group's systems of control and governance on a continuous basis to ensure that the group's business is managed ethically and within prudently determined risk parameters in conformity with internationally accepted standards of best practice.

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

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

The board of directors

Composition and appointment

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

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

Currently the board consists of ten non-executive directors and seven executive directors. Six of the non-executive directors, including the chairperson, are independent. No block of directors can dominate the board and no shadow directors have been appointed. The non-executive directors that are not classified as independent (as defined in King II) are the following: Oshy Tugendhaft is a practising attorney and provides legal services to the group. Max Sisulu represents Ukhamba Holdings, a large BEE shareholder. Valli Moosa represents Lereko Mobility, a large BEE shareholder. Younaid Waja represents the Public Investment Corporation, a large shareholder.

At least one third of the non-executive directors retire by rotation each year and stand for re-election at the annual general meeting in accordance with the articles of association. In addition, the reappointment of directors appointed during the year is submitted to the annual general meeting for confirmation.

Responsibilities

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

The responsibilities of the board are clearly defined. The board has also adopted, and regularly reviews, an authority policy governing the authority delegated to the management of the group and setting out which matters are retained for decision by the board.

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

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

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

Subsidiary and divisional boards

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

Board committees and governance structure

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

Executive committee

This committee is responsible for:

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

The executives on this committee are appointed by the board. The committee consists of not less than four members and meets at least once a month.

The current members are Hubert Brody (chairperson), Osman Arbee, Manny de Canha, Tak Hiemstra, Nazeer Hoosen, Hafiz Mahomed and Marius Swanepoel. Walter Hill resigned from the committee with effect from 30 April 2008 pursuant to the unbundling of the Leasing and Capital Equipment division.

Audit committee

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

Divisional audit committees have been constituted and these committees report significant issues to the group audit committee. Each divisional audit committee is chaired by an independent chairperson who has no operational role in that division.

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

The current members are Mike Leeming (chairperson), Phumzile Langeni, Roddy Sparks and Younaid Waja. Oshy Tugendhaft, not being an independent member, resigned in June 2008 so as to ensure compliance with requirements for the composition of audit committees as introduced by the Corporate Law Amendment Act.

Corporate governance report (continued)

Remuneration and nomination committee

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

The responsibilities and work of the committee during the year are set out in the Remuneration Report on pages 73 to 79.

The current members are Thulani Gcabashe (chairperson), Phumzile Langeni, Roy McAlpine, Roddy Sparks, and Oshy Tugendhaft. Leslie Boyd passed away in March 2008 and was replaced by Thulani Gcabashe as chairperson.

Risk committee

The board is responsible for the total process of risk management in the group. The risk committee sets the group risk framework and strategy and ensures that a risk management process is in place.

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

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

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

The board determines the level of acceptable risk and requires the operations to manage and report in terms thereof. Material issues and circumstances that could adversely impact on the group's reputation and financial affairs are considered to constitute unacceptable risk.

The established system of internal control for the management of risk, which requires transparency and clear accountability, has the commitment of senior management.

The system of internal control has been implemented in all key operations and is tailored to suit the specific circumstances of each business unit. It provides reasonable rather than absolute assurance that the group's business objectives will be achieved within the prescribed risk tolerance levels. The risk areas and control processes pertaining thereto are monitored and reported on across the group on a continuous basis.

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

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

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

Key inherent group risks

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

Risk	Strategies implemented
Sustainability of the growth culture of the group and in particular how to maintain the entrepreneurial culture inherent in the decentralised structure in an environment of increased control and regulation	• Communication has been further enhanced with focus on strengthening of the owner-manager culture of the group • Executive oversight and direct involvement • Incentive plans (short- and long-term) emphasise growth and return targets in balance
Effective control of asset levels and values given the large stocks of new and used assets that form a core to the group's business model	• Standard divisional measurement dashboards have been established, focused on stock turn • Regular review and application of sound valuation principles • Enhanced audit committee oversight • Internal and external audit review
Ensuring compliance with the large body of legislation and regulation to which the businesses in the group are subject	• Increased internal audit review • Centralisation of selected areas where the compliance risk is high; divisional compliance structures are otherwise in place
Managing exposure to currency fluctuations	• Established hedging policies • ALCO and independent reviews • Regular reporting by divisions
IT systems reliance	• Appropriate disaster recovery plans • Decentralisation • Systems audits
Key resources shortages	• Strategic procurement initiatives, particularly focusing on fuel availability
Skills shortages	• Training and leadership focus and establishment of a skills development fund • Divisional training initiatives
Failure to meet transformation goals as a result of external factors such as skills shortages and failure to meet ownership targets due to equity-market downturns	• Executive awareness initiatives • Established a transformation committee • Consistent monitoring of BEE initiatives and targets
Expansion into unknown business sectors or models	• Clearly defined expansion areas have been identified • Strong group mandate structure relating to investments • Regular review of acquisition risks at executive level
Interest rate, liquidity and credit rating risks	• Significantly strengthened balance sheet • Advanced ALCO and treasury functions measuring the asset mismatch impact of interest rate exposure • Adequate liquidity lines
High fixed costs in dealerships	• Quality and marketability of property portfolio • Continuous scrutiny and review of overheads

The board

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

The current members of the committee are Younaid Waja (chairperson), Mike Leeming, Tak Hiemstra, Hubert Brody, Harvey Adler, Osman Arbee, Werner Behrens, Gerald Rudman and Andy Tennick. Mike Dickinson resigned from the committee on 31 December 2007. Erich Clarke and Veli Mokoena resigned from the committee on 30 April 2008 following the unbundling of the Leasing and Capital Equipment division.

Transformation committee

The transformation committee's role is to guide and assist Imperial in its quest to become reflective of the South African social fabric whilst positioning the organisation positively relative to the economy.

It assists in the design of a transformation strategy for the group and determines timeframes and milestones for the implementation of the strategy.

In particular, the committee reviews the organisation's public profile regarding transformation, the appointment of black people in management positions, appointment of females in management positions, the retention of such staff and clear guidance on the cultural shift required to retain black staff, the utilisation of available leadership and training facilities and mentoring techniques to identify talent, develop it and accelerate such individuals responsibly through the organisation.

The members of the committee provide practical assistance to the executive in achieving the desired result.

The committee, in conjunction with the Exco, oversees the implementation of the group transformation strategy.

The current members are Valli Moosa (chairperson), Osman Arbee, Manny de Canha, Thulani Gcabashe, Phumzile Langeni, Marius Swanepoel and Oshy Tugendhaft.

Asset and liability committee

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

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

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

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

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

The current members of the committee are Hubert Brody (chairperson), Tak Hiemstra, Mike Leeming, Hafiz Mahomed, Russell Mumford and Willem Reitsma. Walter Hill resigned from the committee with effect from 30 April 2008 following the unbundling of the Leasing and Capital Equipment division.

Meeting attendance

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

	Board: Regular meetings	Special meetings	Executive committee	Assets and liabilities committee	Audit committee	Remuneration and nomination committee	Risk committee	Transformation committee
Number of meetings during the year	4	1	21	4	4	5	4	2
°Thulani Gcabashe	2/2	1				3/3		2
^Leslie Boyd	3/3					2/2		
Hubert Brody	4	1	21	4			4	
Manny de Canha	4	1	20					2
*Schalk Engelbrecht								
†Phil Erasmus	3/3							
Tak Hiemstra	4	1	19	4			4	
†Walter Hill	3/3	1	14/15	4				
Phumzile Langeni	4	1			4	5		2
Mike Leeming	4			3	4	2/2	2/2	
^Bill Lynch	1/3							
Hafiz Mahomed	4	1	20	4				
Roy McAlpine	4	1				5		
†Veli Mokoena	3/3	1					2/2	
†Popo Molefe	3/3							
Valli Moosa	4	1						2
Gerhard Riemann	4							
†Carol Scott	3/3							
Max Sisulu	3							
Roddy Sparks	4	1			4	5		
Oshy Tugendhaft	4	1			4	5	2/2	2
Younaid Waja	4	1			4	5	2/2	
Osman Arbee	4	1	20				2/2	2
Nazeer Hoosen	4	1	20					
Marius Swanepoel			20					2

**Appointed to the board on 30 June 2008 and thus attended no meetings during the year.*
^Deceased.
† Resigned during the year.
° Appointed to the board on 1 January 2008.

Corporate governance report (continued)

Company secretary

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

Accountability and audit

Going concern

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

Internal financial controls

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

Internal audit

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

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

The internal audit activities of the group are coordinated by the group internal audit executive (GIAE) based at the corporate office, who reports to the chief executive and has unrestricted access to the group audit committee and its chairperson. The GIAE reports formally at all audit committee meetings held during the year. The forthcoming audit plan for the whole group is approved by the group audit committee. The GIAE also attends and coordinates the activities of all divisional audit committees.

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

Financial reporting

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

Insider trading

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

Principles of conduct

Business integrity and ethics

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

The group is committed to the principles of sustainable development, striking an optimal balance between economic, environmental and social development. We strive to innovate and adopt best practice wherever we operate, working in consultation with stakeholders. In this regard the group publishes a sustainability report which forms part of this annual report.

Management and employees operate within a framework, which requires compliance with all applicable laws and the maintenance of the highest integrity in the conduct of the group's business.

Employment and labour rights

The group subscribes to the principle of fair labour practices at our workplaces, and our conditions of service comply with applicable laws and industry standards. More detail regarding the group's policies and practices is contained in the sustainability report published on the group website: www.imperial.co.za.

Safety, health and environmental stewardship

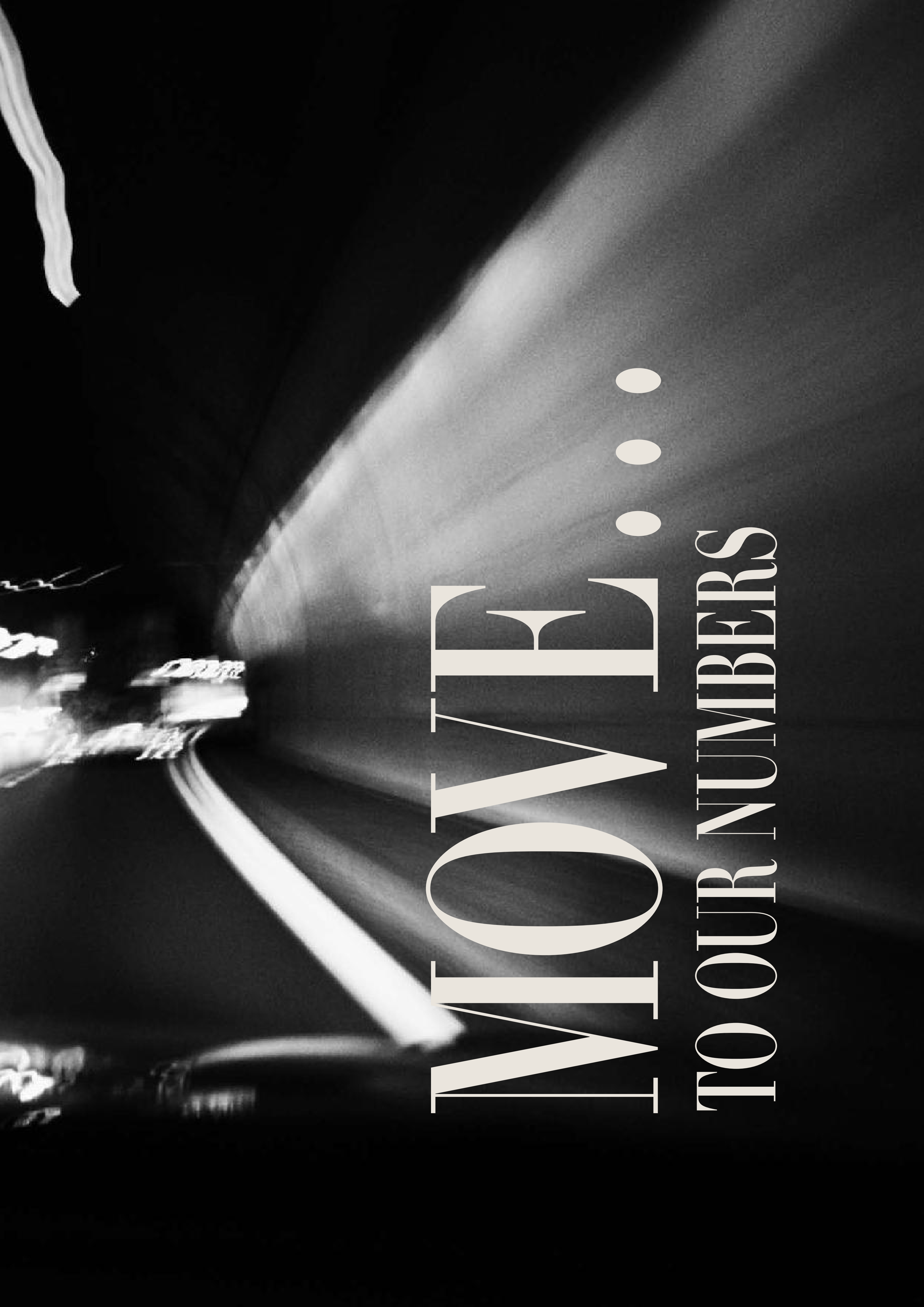
We report regularly at an executive level on our safety, health and environmental (''SHE'') performance.

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

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

Senior executives and line management are accountable for the group's SHE issues and for allocating adequate financial and human resources within their operations to address these matters. We work to keep SHE at the forefront of workplace concerns.

More detail regarding the group's policies and practices is contained in the sustainability report published on the group website: www.imperial.co.za.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Annual financial statements

Index

Directors' responsibility for financial reporting

The directors of the company are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information. The financial statements have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. The group's independent external auditors, Deloitte & Touche, have audited the financial statements and their unqualified report appears on page 69.

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 of assets, and to prevent and detect material misstatements and losses. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

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

The annual financial statements set out on pages 70 to 168 were approved by the board of directors and are signed on their behalf by:

TS Gcabashe
Chairman

HR Brody
Chief executive

A. H. [signature]

AH Mahomed
Financial director

26 August 2008

Certificate by company secretary

In my capacity as company secretary, I hereby confirm that, for the period ended 30 June 2008, the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act, No 61 of 1973, as amended, and that all such returns are true, correct and up to date.

RA Venter
Company secretary

26 August 2008

Independent auditor's report to the shareholders of Imperial Holdings Limited

We have audited the annual financial statements and group annual financial statements of Imperial Holdings Limited, which comprise the directors' report, the balance sheet and the consolidated balance sheet as at 30 June 2008, the income statement and the consolidated income statement, the statement of changes in equity and the consolidated statement of changes in equity, the cash flow statement and the consolidated cash flow statement for the period then ended, a summary of significant accounting policies and other explanatory notes as set out on pages 70 to 168.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and of the group as at 30 June 2008, and of their financial performance and their cash flows for the period then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

Deloitte & Touche.

Deloitte & Touche
Registered auditors

Per BW Smith
Partner

26 August 2008

Buildings 1 and 2, Deloitte Place
The Woodlands, Woodlands Drive, Woodmead
Sandton

National executive:

NT Mtoba (chairman of the board), GG Gelink (chief executive), AE Swiegers (chief operating officer), GM Pinnock (audit), DL Kennedy (tax and legal and financial advisory), L Geeringh (consulting), L Bam (corporate finance), CR Beukman (finance), TJ Brown (clients and markets).

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

Directors' report

For the period ended 30 June 2008

Nature of business

The nature of the business and operations is dealt with on pages 1 to 37.

Financial performance

The net attributable loss for the year amounted to R870 million (2007: R2 776 million profit). The headline earnings per share for the period amounted to a profit of 718 cents (2007: 1 377 cents profit as restated, refer to note 3).

The results for the year are set out in the income statement on page 81 of this report.

Share capital

The authorised and issued share capital is detailed in note 17 to the financial statements on page 110.

	Company	Repurchased shares	Net
The movements in the number of ordinary shares were as follows:			
Balance brought and carried forward	209 617 979	(22 883 341)	186 734 638
Deferred ordinary shares converted	2 511 891	—	2 511 891
Treasury stock purchased by subsidiary in terms of general and specific authorities		(981 115)	(981 115)
Balance carried forward	212 129 870	(23 864 456)	188 265 414
The number of preferred ordinary shares in issue is as follows:			
Balance brought and carried forward	14 516 617		14 516 617
The movements in the number of deferred ordinary shares were as follows:			
Balance brought forward	19 293 859	—	19 293 859
Converted into ordinary shares	(2 511 891)	—	(2 511 891)
Balance carried forward	16 781 968	—	16 781 968
Total issued share capital	243 428 455	(23 864 456)	219 563 999
The number of non-redeemable, non-participating preference shares in issue is as follows:			
Balance brought and carried forward	4 540 041		4 540 041

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

Directors and secretary

The names of the directors and secretary who presently hold office are set out on page 177 of this report.

Messrs TS Gcabashe and S Engelbrecht were appointed to the board of directors during the year. These appointments are to be confirmed at the forthcoming annual general meeting.

During the year, Mr WG Lynch, the retired chief executive, as well as Mr L Boyd, the chairman, passed away. Mr Boyd was succeeded as chairman by Mr TS Gcabashe. Mr A Tugendhaft was appointed deputy chairman. Ms CE Scott and Mr PL Erasmus resigned as directors on 28 February 2008, whilst Messrs WS Hill, VJ Mokoena and PS Molefe resigned as directors on 30 April 2008 pursuant to the unbundling of the Leasing and Capital Equipment division, and joined the board of Eqstra Holdings Limited.

In accordance with the articles of association Messrs MV Moosa, MV Sisulu, RJA Sparks and Y Waja retire by rotation at the forthcoming annual general meeting but, being eligible, offer themselves for re-election.

The aggregate interest of the directors in the issued ordinary share capital of the company is disclosed in note 17 to the financial statements on page 114.

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

These schemes were approved by shareholders during the year. Details of the rights granted in terms of the schemes are set out in note 17 to the financial statements on page 113.

Capital distribution and dividend

Details of the capital distribution and dividend are set out in note 33 to the financial statements on page 128.

Subsidiaries

Details of the company's principal subsidiaries are reflected in Annexure A to the financial statements on page 154.

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

	30 June 2008 Rm	25 June 2007 Rm
Income	**2 356**	2 866
Losses	**2 814**	168

Certain international subsidiaries had a financial year ending 31 May which was changed to 30 June. Accordingly, the results for the International Logistics business are reported for 13 months.

Changes to holdings in material subsidiaries were as follows:

Acquired:

by IMI International BV:

- 100% of Rijnaarde B.V., incorporated in the Netherlands
- 55% of Maxx Thiebaut BV, incorporated in Belgium
- 51% of Foodtankers Group AB, Incorporated in Sweden
- 80% of Amadeus Schiffahrt und Speditions GmbH, incorporated in Germany

All the above are companies engaged in transport and logistics.

by Tourvest:

- 100% of Drifters Overland (Pty) Limited, a company engaged in tourism

by Imperial Holdings Limited

- 60% of RP Logistix (Pty) Limited, a company engaged in transport and logistics

Disposed:

by IMI International BV:

- 100% of Imperial Multipart, a company engaged in parts distribution
- 100% of Air Contractors Ireland, a company involved in air transport
- 60% of Brouwer Shipping and Chartering, a company involved in short shipping brokerage.

Unbundling

During May 2008 the group unbundled its Leasing and Capital Equipment division which included certain divisions of Imperial Group (Pty) Limited and related legal entities. The resulting business was listed under the name Eqstra Holdings Limited on the JSE Limited.

Directors' report (continued)

Special resolutions

The company passed the following special resolutions:

- Granting to the directors of the company a general authority for the acquisition, by the company or any subsidiary, of ordinary shares in the company.
- Granting to the directors of the company a specific authority for the acquisition, by the company or any subsidiary, of ordinary shares in the company held by share schemes.
- Amending the rights and conditions of the deferred ordinary shares in article 55 of the articles of association pursuant to the unbundling of the Leasing and Capital Equipment division.
- Amending the rights and conditions of the preferred ordinary shares in article 56 of the articles of association pursuant to the unbundling of the Leasing and Capital Equipment division.

The Tourism Investment Corporation Limited passed the following special resolution:

- Granting to the directors of the company a general authority for the acquisition by the company of ordinary shares in the company.

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

Post-balance sheet events

The shareholders of Tourvest passed a special resolution approving a scheme of arrangement whereby all the issued shares of Tourvest were acquired by Primetime Trading 6 (Proprietary) Limited with effect from 8 September 2008.

The businesses of Safair (Pty) Limited and Safair Lease Finance (Pty) Limited were sold to an Irish-based group, Aergo Limited. This transaction remains subject to conditions precedent.

An offer was accepted for the sale of the group's entire shareholding in Naturelink Aviation (Pty) Limited. This transaction remains subject to conditions precedent.

Accounting policies

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

The impacts of any newly issued standards that become applicable during the year are outlined in note 2 to the financial statements on page 96.

Change in financial reporting period

The financial year-end of the company and its subsidiaries was changed from 25 June to 30 June and the impact on the results was not significant.

Remuneration report

Role of the remuneration and nomination committee and terms of reference

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

- significant changes in personnel policy;
- approval of remuneration and benefits of executive directors;
- significant changes to the group pension and provident funds and medical aid schemes;
- share incentive schemes and significant changes thereto;
- executive succession;
- increases to non-executive directors' fees; and
- candidates for appointment to the board.

Membership of the committee

The members of the committee during the year were Thulani Gcabashe (chairman), Phumzile Langeni, Roy McAlpine, Roddy Sparks and Oshy Tugendhaft*, all of whom are non-executive directors. Leslie Boyd passed away in March 2008 and was succeeded as chairman of this committee by Thulani Gcabashe. Mike Leeming and Younaid Waja resigned from the committee during the year.

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

Remuneration policy

Principles of executive remuneration

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

- Total rewards are set at levels that are responsible and competitive within the relevant market.
- Total incentive-based rewards are earned through the achievement of demanding growth 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 of long-term incentive schemes is prudent and does not expose shareholders to unreasonable financial risk.

Elements of executive remuneration

Executive directors' remuneration comprises the following four principal elements:

- Base salary
- Annual bonus
- Share Ownership Scheme
- Benefits

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

Base salary

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

Annual bonus

All executive directors are eligible to receive a performance-related annual bonus. The bonus is non-contractual and not pensionable. The committee reviews bonuses annually and determines the level of the bonus based on performance criteria set at the start of the performance period.

**Not independent*

Remuneration report (continued)

Share incentive schemes

The committee has implemented three new long-term incentive plans approved by shareholders on 18 April 2008. Participation in the schemes by executive directors and other senior executives is based on criteria considered by the committee to be similar to those used for the annual bonus. The schemes embody the following elements:

The Share Appreciation Rights Scheme (SAR)

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

The performance conditions for the first issue of the rights were set relative to the company's return on investment capital and the growth in headline earnings per share. The targets and measuring terms of these conditions are detailed in the letter of grant. After vesting, the rights will become exercisable. Upon exercise by a participant the relevant employer company will settle the value of the difference between the exercise price and the grant price by delivering Imperial shares, alternatively, as a fall-back provision only, by settling the value in cash.

The Conditional Share Plan (CSP)

The CSP will be utilised in exceptional circumstances only. Employees will receive grants of conditional awards. Vesting of the conditional awards is subject to performance conditions. The performance conditions for the CSP will be based on individual targets set by the board. If the performance conditions are satisfied, the conditional awards will vest. If the performance conditions are not met, the conditional awards will lapse.

The Deferred Bonus Plan (DBP)

Qualifying senior employees will be permitted to use a portion of the after-tax component of their annual bonus to acquire Imperial shares (bonus shares). A simultaneous conditional matching award of Imperial shares is made to the participant on the condition that the participant remains in the employ of the group and retains the bonus shares over a fixed three-year period. The participant remains the owner of the bonus shares for the duration of the three-year period and will enjoy all shareholder rights in respect of the bonus shares. Bonus shares can be withdrawn from escrow at any stage, but the matching award is forfeited to the extent of the bonus shares withdrawn from escrow during the period.

Eligibility

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

A total of 11 368 556 share appreciation rights were allocated in terms of the SAR scheme at a price of R49,46 per SAR. In addition, a total of 482 064 DBP rights were allocated during the year.

Retirement schemes

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

Other benefits

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

Other matters affecting remuneration of directors

External appointments

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

Non-executive directors

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

Directors' fees

For the past financial year, each of the non-executive directors received directors' fees at the rate of R124 000 per annum (2007: R112 000). The chairman received R310 000 (2007: R224 000) and the deputy chairman R220 000 (2007: R135 000). Non-executive directors who serve on the board committees each received fees per annum as follows: Audit committee R65 000 (2007: R54 000); remuneration and nomination committee R48 000 (2007: R44 000); risk committee R48 000 (2007: R44 000); asset and liability committee R48 000 (2007: R44 000); transformation committee R48 000 (2007: committee not in existence).

Increase in directors' fees

At the annual general meeting on 4 November 2008, members will be requested to approve the following increases in non-executive directors' remuneration:

– Board	from R124 000 to R143 000;
– Chairman	from R310 000 to R357 500;
– Deputy chairman	from R220 000 to R253 400;
– Audit committee	from R65 000 to R74 750;
– Asset and liability committee	from R48 000 to R52 800;
– Risk committee	from R48 000 to R52 800;
– Remuneration and nomination committee	from R48 000 to R52 800;
– Transformation committee	from R48 000 to R52 800.

Chairmen of committees receive a chairman's fee of one and a half times a normal member's fee in addition to their member's fee, with the exception of the audit committee chairman who receives a fee of R150 000 in addition to his member's fee.

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

Executive directors receive no directors' or committee fees in addition to their normal remuneration.

Remuneration report (continued)

Directors' remuneration

The table below provides an analysis of the emoluments paid to executive and non-executive directors of the company for the period ended 30 June 2008.

Name	Salary R000	Bonus R000	Retire-ment and medical contri-butions R000	Other benefits R000	Directors' fees R000	Subs/Ass and sub-committee fees R000	2008 Total R000	2007 Total R000
				(Note 1)				
NON-EXECUTIVE								
L Boyd (note 4)					186	162	**348**	312
S Engelbrecht								
PL Erasmus (note 5)					93	22	**115**	134
TS Gcabashe					62	119	**181**	
P Langeni					124	173	**297**	166
MJ Leeming					124	440	**564**	374
WG Lynch (note 4)	672		92	415	21		**1 200**	5 272
JR McAlpine					124	253	**377**	298
P Molefe (note 5)					124		**124**	112
MV Moosa					124		**124**	112
A Tugendhaft					124	246	**370**	298
VJ Mokoena (note 2, note 5)	641	550	70	124	124		**1 509**	1 498
CE Scott (note 5)					93	65	**158**	200
MV Sisulu (note 2)					124	270	**394**	382
RJA Sparks					124	214	**338**	188
Y Waja					124	316	**440**	166
	1 313	550	162	539	1 695	2 280	**6 539**	9 512
EXECUTIVE								
OS Arbee	2 361	1 475	389	299			**4 524**	
RJ Boëttger								3 827
HR Brody	3 787	1 700	596	93			**6 176**	4 102
MP de Canha	2 731	1 475	443	227			**4 876**	4 721
RL Hiemstra	2 705	1 250	443	121			**4 519**	4 299
WS Hill (note 5)	2 278		370	62			**2 710**	4 287
N Hoosen	2 008	1 100	334	61			**3 503**	
AH Mahomed	3 423	1 675	555	197			**5 850**	5 319
GW Riemann (note 3)	4 208	6 021	730	479			**11 438**	8 454
	23 501	14 696	3 860	1 539			**43 596**	35 009
Total	24 814	15 246	4 022	2 078	1 695	2 280	**50 135**	
June 2007	20 768	15 343	3 648	1 824	1 652	1 286		44 521

Notes

1 *Other benefits*
These include the fringe benefit value of company cars and motor car allowances.

2 VJ Mokoena is employed by Ukhamba Holdings (Pty) Limited and MV Sisulu is its chairman. Except for directors' fees, all other costs are borne by Ukhamba Holdings (Pty) limited. VJ Mokoena's directors' fee is paid to Ukhamba.

3 *Overseas based*
GW Riemann is employed in Germany and his salary is paid in euro based on the market conditions in that country.

4 Payment for part of year until date of death.

5 Resigned during the course of the year.

Directors' service contracts

Directors' contracts are all terminable on one month's notice, with the exception of GW Riemann, who is employed on a fixed-term contract that terminates on 31 December 2009 and RL Hiemstra who has a 24-month notice period.

None of the non-executive directors have a contract of employment with the company. Their appointments are made in terms of the company's articles of association and are initially confirmed at the first annual general meeting of shareholders following their appointment, and thereafter by rotation.

Incentive schemes

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

Participation in share option scheme

	Options at beginning of year	Options exercised during year	Options at end of year	Option price	Date granted
HR Brody	50 000	50 000		49,90	26 May 2003
RL Hiemstra	30 000	30 000		53,20	30 June 2003
N Hoosen	15 000	15 000		56,70	22 July 2003
AH Mahomed	20 000	20 000		37,00	13 November 1998
	75 000	75 000		53,20	30 June 2003

Participation in bonus rights scheme

	Commencement date	Number of rights	Price on commencement date	Expiry date
OS Arbee	26 June 2005	15 000	100,78	June 2009
	26 June 2007	20 000	150,08	June 2011
HR Brody	26 June 2005	15 000	100,78	June 2009
	26 June 2007	20 000	150,08	June 2011
MP de Canha	26 June 2005	15 000	100,78	June 2009
	26 June 2007	20 000	150,08	June 2011
RL Hiemstra	26 June 2005	15 000	100,78	June 2009
	26 June 2007	20 000	150,08	June 2011
N Hoosen	26 June 2005	15 000	100,78	June 2009
	26 June 2007	20 000	150,08	June 2011
AH Mahomed	26 June 2005	15 000	100,78	June 2009
	26 June 2007	20 000	150,08	June 2011
GW Riemann	26 June 2005	15 000	100,78	June 2009

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

	Number of shares	Loan balance (R)
OS Arbee	150 000	24 031 970
HR Brody	150 000	24 031 970
MP de Canha	150 000	24 031 970
RL Hiemstra	150 000	24 031 970
N Hoosen	150 000	24 031 970
AH Mahomed	138 600	22 102 705

Participation in the new share appreciation rights scheme*

	Commencement date	Number of rights	Price on commencement date	Vesting date
OS Arbee	5 June 2008	369 031	49,46	15 September 2011
HR Brody	5 June 2008	529 904	49,46	15 September 2011
MP de Canha	5 June 2008	369 033	49,46	15 September 2011
RL Hiemstra	5 June 2008	369 031	49,46	15 September 2011
N Hoosen	5 June 2008	249 096	49,46	15 September 2011
AH Mahomed	5 June 2008	506 850	49,46	15 September 2011

**The number of rights that will eventually vest is subject to the achievement of performance conditions and is likely to be fewer than the number granted.*

Participation in the new deferred bonus plan+

		Number of rights allocated	Vesting date
OS Arbee	5 June 2008	30 969	15 September 2011
HR Brody	5 June 2008	45 096	15 September 2011
MP de Canha	5 June 2008	30 969	15 September 2011
RL Hiemstra	5 June 2008	30 969	15 September 2011
N Hoosen	5 June 2008	20 904	15 September 2011
AH Mahomed	5 June 2008	43 150	15 September 2011

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

The gains on share options exercised during the year were as follows:

	2008 R000	2007 R000
HR Brody	**4 666**	
RL Hiemstra	**2 700**	
N Hoosen	**1 298**	
AH Mahomed	**7 553**	3 375

The benefits received on loans from the share trust with a lower rate of interest being charged during the year were as follows:

	2008 R000	2007 R000
AH Mahomed	**741**	495

Approval

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

Signed on behalf of the board of directors

TS Gcabashe
Chairman of the committee

26 August 2008

Group balance sheet

At June	Notes	30 June 2008 Rm	25 June 2007 Rm
ASSETS			
Intangible assets	4	**897**	1 238
Investments in associates and joint ventures	5	**2 017**	2 732
Property, plant and equipment	6	**5 681**	5 441
Transport fleet	7	**3 465**	2 789
Leasing assets	8	**337**	6 990
Vehicles for hire	9	**1 286**	1 012
Deferred tax assets	10	**637**	450
Other investments and loans	11	**2 320**	2 793
Other non-current financial assets	12	**330**	842
Inventories	13	**6 442**	9 436
Taxation in advance		**111**	140
Trade and other receivables	14	**6 821**	8 883
Cash resources	15	**3 148**	2 788
Assets classified as held for sale	16	**4 440**	
Total assets		**37 932**	45 534
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and premium	17	**10**	876
Shares repurchased	18	**(1 816)**	(1 955)
Other reserves	19a	**1 273**	1 203
Retained earnings		**10 138**	12 397
Attributable to Imperial Holdings' shareholders		**9 605**	12 521
Minority interest		**811**	946
Total shareholders' equity		**10 416**	13 467
Liabilities			
Non-redeemable, non-participating preference shares	20	**441**	441
Retirement benefit obligations	21	**286**	230
Interest-bearing borrowings	22	**8 103**	7 396
Insurance and investment contracts	23	**1 535**	1 722
Deferred tax liabilities	10	**549**	1 196
Other non-current financial liabilities	24	**98**	13
Provisions for liabilities and other charges	25	**905**	1 154
Trade and other payables	26	**9 160**	12 526
Current tax liabilities		**586**	940
Current portion of interest-bearing borrowings	22	**3 496**	6 449
Liabilities directly associated with assets held for sale	16	**2 357**	
Total liabilities		**27 516**	32 067
Total equity and liabilities		**37 932**	45 534

Group income statement

For the period ended	Notes	30 June 2008 Rm	Restated 25 June 2007 Rm
CONTINUING OPERATIONS			
Revenue	27	**55 927**	54 451
Net operating expenses	28	**(51 849)**	(49 809)
Profit from operations before depreciation and recoupments		**4 078**	4 642
Depreciation, amortisation and recoupments	29	**(1 086)**	(889)
Operating profit		**2 992**	3 753
Foreign exchange gains		**145**	22
Fair value gains (losses) on foreign exchange derivatives		**1**	(2)
Impairment of share scheme loans		**(182)**	
Fair value (losses) gains on other financial instruments		**(314)**	19
Exceptional items	30	**1**	15
Profit before net financing costs		**2 643**	3 807
Finance cost including fair value gains and losses	31	**(972)**	(570)
Finance income	31	**165**	92
Income from associates and joint ventures	5	**278**	236
Profit before taxation		**2 114**	3 565
Income tax expense	32	**707**	1 008
Profit from continuing operations		**1 407**	2 557
DISCONTINUED OPERATIONS		**(1 920)**	597
– Trading profit from operations	16	**349**	597
– Fair value loss on discontinuation	16	**(2 269)**	
Net (loss) profit for the period		**(513)**	3 154
Attributable to:			
Equity holders of Imperial Holdings Limited		**(870)**	2 776
Minority interest – continuing operation		**162**	204
Minority interest – discontinued operation	16	**195**	174
		(513)	3 154
Capital distributions and dividends per share (cents)	33		
– Ordinary shares		**245**	560
– Preferred ordinary shares		**535**	357
Earnings per share (cents)	34		
– Basic			
Continuing		**629**	1 242
Discontinued		**(1 139)**	228
Total		**(510)**	1 470
– Diluted			
Continuing		**600**	1 155
Discontinued		**(1 020)**	208
Total		**(420)**	1 363
Preferred ordinary shares (cents)			
– Basic (2007: eight months)		**535**	357

Group statement of changes in equity

	Share capital and share premium Rm	Shares repurchased Rm	Other reserves: Share-based payment reserve Rm	Other reserves: Hedging reserve Rm	Other reserves: Statutory reserve Rm	Other reserves: Translation reserve Rm	Other reserves: Valuation reserve Rm	Retained earnings Rm	Attributable to Imperial Holdings' shareholders Rm	Minority interest Rm	Total Rm
Balance at 26 June 2006	1 762	(2 497)	69	615	240	348		9 465	10 002	785	**10 787**
Net gains arising on translation of foreign operations						142			142	1	**143**
Movement in hedge accounting reserve				(569)					(569)	(77)	**(646)**
Payments on share option hedging			(66)						(66)		**(66)**
Net (losses) profits not recognised in the income statement			(66)	(569)		142			(493)	(76)	**(569)**
Net attributable profit for the year								2 776	2 776	378	**3 154**
Net increase in minority interest										25	**25**
Contingency reserve created in terms of the Insurance Act					47			(47)			
Transfer of Imperial Bank's credit risk reserve to statutory reserve					16			(16)			
Purchase of 2 630 386 ordinary shares		(298)							(298)		**(298)**
Deconsolidation of Lereko Mobility		715					361	482	1 558		**1 558**
Capital distribution of 244 cents per ordinary share in October 2006	(511)	49							(462)		**(462)**
Capital distribution of 160 cents per ordinary share in April 2007	(336)	37							(299)		**(299)**
Dividend of 120 cents per ordinary share in April 2007								(224)	(224)		**(224)**
Capital distribution of 267,5 cents per preferred ordinary share in September 2006	(39)	39									
Dividend of 267,5 cents per preferred ordinary share in March 2007								(39)	(39)		**(39)**
Minority share of dividends										(166)	**(166)**
Balance at 25 June 2007	876	(1 955)	3	46	303	490	361	12 397	12 521	946	**13 467**
Net gains arising on translation of foreign operations						213			213	21	**234**
Movement in hedge accounting reserve				29					29	1	**30**
Share option hedging cost			(62)						(62)		**(62)**
Revaluation of investment in Eqstra Ltd							167		167		**167**
Devaluation of Lereko Mobility call option							(238)		(238)		**(238)**
Net (losses) profits not recognised in the income statement			(62)	29		213	(71)		109	22	**131**
Net attributable (loss) profit for the period								(870)	(870)	357	**(513)**
Share-based equity released			(5)						(5)		**(5)**
Unbundling of the Leasing and Capital Equipment division	(193)	183		(37)		54	(52)	(1 388)	(1 433)	(289)	**(1 722)**
Share issue expenses	(1)								(1)		**(1)**
Contingency reserve created in terms of the Insurance Act					1			(1)			
Purchase of 981 115 ordinary shares		(109)							(109)		**(109)**
Capital distribution of 280 cents per ordinary share in September 2007	(594)	65							(529)		**(529)**
Capital distribution of 267,5 cents per preferred ordinary share in September 2007	(39)								(39)		**(39)**
Capital distribution of 267,5 cents per preferred ordinary share in April 2008	(39)								(39)		**(39)**
Minority share of dividends										(225)	**(225)**
Balance at 30 June 2008	10	(1 816)	(64)	38	304	757	238	10 138	9 605	811	**10 416**

Group cash flow statement

For the period ended	Notes	30 June 2008 Rm	25 June 2007 Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		**68 416**	65 627
Cash paid to suppliers and employees		**(62 727)**	(59 616)
Cash generated by operations	35a	**5 689**	6 011
Cash generated by operations – continuing businesses		**3 633**	4 305
– discontinued businesses		**2 056**	1 706
Net financing costs		**(1 426)**	(1 026)
		4 263	4 985
Taxation paid		**(1 396)**	(1 106)
		2 867	3 879
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries and businesses	35b	**(490)**	(612)
Unbundling and disposals of subsidiaries and businesses	35c	**5 863**	150
Expansion capital expenditure			
– Property, plant and equipment		**(817)**	(778)
– Transport fleet		**(679)**	(354)
– Vehicles for hire		**(99)**	(143)
Net replacement capital expenditure	35d		
– Intangible assets		**(54)**	(29)
– Property, plant and equipment		**(393)**	(294)
– Transport fleet		**(30)**	(213)
– Leasing assets		**(74)**	43
– Vehicles for hire		**(466)**	(210)
Net capital expenditure discontinued businesses		**(2 384)**	(1 846)
Net additional investments (loans and equity) in associates and joint ventures		**8**	(111)
Net movement in investments, loans and non-current financial instruments		**672**	(223)
Loans advanced to participants of Share Incentive Trust			(128)
		1 056	(4 748)
CASH FLOWS FROM FINANCING ACTIVITIES			
Purchase of treasury stock net of transfers from share purchase trust		**(10)**	(298)
Hedge cost of share options		**(67)**	(66)
Dividends paid		**(225)**	(429)
Capital distribution		**(607)**	(761)
Change in minority interest			(69)
Increase (decrease) in long-term borrowings		**(1 165)**	1 946
		(2 074)	323
Net increase (decrease) in cash and cash equivalents		**1 849**	(546)
Cash and cash equivalents at beginning of year		**(2 189)**	(1 643)
Cash and cash equivalents at end of year	35e	**(340)**	(2 189)

Segment information – balance sheet

At June	Group		Logistics		Car Rental and Tourism	
	30 June 2008 Rm	25 June 2007 Rm	**30 June 2008 Rm**	25 June 2007 Rm	**30 June 2008 Rm**	25 June 2007 Rm
BUSINESS SEGMENTATION						
Assets						
Intangible assets	**897**	1 238	**665**	441	**51**	32
Investments, loans, associates and joint ventures	**3 756**	3 968	**113**	91	**4**	3
Property, plant and equipment	**5 681**	5 441	**1 779**	1 396	**171**	139
Transport fleet	**3 465**	2 789	**3 533**	2 861		
Leasing assets	**337**	6 990				
Vehicles for hire	**1 286**	1 012			**1 296**	1 021
Other non-current financial assets	**330**	842				
Inventories	**6 442**	9 436	**146**	92	**308**	316
Trade and other receivables	**6 821**	8 883	**4 220**	3 589	**221**	156
Cash in financial services businesses	**1 261**	914				
Operating assets	**30 276**	41 513	**10 456**	8 470	**2 051**	1 667
Deferred tax assets	**637**	450				
Loans to associates and other investments	**581**	1 557				
Taxation in advance	**111**	140				
Cash and cash equivalents	**1 887**	1 874				
Assets classified as held for sale	**4 440**					
Total assets per balance sheet	**37 932**	45 534				
Liabilities						
Retirement benefit obligations	**286**	230	**286**	230		
Insurance and investment contracts	**1 535**	1 722				
Accounts payable and provisions	**10 065**	13 680	**4 090**	3 490	**356**	291
Other non-current financial liabilities	**98**	13	**18**			
Non-interest-bearing liabilities	**11 984**	15 645	**4 394**	3 720	**356**	291
Non-redeemable, non-participating preference shares	**441**	441				
Interest-bearing borrowings	**11 599**	13 845				
Deferred tax liabilities	**549**	1 196				
Current tax liabilities	**586**	940				
Liabilities directly associated with assets held for sale	**2 357**					
Total liabilities per balance sheet	**27 516**	32 067				
GEOGRAPHIC SEGMENTATION						
Operating assets	**30 276**	41 513	**10 456**	8 470	**2 051**	1 667
– South Africa	**23 357**	34 404	**6 433**	5 906	**2 025**	1 618
– Rest of Africa	**1 017**	1 257	**213**	197	**26**	49
– Rest of world	**5 902**	5 852	**3 810**	2 367		
Non-interest-bearing liabilities	**11 984**	15 645	**4 394**	3 720	**356**	291
– South Africa	**8 949**	12 201	**2 638**	2 403	**340**	275
– Rest of Africa	**561**	599	**58**	56	**16**	16
– Rest of world	**2 474**	2 845	**1 698**	1 261		
Interest-bearing borrowings[⌥]	**11 599**	13 845	**3 616**	1 661	**788**	422
– South Africa	**6 718**	10 117	**1 727**	777	**776**	449
– Rest of Africa	**203**	401	**93**	77	**12**	(27)
– Rest of world	**4 678**	3 327	**1 796**	807		
Gross capital expenditure[⌥]	**4 287**	7 303	**1 371**	1 031	**1 349**	1 127
– South Africa	**3 447**	6 418	**760**	781	**1 334**	1 123
– Rest of Africa	**65**	145	**49**	58	**15**	4
– Rest of world	**775**	740	**562**	192		
Gross capital expenditure	**4 287**	7 303	**1 371**	1 031	**1 349**	1 127
Less: Proceeds on disposal	**(1 675)**	(3 479)	**(287)**	(292)	**(724)**	(742)
Net capital expenditure	**2 612**	3 824	**1 084**	739	**625**	385

** Distributorships now includes NAC, previously included in the Aviation division.*

*** Motor vehicle dealerships now includes our United Kingdom commercial vehicle business, previously included in Distributorships.*

The comparative information for the above has been restated.

[⌥] *The discontinued operations have been included under Head office and eliminations for 2007.*

*Distributorships		**Motor Vehicle Dealerships		Insurance		Head office and Eliminations		Discontinued operations
30 June 2008 Rm	25 June 2007 Rm	30 June 2008 Rm	25 June 2007 Rm	30 June 2008 Rm	25 June 2007 Rm	30 June 2008 Rm	25 June 2007 Rm	25 June 2007 Rm
28	34	128	184	26	9	(1)	(12)	550
181	271	9	15	1 873	2 034	1 576	1 184	370
1 873	1 376	1 642	1 291	74	155	142	148	936
						(68)	(72)	
340	346					(3)	(8)	6 652
						(10)	(9)	
16				319	542	(5)	300	
3 588	3 558	2 483	2 366			(83)	(105)	3 209
1 035	1 087	939	1 092	389	528	17	(168)	2 599
				1 261	914			
7 061	6 672	5 201	4 948	3 942	4 182	1 565	1 258	14 316
				1 517	1 695	18	27	
2 424	2 599	1 777	2 263	1 164	1 118	254	65	3 854
					11	80	1	1
2 424	2 599	1 777	2 263	2 681	2 824	352	93	3 855
7 061	6 672	5 201	4 948	3 942	4 182	1 565	1 258	14 316
6 029	5 979	4 135	4 075	3 209	3 612	1 526	1 243	11 971
46	57			733	570	(1)	(1)	385
986	636	1 066	873			40	16	1 960
2 424	2 599	1 777	2 263	2 681	2 824	352	93	3 855
2 250	2 435	1 278	1 829	2 217	2 427	226	(11)	2 843
21	20			464	397	2		110
153	144	499	434			124	104	902
2 106	1 425	1 727	1 027			3 362	9 310	
1 318	915	1 402	749			1 495	7 227	
79	76					19	275	
709	434	325	278			1 848	1 808	
1 219	1 242	505	501	41	102	(198)	3 300	
1 047	1 100	465	458	41	102	(200)	2 854	
	1					1	82	
172	141	40	43			1	364	
1 219	1 242	505	501	41	102	(198)	3 300	
(673)	(787)	(115)	(184)	(50)	(11)	174	(1 463)	
546	455	390	317	(9)	91	(24)	1 837	

Segment information – income statement

For the period ended	Group 2008 Rm	Group 2007 Rm	Logistics 2008 Rm	Logistics 2007 Rm
BUSINESS SEGMENTATION				
Revenue				
– Sales of goods	**32 422**	34 565	**1 233**	982
– Rendering of services	**21 015**	16 933	**16 427**	13 287
– Gross premiums received	**2 378**	2 953		
– Other	**112**		**108**	
	55 927	54 451	**17 768**	14 269
Intersegment revenue			**218**	293
	55 927	54 451	**17 986**	14 562
Operating expenses including cost of sales	**52 040**	50 300	**16 271**	13 217
Investment income	**(176)**	(128)	**(3)**	
Fair value gains on investments	**(15)**	(363)		
Depreciation and amortisation	**1 168**	940	**624**	511
Recoupments	**(82)**	(51)	**(8)**	(35)
Operating profit	**2 992**	3 753	**1 102**	869
Foreign exchange gains (losses)	**145**	22	**(3)**	(3)
Fair value gains (losses) on foreign exchange derivatives	**1**	(2)		
Impairments of share scheme loans	**(182)**			
Fair value (losses) gains on other financial instruments	**(314)**	19		
Profit before net financing costs and exceptional items	**2 642**	3 792	**1 099**	866
Net financing costs	**(807)**	(478)	**(130)**	(60)
Income from associates and joint ventures	**278**	236	**31**	14
Profit before taxation and exceptional items	**2 113**	3 550	**1 000**	820
GEOGRAPHIC SEGMENTATION				
Revenue	**55 927**	54 451	**17 986**	14 562
– South Africa	**40 846**	41 132	**9 311**	7 650
– Rest of Africa	**1 077**	950	**422**	368
– Rest of world	**14 004**	12 369	**8 253**	6 544
Operating profit	**2 992**	3 753	**1 102**	869
– South Africa	**2 394**	3 303	**670**	594
– Rest of Africa	**141**	118	**36**	25
– Rest of world	**457**	332	**396**	250
Net financing costs	**807**	478	**130**	60
– South Africa	**710**	381	**125**	86
– Rest of Africa	**18**	13	**10**	8
– Rest of world	**79**	84	**(5)**	(34)

**Distributorships now includes NAC, previously included in the Aviation division.*
***Motor vehicle dealerships now includes our United Kingdom commercial vehicle business, previously included in Distributorships.*
The comparative information for the above has been restated.

Car Rental and Tourism		*Distributorships		**Motor Vehicle Dealerships		Insurance		Head office and Eliminations	
2008 Rm	2007 Rm	**2008 Rm**	2007 Rm	**2008 Rm**	2007 Rm	**2008 Rm**	2007 Rm	**2008 Rm**	2007 Rm
955	721	**13 385**	15 864	**16 849**	16 998				
1 732	1 438	**1 286**	818	**1 475**	1 317	**10**	22	**85**	51
						2 378	2 953		
		2				**1**		**1**	
2 687	2 159	**14 673**	16 682	**18 324**	18 315	**2 389**	2 975	**86**	51
25	99	**383**	396	**857**	914	**205**	176	**(1 688)**	(1 878)
2 712	2 258	**15 056**	17 078	**19 181**	19 229	**2 594**	3 151	**(1 602)**	(1 827)
2 028	1 693	**14 172**	15 620	**18 664**	18 632	**2 526**	2 912	**(1 621)**	(1 774)
		(3)	(1)			**(166)**	(127)	**(4)**	
						(16)	(362)	**1**	(1)
31	253	**146**	135	**90**	73	**23**	16	**(36)**	(48)
(7)	(32)	**(10)**	(3)	**(43)**		**(22)**	(1)	**8**	20
370	344	**751**	1 327	**470**	524	**249**	713	**50**	(24)
	(1)	**32**	37			**(48)**	(13)	**164**	2
		1	(2)						
								(182)	
								(314)	19
370	343	**784**	1 362	**470**	524	**201**	700	**(282)**	(3)
(70)	(45)	**(186)**	(153)	**(170)**	(125)	**3**	10	**(254)**	(105)
1	1	**(84)**	(32)	**(7)**		**(1)**		**338**	253
301	299	**514**	1 177	**293**	399	**203**	710	**(198)**	145
2 712	2 258	**15 056**	17 078	**19 181**	19 229	**2 594**	3 151	**(1 602)**	(1 827)
2 584	2 143	**12 478**	13 930	**15 899**	16 402	**2 179**	2 837	**(1 605)**	(1 830)
128	115	**112**	152			**415**	314		1
		2 466	2 996	**3 282**	2 827			**3**	2
370	344	**751**	1 327	**470**	524	**249**	713	**50**	(24)
360	332	**749**	1 322	**400**	447	**146**	624	**69**	(16)
10	12	**(8)**	(8)			**103**	89		
		10	13	**70**	77			**(19)**	(8)
70	45	**186**	153	**170**	125	**(3)**	(10)	**254**	105
69	46	**148**	117	**148**	114	**(3)**	(10)	**223**	28
1	(1)	**7**	6						
		31	30	**22**	11			**31**	77

Notes to the group annual financial statements

1 Accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below and are consistent in all material respects with those applied during the previous year, except as outlined in note 3.

1.1 Basis of preparation

The consolidated financial statements are stated in rands and are prepared in accordance with and comply with International Financial Reporting Standards (IFRS), effective for the group's financial year. The consolidated financial statements are prepared on the historical-cost basis, modified by the restatement of certain financial instruments to fair value and insurance liabilities in accordance with actuarial valuations.

Insurance

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

Consolidation

The consolidated financial statements incorporate the financial statements of the company and all its subsidiaries. Subsidiary undertakings, which are those companies in which the group, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to exercise control over the operations, have been consolidated, except when the subsidiaries are held exclusively with a view to their subsequent disposal which is highly probable and are accounted for as non-current assets held for sale. Where the group's interest in subsidiary undertakings is less than 100%, the share attributable to outside shareholders is reflected as minority interests. The accounts of subsidiary undertakings are generally drawn up at 30 June (2007: 25 June) each year. Where audited accounts are not drawn up at this date, the latest audited accounts available are used.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is below the fair values of the identifiable net assets acquired (i.e. discount on acquisition), then the difference is credited to profit and loss in the period of acquisition.

The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised. Subsequent profits are credited to minorities and any losses attributable to minorities in excess of the minority interest are allocated against the interests of the parent.

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

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

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

Segment information

The principal segments of the group have been identified on a primary basis by business segment and on a secondary basis by significant geographical region. The basis is representative of the internal structure used for management reporting.

Segment revenue reflects both sales to external parties and intergroup transactions across segments. The segment result is presented as segment profit before exceptional items including net finance costs and income from associates. Taxation is excluded in arriving at segment results.

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

Foreign currencies

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

Income statements having a different functional currency are translated into South African currency at the weighted average exchange rates for the year and the balance sheets are translated at the exchange rates ruling on the balance sheet date. All resulting exchange differences are classified as a foreign currency translation reserve and reflected as part of shareholders' equity.

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

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

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

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

1.2 Investment in associates

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

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

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

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

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

1.3 Joint ventures

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

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

1.4 Goodwill

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

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

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

1.5 Other intangible assets

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

1.6 Impairment of tangible and intangible assets excluding goodwill

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

1 Accounting policies *(continued)*

1.6 Impairment of tangible and intangible assets excluding goodwill *(continued)*

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

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. Impairment losses recognised on goodwill relating to a cash-generating unit shall not be reversed in a subsequent period.

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

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

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

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

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

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

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

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

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

Gains and losses on disposal are determined by reference to their carrying amount and are taken into account in determining operating profit.

1.8 Capitalised borrowing costs

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

1 Accounting policies *(continued)*

1.9 Inventories

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

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

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

1.10 Financial instruments

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

Equity and debt security instruments

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

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

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

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

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

Loans receivable

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

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

Trade and other receivables

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

Cash and cash equivalents

Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at the balance sheet date.

Loans payable

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

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

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

1 Accounting policies *(continued)*

1.10 Financial instruments *(continued)*

Trade payables

Trade payables are stated at their nominal value.

Derivative instruments

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

The group designates certain derivatives as hedging instruments and they are classified as:

- fair value hedge: a hedge to cover exposure to changes in fair value of recognised assets and liabilities;
- cash flow hedge: hedges a particular risk associated with a recognised asset or liability or a highly probable forecast transaction; and
- hedges of a net investment in a foreign operation.

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

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

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

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

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

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

Fair value calculations

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

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

Derecognition

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

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

1.11 Leases

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

The group as lessor

Finance leases

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

1 Accounting policies *(continued)*

1.11 Leases *(continued)*

Operating leases

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

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

The group as lessee

Finance leases

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

Operating leases

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

1.12 Share-based payments

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

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

1.13 Retirement benefit obligations

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

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

1.14 Provisions

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

Leave pay provision

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

Bonus provision

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

1 Accounting policies *(continued)*

1.14 Provisions *(continued)*

Warranty and after-sales services

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

Insurance claims

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

Other provisions

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

1.15 Taxation

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

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

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

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

1.16 Revenue recognition

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

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

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

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

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

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

1.17 Interest and dividend income in financial services businesses

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

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

1.18 Government grants and assistance

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

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

1 Accounting policies *(continued)*

1.18 Government grants and assistance *(continued)*

No value is recognised where government provides general industry assistance.

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

1.19 Significant accounting judgements and estimates

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

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

Residual values and useful lives

The group depreciates its assets over their estimated useful lives taking into account residual values, which, following the adoption of IAS 16 – Property, Plant and Equipment, are reassessed on an annual basis. The actual lives and residual values of these assets can vary depending on a variety of factors.

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

Insurance companies

Details of the significant accounting judgements and estimates are given in Annexure C. This year reserves were strengthened by R65 million as detailed under significant judgements and estimates in the Annexure.

Income taxes

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

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

Contingent liabilities

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

Revenue recognition

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

Balance sheet presentation based on liquidity

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

Discontinued operations and non-current assets classified as held for sale

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

1 Accounting policies *(continued)*

1.19 Significant accounting judgements and estimates *(continued)*

Management classifies a component of the group that either has been disposed of or is classified as held for sale and:

– represents a separate major line of business or geographical area of operations;

– is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or

– is a subsidiary acquired exclusively with a view to resale as a discontinued operation.

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

Lereko Mobility (Pty) Limited (Lereko)

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

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

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

2 Impact of new issued standards and interpretations

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

IFRS 1 – First-time adoption of International Financial Reporting Standards

The amendment to this IFRS will require that, when a new parent is formed in a reorganisation, the new parent must measure the cost of its investment in the previous parent at the carrying amount of its share of the equity items of the previous parent at the date of the reorganisation.

The amendment should have no significant impact on the group's results, and first becomes applicable for the financial year ending 30 June 2010.

IFRS 2 – Share-based payments

The amendment to this IFRS clarifies the terms, vesting conditions and cancellations.

The amendment should have no significant impact on the group's results, and first becomes applicable for the financial year ending 30 June 2010.

IFRS 3 – Business combinations

There have been comprehensive revisions of this IFRS, including goodwill, non-controlling interest, pre-existing relationships and reacquired rights.

The amendment should have an impact on the group's results, but as it only applies to business combinations concluded on or after 1 July 2009, the impact cannot be determined. The statement first becomes applicable for the financial year ending 30 June 2010.

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

There are consequential amendments to this IFRS, resulting from the annual improvement project, as well as changes to segment reporting.

The amendment should have no significant impact on the group's results, and first becomes applicable for the financial year ending 30 June 2010.

IFRS 8 – Operating segments

This IFRS introduces the concept of an operating segment; it expands the identification criteria for segments of an entity and the measurement of segment results. This statement will allow an entity to align its operating segment reporting with the internal identification and reporting structure.

The standard first becomes applicable to the group for the financial year ending 30 June 2010, and is not expected to have any significant impact on the group.

IAS 1 – Presentation of financial statements

There have been comprehensive revisions to this IFRS, including a requirement to present comprehensive income.

The amendment should have no significant impact on the group's results, and first becomes applicable for the financial year ending 30 June 2010.

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

IAS 23 – Borrowing costs

This standard has been amended to remove the option to expense borrowing costs incurred on qualifying assets.

The amendment should have no significant impact on the group's results, and first becomes applicable for the financial year ending 30 June 2009.

IAS 27 – Consolidated and separate financial statements

There have been consequential amendments to this statement from the amendments to IFRS 3.

The amendment should have an impact on the group's results, but only applies to business combinations concluded on or after 1 July 2009, and the statement first becomes applicable for the financial year ending 30 June 2010.

IAS 28 – Investments in associates

There have been consequential amendments to this statement from the amendments to IFRS 3.

The amendment should have an impact on the group's results, but only applies to business combinations concluded on or after 1 July 2009, the statement first becomes applicable for the financial year ending 30 June 2010.

IAS 31 – Investments in joint ventures

There have been consequential amendments to this statement from the amendments to IFRS 3.

The amendment should have an impact on the group's results, but only applies to business combinations concluded on or after 1 July 2009, the statement first becomes applicable for the financial year ending 30 June 2010.

IAS 32 – Financial instruments presentation

This standard has been amended in relation to puttable instruments and obligations arising on liquidation.

The standard first becomes applicable to the group for the financial year ending 30 June 2010, and is not expected to have any significant impact on the group.

IFRIC 12 – Service concession arrangements

The interpretation serves to clarify the treatment of arrangements whereby a government or other body grants contracts for the supply of public services – such as roads, energy distribution, prisons or hospitals – to private operators. The objective of this IFRIC is to clarify aspects of accounting for service concession arrangements.

The interpretation will have no impact on the group's results, and first becomes applicable for the financial year ending 30 June 2009.

IFRIC 13 – Customer loyalty programmes

This interpretation addresses accounting by entities that grant loyalty awards to customers who buy other goods or services. The interpretation deals with the accounting treatment of the obligations to provide free or discounted goods or services granted under such a programme.

The interpretation will have an immaterial impact on the group's results, as we act as agent for a principal in administering customer loyalty programmes and first becomes applicable for the financial year ending 30 June 2010.

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

When determining the limit on a defined benefit asset in accordance with IAS 19 – Employee benefits, under IFRIC 14 entities are required to measure any economic benefits available to them in the form of refunds or reductions in future contributions at the maximum amount that is consistent with the terms and conditions of the plan and any statutory requirements in the jurisdiction of the plan.

The interpretation should have no significant impact on the group's results, and first becomes applicable for the financial year ending 30 June 2009.

IFRIC 15 – Agreements for the construction of real estate

This interpretation standardises the accounting practice for the recognition of revenue by real estate developers.

The interpretation should have no significant impact on the group's results, and first becomes applicable for the financial year ending 30 June 2010.

Notes to the group annual financial statements (continued)

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

IFRIC 16 – Hedges of a net investment in a foreign operation

This interpretation concludes that presentation currency does not create an exposure to which an entity may apply hedge accounting. A parent may designate as hedged risk only the foreign exchange differences arising from a difference between its own functional currency and that of its foreign operation.

The interpretation should have no significant impact on the group's results, and first becomes applicable for the financial year ending 30 June 2010.

On 22 May 2008 the IASB issued 35 amendments to various standards. The group is currently in the process of assessing the impact of these amendments.

3 Changes in accounting policies

Adoption of Circular 8/2007 – Headline earnings

During the current period the group adopted Circular 8/2007 – Headline earnings, issued by the South African Institute of Chartered Accountants, which has the impact of excluding any realised gains or losses on our fleets from headline earnings. The prior year headline earnings per share figures have been restated accordingly.

The effect on restated headline earnings per share is as follows:

	2007 Restated Rm	2007 As stated before Rm
Headline earnings and headline diluted earnings per share is calculated as follows:		
Net profit attributable to ordinary shareholders	2 724	2 724
Impairment of property, plant and equipment, net of taxation	15	(3)
Profit on disposal of property, plant and equipment, net of taxation	(180)	(56)
Exceptional items, net of taxation and minority share	(6)	(5)
Exceptional items included in income from associates	(3)	(3)
Headline earnings	2 550	2 657
Add back earnings attributable to preferred ordinary shareholders	52	52
Diluted headline earnings	2 602	2 709
Weighted average number of ordinary shares (millions)	185,2	185,2
Headline basic earnings per share (cents)	1 377	1 434
Weighted average number of ordinary shares for diluted earnings (millions)	203,6	203,6
Diluted headline earnings per share (cents)	1 278	1 330

	Goodwill Rm	Computer software Rm	Other intangibles Rm	Total Rm
4 Intangible assets				
For the period ended 30 June 2008				
– Cost	**974**	**238**	**107**	**1 319**
– Accumulated impairment and amortisation	**204**	**192**	**26**	**422**
	770	**46**	**81**	**897**
Net book value at beginning of period	**1 130**	**28**	**80**	**1 238**
Net acquisition (disposal) of subsidiaries and businesses (including unbundling)	**36**	**(5)**		**31**
Additions		**46**	**8**	**54**
Impairment costs	**(47)**			**(47)**
Amortisation		**(27)**	**(4)**	**(31)**
Currency adjustments	**106**	**4**	**2**	**112**
Reclassified to assets held for sale	**(455)**		**(5)**	**(460)**
Net book value at end of period	**770**	**46**	**81**	**897**
For the year ended 25 June 2007				
– Cost	1 287	193	102	1 582
– Accumulated impairment and amortisation	157	165	22	344
	1 130	28	80	1 238
Net book value at beginning of year	887	30	28	945
Net acquisition of subsidiaries and businesses	254	1	41	296
Additions		22	15	37
Disposals		(3)	(1)	(4)
Impairment costs	(14)			(14)
Amortisation		(22)	(2)	(24)
Currency adjustments	3		(1)	2
Net book value at end of year	1 130	28	80	1 238

Goodwill impairment testing

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

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

Value in use

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

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

4 Intangible assets *(continued)*

CGUs that are significant in relation to the group's total goodwill carrying amount are outlined below. These amounts were tested for impairment and no impairment was required.

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

Significant cash-generating unit (CGU)	Carrying amount 2008 Rm	Basis for determining recoverable amount	Discount rate applied to cash flow	Growth rate used to extrapolate cash flows
Imperial Reederei GmBH	**222**	Value in use	11,02%	2,0%
Imperial Logistics International Holdings GmbH	**63**	Value in use	11,02%	2,0%
Rijnaarde BV	**60**	New acquisition		
Alert Engine Parts	**46**	Value in use	11,86%	3,3%

	30 June 2008 Rm	25 June 2007 Rm
5 Investments in associates and joint ventures		
Unlisted shares at cost	**565**	535
Share of post-acquisition reserves (net of impairments)	**1 126**	910
Goodwill written off	**(22)**	(22)
Carrying value of shares	**1 669**	1 423
Indebtedness by associates and joint ventures	**277**	640
Call option (Lereko Mobility)	**71**	669
	2 017	2 732
Valuation of shares		
Unlisted shares at directors' valuation	**1 669**	1 423
Unrecognised share of losses of associates and joint ventures exceeding the group's interest in the associate		
Current period unrecognised losses	**115**	
Cumulative unrecognised losses	**115**	

Details of the group's principal associates and joint ventures are reflected in Annexure B.

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

5 Investments in associates and joint ventures *(continued)*

The group's effective share of balance sheet and income statement items in respect of associates and joint ventures are as follows:

	Imperial Bank Rm	Other associates Rm	Joint ventures Rm	30 June 2008 Rm	25 June 2007 Rm
Income statements					
Revenue	891	1 907	359	**3 157**	2 971
Profit before net financing costs	349	103	7	**459**	337
Net finance cost	(30)	(59)	(7)	**(96)**	(45)
Income from associates and joint ventures		51		**51**	36
Profit before taxation	319	95		**414**	328
Income tax expense	(113)	(21)	(2)	**(136)**	(92)
Net profit for the peiod	206	74	(2)	**278**	236
Balance sheets					
Total assets	21 719	2 446	169	**24 334**	20 662
Capital and reserves, including minorities	1 221	444	22	**1 687**	1 184
Interest-bearing borrowings	20 224	1 001	44	**21 269**	17 702
Non-interest-bearing liabilities	274	1 001	103	**1 378**	1 776
Total equity and liabilities	21 719	2 446	169	**24 334**	20 662

	Land, buildings and leasehold improvements Rm	Equipment and furniture Rm	Motor vehicles Rm	Total Rm
6 Property, plant and equipment				
For the period ended 30 June 2008				
– Cost	**5 180**	**2 188**	**249**	**7 617**
– Accumulated depreciation and impairment	**591**	**1 266**	**79**	**1 936**
	4 589	**922**	**170**	**5 681**
Net book value at beginning of period	**4 172**	**1 025**	**244**	**5 441**
Net disposal of subsidiaries and businesses (including unbundling)	**(465)**	**(135)**	**(79)**	**(679)**
Additions	**1 065**	**438**	**203**	**1 706**
Disposals	**(185)**	**(39)**	**(75)**	**(299)**
Depreciation	**(58)**	**(315)**	**(74)**	**(447)**
Impairments	**(1)**	**(2)**		**(3)**
Profit (loss) on disposal	**69**	**(2)**	**3**	**70**
Currency adjustments	**209**	**82**	**3**	**294**
Reclassified to assets held for sale	**(217)**	**(130)**	**(55)**	**(402)**
Net book value at end of period	**4 589**	**922**	**170**	**5 681**
For the year ended 25 June 2007				
– Cost	4 694	2 450	435	7 579
– Accumulated depreciation and impairment	522	1 425	191	2 138
	4 172	1 025	244	5 441
Net book value at beginning of year	3 203	828	200	4 231
Net acquisition of subsidiaries and businesses	78	38	11	127
Additions	1 307	471	170	1 948
Disposals	(487)	(61)	(80)	(628)
Depreciation	(53)	(267)	(62)	(382)
Impairment reversals	3	1		4
Profit (loss) on disposal	58	(3)	3	58
Currency adjustments	63	18	2	83
Net book value at end of year	4 172	1 025	244	5 441

A schedule of land and buildings is available for inspection by members or their authorised agents at the registered office of the company.

Certain property, plant and equipment has been encumbered as security for interest-bearing borrowings (note 22).

	30 June 2008 Rm	25 June 2007 Rm
The total value of property, plant and equipment held under capitalised finance leases included above	**80**	84

	30 June 2008 Rm	25 June 2007 Rm
7 Transport fleet		
Cost	**5 997**	4 661
Accumulated depreciation and impairment	**2 532**	1 872
	3 465	2 789
Net book value at beginning of period	**2 789**	2 570
Net acquisition (disposal) of subsidiaries and businesses	**257**	(37)
Additions	**955**	752
Disposals	**(246)**	(185)
Depreciation	**(424)**	(344)
Impairments		(1)
Profit on disposal	**6**	21
Currency adjustments	**128**	13
Net book value at end of period	**3 465**	2 789
The total value of transport assets held under capitalised finance leases included above	**17**	8

Certain transport fleet assets have been encumbered as security for interest-bearing borrowings (note 22).

	Aviation fleet Rm	Leasing and capital equipment Forklifts Rm	Vehicles Rm	Earth-moving Rm	Distributorship Vehicles and aviation fleet Rm	Total Rm
8 Leasing assets						
For the period ended 30 June 2008						
– Cost					**368**	**368**
– Accumulated depreciation and impairment					**31**	**31**
					337	**337**
Net book value at beginning of period	**1 700**	**1 060**	**2 535**	**1 391**	**304**	**6 990**
Restructuring of business segmentation	**(42)**				**42**	
Net disposal of subsidiaries and businesses (including unbundling)	**(299)**	**(1 173)**	**(2 760)**	**(2 360)**		**(6 592)**
Additions	**281**	**537**	**1 123**	**1 328**	**708**	**3 977**
Disposals	**(286)**	**(217)**	**(496)**	**(84)**	**(634)**	**(1 717)**
Depreciation	**(88)**	**(237)**	**(426)**	**(278)**	**(79)**	**(1 108)**
Impairments	**(506)**		**(2)**			**(508)**
(Loss) profit on disposal	**(71)**		**21**	**3**	**2**	**(45)**
Currency adjustments	**66**	**30**	**5**		**(6)**	**95**
Reclassified to assets held for sale	**(755)**					**(755)**
Net book value at end of period					**337**	**337**

Notes to the group annual financial statements (continued)

	Aviation fleet Rm	Forklifts Rm	Vehicles Rm	Earthmoving Rm	Distri-butorship Vehicles Rm	Total Rm
	Leasing and capital equipment					
8 Leasing assets *(continued)*						
For the year ended 25 June 2007						
– Cost	2 190	1 389	3 447	1 964	347	9 337
– Accumulated depreciation and impairment	490	329	912	573	43	2 347
	1 700	1 060	2 535	1 391	304	6 990
Net book value at beginning of year	2 038	994	2 293	698	420	6 443
Additions	181	577	1 136	898	708	3 500
Disposals	(449)	(266)	(449)	(34)	(751)	(1 949)
Depreciation	(180)	(268)	(467)	(174)	(72)	(1 161)
Impairments*	(22)		(2)			(24)
Profit on disposal	120		27	2		149
Currency adjustments	12	23	(3)	1	(1)	32
Net book value at end of year	1 700	1 060	2 535	1 391	304	6 990

**Three aircraft were impaired to fair value less costs to sell.*

Certain leasing assets have been encumbered as security for interest-bearing borrowings (note 22).

	30 June 2008 Rm	25 June 2007 Rm
The total value of leasing assets held under capitalised finance leases included above		78
9 Vehicles for hire		
Cost	**1 575**	1 234
Accumulated depreciation and impairment	**289**	222
	1 286	1 012
Net book value at beginning of period	**1 012**	896
Net (disposal) acquisition of subsidiaries and businesses	**(1)**	1
Additions	**1 276**	1 066
Disposals	**(710)**	(713)
Depreciation	**(293)**	(239)
Impairments	**(2)**	
Profit on disposal	**3**	1
Currency adjustments	**1**	
Net book value at end of period	**1 286**	1 012

Certain vehicles for hire have been encumbered as security for interest-bearing borrowings (note 22).

	30 June 2008 Rm	25 June 2007 Rm
10 Deferred taxation		
Movement of deferred tax assets and liabilities		
Balance at beginning of period	**746**	515
Transferred to discontinued operations	**(271)**	112
Transferred during the period	**(246)**	168
Under provisions in prior years	**10**	(27)
Tax rate adjustment	**(11)**	
Capital gains	**27**	17
Arising on acquisitions and disposals (including unbundling)	**(334)**	(35)
Currency adjustments	**(15)**	(4)
Reclassified to assets held for sale	**6**	
Balance at end of period	**(88)**	746
Analysis of deferred tax assets and liabilities		
– Property, plant and equipment	**38**	18
– Transport fleet	**420**	398
– Leasing assets	**(21)**	804
– Vehicles for hire	**50**	58
– Inventories	**(60)**	(19)
– Taxation losses	**(109)**	(180)
– Provisions	**(251)**	(335)
– Capital gains	**109**	97
– Other	**(264)**	(95)
	(88)	746
Deferred tax comprises		
– Assets	**(637)**	(450)
– Liabilities	**549**	1 196
	(88)	746
Unused tax losses available for offset against future profits	**(857)**	(1 017)
Deferred tax asset recognised in respect of such losses	**389**	621
Remaining tax losses not recognised as deferred tax assets due to unpredictability of future profit streams	**(468)**	(396)

Notes to the group annual financial statements (continued)

	30 June 2008 Rm	25 June 2007 Rm
11 Other investments and loans		
Investments		
Listed at market value	**1 635**	1 656
Unlisted at fair value	**309**	220
	1 944	1 876
The above are categorised as follows:		
– Held for trading	**1 636**	1 868
– Designated at fair value through profit and loss	**772**	864
– Classified as held for trading	**864**	1 004
– Available for sale	**308**	8
	1 944	1 876
A schedule of investments is available for inspection by members or their authorised agents at the registered office of the company.		
Loans		
Share incentive trust receivables – at amortised cost less impairments	**184**	605
Other loans – at amortised cost	**192**	312
	376	917
Total other investments and loans	**2 320**	2 793
Collateral held over the share incentive trust receivable		
Fair value of collateral held	**184**	556
The Imperial shares issued under the share incentive trust are held as collateral over the receivable.		
Maturity analysis of the share incentive trust receivable		
– Maturing after one year but within five years	**184**	582
– Maturing after five years		23
	184	605
Maturity analysis of other loans		
– Maturing within one year	**76**	60
– Maturing after one year but within five years	**28**	121
– Maturing after five years	**88**	131
	192	312
Maturity analysis of total loans		
– Maturing within one year	**76**	60
– Maturing after one year but within five years	**212**	703
– Maturing after five years	**88**	154
	376	917
Effective interest rates		
Share incentive trust receivables	**11,4%**	9,6% – 10,5%
Other loans	**5,0% – 14,0%**	5,0% – 14,0%

	30 June 2008 Rm	25 June 2007 Rm
12 Other non-current financial assets		
Reinsurance debtors – held at amortised cost	**313**	542
Cross currency swap – hedging instrument, classified as held for trading	**17**	300
	330	842
13 Inventories		
New vehicles	**3 349**	4 727
Used vehicles	**1 994**	2 230
New and used aircraft	**164**	57
New and used capital equipment		409
Spares, accessories and finished goods	**724**	1 574
Petrol and oil	**115**	68
Merchandise	**53**	263
Work in progress	**43**	108
	6 442	9 436
Inventories carried at net realisable value included above	**2 565**	4 663
Net amount of inventory writedown expensed in the income statement	**109**	65
Certain inventories has been encumbered as security for interest-bearing borrowings (note 22).		
14 Trade and other receivables		
Trade	**6 631**	8 663
Prepayments and other	**181**	219
Derivative financial instruments – hedging instrument	**9**	1
	6 821	8 883
15 Cash resources		
Deposits and funds at call	**1 694**	1 139
Cash on hand and at bank	**1 454**	1 649
	3 148	2 788
Effective interest rates	**3,87% – 10,75%**	3,25% – 8,5%

Notes to the group annual financial statements (continued)

16 Discontinued operations

	Total discontinued operations		Tourism	
	30 June 2008 Rm	25 June 2007 Rm	30 June 2008 Rm	25 June 2007 Rm
The results of the discontinued businesses for the period:				
Revenue	12 456	12 251	2 026	1 640
Operating profit before share scheme loan impairments	1 172	1 206	288	227
Impairment loss on share scheme loans	(84)			
Profit before net finance cost	1 088	1 206	288	227
Net finance cost	(660)	(548)	(36)	(9)
Income from associates and joint ventures	56	91		
Profit before tax	484	749	252	218
Income tax expense	135	152	86	64
Trading profit after tax	349	597	166	154
Exceptional loss on discontinuation	(2 269)		2	
– Gross amount	(2 605)		2	
– Taxation	336			
Net (loss) profit for period	(1 920)	597	168	154
Minority interest	(195)	(174)	(76)	(67)
Attributable to shareholders of Imperial Holdings Limited	(2 115)	423	92	87
The net cash flows incurred by the discontinued operations are as follows:				
Operating activities	3 124		214	
Investing activities	(4 395)		(140)	
Financing activities	1 074		(57)	
Net cash (outflow) inflow	(197)		17	
The major classes of assets and liabilities of the discontinued operations classified as held for sale at 30 June 2008 are as follows:				
Assets				
Intangible assets	460		460	
Investments in associates and joint ventures	284			
Property, plant and equipment	402		275	
Leasing assets	755			
Deferred tax asset	6		6	
Other non-current financial assets	31			
Inventories	1 146		243	
Trade and other receivables	1 067		433	
Cash resources	289		193	
Assets classified as held for sale	4 440		1 610	
Liabilities				
Interest-bearing borrowings	329		288	
Provisions for liabilities and other charges	500		22	
Payables	1 528		576	
Liabilities directly associated with assets classified as held for sale	2 357		886	
Net assets directly associated with disposal group	2 083		724	
Minority interest	246		246	
Attributable to shareholders of Imperial Holdings Limited	1 837		478	

	Commercial vehicles		Aviation		Leasing and Capital Equipment		Autoparts (UK)	
	30 June 2008 Rm	25 June 2007 Rm	30 June 2008 Rm	25 June 2007 Rm	30 June 2008 Rm	25 June 2007 Rm	30 June 2008 Rm	25 June 2007 Rm
	2 017	2 185	1 284	2 026	6 193	5 228	936	1 172
	(39)	(158)	(27)	263	940	836	10	38
	(3)		(40)		(41)			
	(42)	(158)	(67)	263	899	836	10	38
	(97)	(125)	(128)	(138)	(405)	(280)	6	4
	4	5	52	86				
	(135)	(278)	(143)	211	494	556	16	42
	(29)	(102)	(72)	27	145	179	5	(16)
	(106)	(176)	(71)	184	349	377	11	58
	(701)		(1 276)				(294)	
	(972)		(1 341)				(294)	
	271		65					
	(807)	(176)	(1 347)	184	349	377	(283)	58
					(119)	(107)		
	(807)	(176)	(1 347)	184	230	270	(283)	58
	1 109		830		1 008		(37)	
	(978)		(871)		(2 402)		(4)	
	(133)		(60)		1 283		41	
	(2)		(101)		(111)			

	Commercial vehicles 30 June 2008 Rm	25 June 2007 Rm	Aviation 30 June 2008 Rm	25 June 2007 Rm
	10		274	
	80		47	
			755	
			31	
	809		94	
	451		183	
	2		94	
	1 352		1 478	
	33		8	
	466		12	
	432		520	
	931		540	
	421		938	
	421		938	

Tourism

Tourism Investment Corporation Limited is a company listed on the JSE Limited in which the group holds a 66% interest. The directors were of the opinion that it is not a core business and our interest has been sold.

Commercial vehicles

Commercial Vehicle Holdings relinquished its distribution rights for International and DAF trucks due to our conclusion that this business model led to mispricing and overstocking. This led to the decision to discontinue this line of business.

Aviation

This business including Safair, Safair Lease Finance, Naturelink and the Air Contractors Group was considered by the board as capital-intensive and not giving the required returns. Air Contractors has been sold and the Safair Group has been sold subject to certain conditions precedent being met.

Leasing and Capital Equipment

This capital-intensive division was unbundled to shareholders in May 2008.

	30 June 2008 Rm	25 June 2007 Rm
17 Share capital and premium		
Authorised share capital		
394 999 000 (2007: 394 999 000) ordinary shares of 4 cents each	**15**	15
50 000 000 (2007: 50 000 000) deferred ordinary shares of 4 cents each	**2**	2
15 000 000 (2007: 15 000 000) preferred ordinary shares of 4 cents each	**1**	1
1 000 (2007: 1 000) redeemable preference shares of 4 cents each		
40 000 000 (2007: 40 000 000) non-redeembale, non-participating preference shares of 4 cents each	**2**	2
	20	20
Issued share capital		
212 129 870 (2007: 209 617 979) ordinary shares of 4 cents each	**8**	8
16 781 968 (2007: 19 293 859) deferred ordinary shares of 4 cents each	**1**	1
14 516 617 (2007: 14 516 617) preferred ordinary shares of 4 cents each	**1**	1
4 540 041 (2007: 4 540 041) non-redeemable, non-participating preference shares of 4 cents each (see note 20)		
	10	10
Share premium		866
	10	876

Deferred ordinary shares

The deferred ordinary shares will convert to ordinary shares when certain predetermined growth rates in headline earnings are achieved during the period July 2004 to June 2018.

If the deferred ordinary shares have not converted by 2018 then 500 000 deferred ordinary shares will convert annually until the converted deferred ordinary shares equate 10,1% of total ordinary shares in issue net of treasury stock.

The salient features of the conversion are:

During the first seven years:

- Base headline earnings hurdles established to calculate the number of preferred ordinary shares converted have been amended with the unbundling of the Leasing and Capital Equipment division (Eqstra Limited).
- With effect from the financial period ended 30 June 2008 the base headline hurdle for Imperial has been revised to R2 178 million.
- The amount will be escalated annually at a compound growth rate of 13% until 2011.
- A portion of earnings in excess of the base headline earnings hurdles would equate to the notional value that is attributed to Ukhamba Holdings, the holders of the deferred ordinary shares.
- The portion attributable to Ukhamba will be calculated as follows:

  Earnings within a 13% to 15% growth rate on the previous year's base headline earnings hurdle: 25% attributed to Ukhamba.

  Earnings within a 15% to 17% growth rate on the previous year's base headline earnings hurdle: 50% attributed to Ukhamba.

  Earnings in excess of 17% growth rate on the previous year's base headline earnings hurdle: 75% attributed to Ukhamba.
- At the end of each financial year, the amount calculated as value attributed to Ukhamba will be translated into a number of ordinary shares based on a five-month volume-weighted average share price.
- It will be this number of shares that will become ordinary shares on an annual basis.
- The maximum number of deferred ordinary shares that can convert in any one year is 2,5% of the weighted number of ordinary shares in issue.
- Earnings within a 10% to 13% growth rate will give rise to a minimum of 1 million ordinary shares being converted.

17 Share capital and premium *(continued)*

During the next seven years:

– To the extent that there remain deferred ordinary shares that have not converted into ordinary shares then the remaining deferred ordinary shares will convert on a non-cumulative basis as follows:

If headline earnings per share growth over the previous financial year equals or exceeds:

10% then 500 000 deferred ordinary shares will convert into ordinary shares.

11% then 750 000 deferred ordinary shares will convert into ordinary shares.

12% then 1 000 000 deferred ordinary shares will convert into ordinary shares.

13% then 1 250 000 deferred ordinary shares will convert into ordinary shares.

If headline earnings per share growth over the previous financial year is lower than 10% there will be no conversion of deferred ordinary shares into ordinary shares.

Thereafter:

– To the extent that there are deferred ordinary shares that have not converted into ordinary shares, 500 000 of the remaining deferred ordinary shares will convert annually until the converted deferred ordinary shares equate to 10,1% of the total ordinary shares in issue net of treasury stock.

To the end of the current financial year 5 973 421 (2007: 3 461 530) deferred ordinary shares were converted into ordinary shares.

Based on the earnings hurdles for the period ended 30 June 2008, no shares will convert in July 2008.

Preferred ordinary shares

On 27 June 2005, 14 516 617 preferred ordinary shares were issued to Lereko Mobility at a total premium of R805 393 660.

The salient terms and conditions of the preferred ordinary shares are as follows:

– Although not listed, they will rank pari passu in all respects with all ordinary shares in respect of voting.

– They will automatically convert into ordinary shares on 30 September 2010 on a one for one basis.

– Upon conversion, they will rank *pari passu* in all respects with ordinary shares and be listed on the JSE.

– They confer on the holders the right to receive a cumulative fixed annual dividend or capital distribution of 535 cents per annum payable in equal instalments of 267,5 cents on 31 March and 30 September of each year from and including 30 September 2005, up to, and including 30 September 2010.

	30 June 2008	25 June 2007
	Number of shares	
Total rights authorised and currently allocated in terms of group share schemes		
Imperial Holdings Share Incentive Trust	**138 600**	138 600
Imperial Executive Share Purchase Scheme	**3 307 000**	3 932 000
Share option scheme	**183 050**	260 050
Imperial Holdings Share Purchase Scheme		762 500
Imperial Bonus Rights Scheme	**876 900**	637 500
Share appreciation rights scheme	**11 368 556**	
Deferred bonus plan	**482 064**	
Total shares currently allocated in terms of group share schemes	**16 356 170**	5 730 650

17 Share capital and premium *(continued)*

	30 June 2008	25 June 2007
	Number of shares	
Share scheme details are as follows:		
Imperial Holdings share incentive trust		
Shares allocated at beginning of period	**5 040 100**	4 965 100
Shares allocated during the period		75 000
Shares allocated at end of period	**5 040 100**	5 040 100
Shares settled by participants	**4 901 500**	4 901 500
Shares still to be settled by participants	**138 600**	138 600
Imperial executive purchase scheme		
Shares still to be settled at beginning of period	**3 932 000**	3 232 300
Shares not taken up and transferred to subsidiary as treasury stock	**(660 000)**	
Shares allocated during the period	**35 000**	1 236 700
Shares allocated	**3 307 000**	4 469 000
Shares settled by participants		(537 000)
Shares still to be settled by participants	**3 307 000**	3 932 000

	30 June 2008		25 June 2007	
	Number of shares	Weighted average exercise price (Rand)	Number of shares	Weighted average exercise price (Rand)
Share option scheme				
Options granted at beginning of period	**260 050**	**42,22**	560 650	41,14
Options exercised during the period	**(77 000)**	**46,46**	(107 400)	39,11
Options forfeited during the period			(193 200)	40,81
Unexercised options at end of period	**183 050**	**41,15**	260 050	42,22
Imperial Holdings share purchase scheme				
Options granted at beginning of period	**762 500**	**57,51**	849 500	57,28
Options exercised during the period	**(756 500)**	**57,52**	(65 000)	51,43
Options forfeited during the period	**(6 000)**	**62,30**	(22 000)	68,68
Unexercised options at end of period			762 500	57,51
Imperial bonus rights scheme				
Rights to ordinary shares granted at beginning of period	**637 500**	**100,78**	685 100	100,78
Rights to ordinary shares granted during the period	**292 400**	**150,08**		
Rights to ordinary shares forfeited during the period	**(53 000)**	**109,11**	(47 600)	100,78
Ordinary shares still available under the scheme	**876 900**	**116,26**	637 500	100,78
Share appreciation rights scheme				
Rights granted during the period	**11 328 556**	**49,48**		
Deferred bonus plan				
Rights granted during the period	**482 064**			

17 Share capital and premium *(continued)*

Share option scheme – details of unexercised options by year of grant

Grant date	No of options	Average price (Rand)	Expiry date
July 1998 to June 1999	160 050	38,93	July 2008 to June 2009
July 1999 to June 2000	23 000	56,62	July 2009 to June 2010
Total unexercised options at end of period	183 050		
Total weighted average price		41,15	

Bonus rights scheme – details of rights by year of grant

Grant date	No of rights	Average price (Rand)	Expiry date
July 2005	601 500	100,78	June 2009
July 2007	275 400	150,08	June 2011
Total unexercised rights at end of period	876 900		
Total weighted average price		116,26	

Share appreciation rights scheme – details of shares by year of grant

Grant date	No of rights	Average price (Rand)	Expiry date
June 2008	11 328 556	49,48	September 2011
Total unexercised rights at end of period	11 328 556		
Total weighted average price		49,48	

Upon exercise by participants the group will settle the value of the difference between the exercise and grant price by delivering shares, alternatively as a fall-back provision only by settling the value in cash.

No dilution is expected as it is intended to acquire the necessary shares in the market and an appropriate hedge has been established.

Deferred bonus plan – details of rights by year of grant#

Grant date	No of rights	Expiry date
June 2008	482 064	September 2011
Total unexercised rights at end of period	482 064	

#Rights entitle participants to invest a portion of their after-tax bonus in Imperial shares, which, if held for three years, will be matched by the company on a one-for-one basis by the allocation of an equal number of Imperial shares for no consideration.

17 Share capital and premium *(continued)*

Directors' interests in issued share capital

At year-end the aggregate shareholdings of the directors in the issued ordinary share capital of the company was as detailed below.

	30 June 2008		25 June 2007	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
Director	Number of shares		Number of shares	
Non-executive				
L Boyd*			928	
MJ Leeming		**928**		928
WG Lynch*			9 540 348	
VJ Mokoena*			35 000	
CE Scott*			245 169	
RJA Sparks	**40 000**		40 000	
Y Waja	**927**		927	
	40 927	**928**	9 862 372	928
Executive				
OS Arbee	**150 336**		150 000	
HR Brody	**175 000**		150 000	
MP de Canha	**879 937**		813 354	
RL Hiemstra	**180 000**		182 221	
WS Hill*			150 000	
N Hoosen	**169 500**		159 500	
AH Mahomed	**371 509**	**6 444**	306 509	4 444
	1 926 282	**6 444**	1 911 584	4 444
	1 967 209	**7 372**	11 773 956	5 372

**No longer a director at end of period.*

As a result of the implementation of the Lereko Mobility BEE transaction MV Moosa acquired a beneficial interest in 1 331 145 (2007: 1 331 145) preferred ordinary shares.

	30 June 2008 Rm	25 June 2007 Rm
18 Shares repurchased		
23 864 456 (2007: 22 883 341) ordinary shares at an average of R76,09 (2007: R85,43) each	**(1 816)**	(1 955)
	(1 816)	(1 955)

	30 June 2008 Rm	25 June 2007 Rm
19a Other reserves		
Share-based payment reserve	**(64)**	3
Hedging reserve	**38**	46
Statutory reserves	**304**	303
Translation reserve	**757**	490
Valuation reserve	**238**	361
	1 273	1 203

Refer to the statement of changes in equity for detailed analysis of the movements in other reserves.

The fair values for the share-based payment reserves were calculated using a Black-Scholes pricing model. The inputs into the model established at the grant dates and which have not changed were as follows:

Share purchase scheme	
Volatility (%)	**10,43**
Weighted average share price (Rand)	**58,12**
Weighted average exercise price (Rand)	**58,12**
Expected life (years)	**4**
Average risk-free rate (%)	**6,69**
Expected dividend yield (%)	**4,33**

Bonus rights scheme – July 2005	
Volatility (%)	**25,00**
Weighted average share price (Rand)	**123,50**
Weighted average exercise price (Rand)	**100,78**
Expected life (years)	**3,57**
Average risk-free rate (%)	**7,39**
Expected dividend yield (%)	**3,30**

Bonus rights scheme – July 2007	
Volatility (%)	**32,50**
Weighted average share price (Rand)	**141,49**
Weighted average exercise price (Rand)	**150,08**
Expected life (years)	**4**
Average risk-free rate (%)	**10,26**
Expected dividend yield (%)	**4,50**

	30 June 2008 Rm	25 June 2007 Rm
19a Other reserves *(continued)*		
Bonus rights scheme – June 2008		
Volatility (%)	**35,00**	
Weighted average share price (Rand)	**50,90**	
Weighted average exercise price (Rand)	**49,46**	
Expected life (years)	**3,28**	
Average risk-free rate (%)	**12,37**	
Expected dividend yield (%)	**5,68**	
Deferred bonus plan – June 2008		
Volatility (%)	**35,00**	
Weighted average share price (Rand)	**50,90**	
Weighted average exercise price (Rand)		
Expected life (years)	**3,28**	
Average risk-free rate (%)	**12,37**	
Expected dividend yield (%)	**5,68**	

The volatilities were determined by calculating the historical volatility of the company's share price over the previous five years. The expected life is determined by the rules of the schemes which dictate the expiry date.

Lereko transaction

Imperial entered into a black economic empowerment transaction with Lereko Mobility (Pty) Limited.

The substance of this transaction was to grant the Lereko Consortium a call option over the delivery of a variable number of shares on 15 June 2015. This would be determined by the amount by which the value of 14 516 617 Imperial Holdings Limited ordinary shares exceeded the settlement of the funding.

The Monte Carlo simulation method was used to value this call option evaluating 100 000 potential outcomes for the call option granted on 15 June 2005 and vesting on 15 June 2015. The start price was R96,85.

The current financial periods' movement raised in the income statement is detailed in note 28.

	30 June 2008 Rm	25 June 2007 Rm
19b Translation reserves		
Opening balance at beginning of period	**490**	348
Movements in translation reserves		
Intangible assets	**112**	2
Investments, loans, associates and joint ventures	**67**	(4)
Property, plant and equipment	**294**	83
Transport fleet	**128**	13
Leasing assets	**95**	32
Vehicles for hire	**1**	
Deferred taxation	**15**	4
Inventories	**170**	75
Current taxation	**(17)**	(7)
Trade and other receivables	**469**	104
Cash resources	**344**	51
Minorities	**(21)**	(1)
Retirement benefit obligations	**(63)**	(9)
Interest-bearing borrowings	**(890)**	(56)
Liabilities under insurance contracts	**(2)**	7
Provisions for liabilities and charges	**(52)**	(14)
Trade and other payables	**(437)**	(138)
	703	490
Unbundled to shareholders	**54**	
Closing balance at end of period	**757**	490
20 Non-redeemable, non-participating preference shares		
Non-redeemable, non-participating preference shares	**441**	441

4 540 041 preference shares were issued during the 2007 financial year and are listed on the JSE under specialist securities – preference shares sector.

These shares are entitled to a preference dividend being 75% of the prime interest rate. The company is obligated to pay any arrear dividends within five years from the proceeds raised by issuing new ordinary shares within six months prior to such payment. Because of the cumulative nature of these preference shares they are classified as debt with no repayment terms.

The coupon is payable semi-annually in March and September and annually this amounts to R51 million (2007: R43 million) based on current rates of interest.

	30 June 2008 Rm	25 June 2007 Rm
21 Retirement benefit obligations		
Defined contribution plans		
The group provides retirement benefits through independent funds under the control of trustees and all contributions to those funds are charged to the income statement. The large majority of South African employees, other than those employees required by legislation to be members of various industry funds, are members of the Imperial Group Pension Fund and the Imperial Group Provident Fund which are governed by the Pensions Funds Act, 1956.		
Total cost charged to the income statement	**318**	256
Defined benefit plans		
Imperial Logistics International GmbH, a subsidiary located in Germany, operates a number of unfunded defined benefit plans for its employees in Europe. Under the plans the employees are entitled to retirement benefits which are dependent on seniority, length of service and level of pay.		
The benefit obligations in Europe are provided for based on actuarial valuations prepared using the projected unit credit method, with the following assumptions:		
– Discount rate	**5,75%**	4,50%
– Projected pension payment increase	**2,25%**	1,75%
– Projected salary and other contribution increase	**2,00%**	2,00%
– Fluctuation rate (depends on the age of male or female)	**0% – 8,00%**	0% – 8,00%
The latest actuarial valuation was performed in March 2008. In the opinion of the actuary, the provision for the defined benefit obligations is adequate. The next valuation will be conducted in April 2009.		
The amounts, included in staff costs, recognised in the income statement in respect of the plans are as follows:		
Current service cost	**4**	5
Actuarial gain	**1**	
Past-service cost		(3)
Interest costs	**15**	10
	20	12
The amount included in the balance sheet arising from the group's obligations are as follows:		
Present value of unfunded obligations	**286**	230
Movements in the net liability in the current year were as follows:		
Balance at beginning of period	**230**	218
Acquisition of subsidiary	**1**	
Payments to retired employees	**(15)**	(9)
Plan assets transfers	**(13)**	
Currency adjustments	**63**	9
Amounts charged to income	**20**	12
Balance at end of period	**286**	230

	30 June 2008 Rm	25 June 2007 Rm
22 Interest-bearing borrowings		
Long-term		
– Loans secured by mortgage bonds over fixed property	**28**	31
– Liabilities under capitalised finance leases	**150**	219
– Instalment sale creditors secured by leasing assets	**74**	302
– Corporate bonds	**7 686**	8 205
– Listed on the Bond Exchange of South Africa		
– Held at fair value – IPL 2		1 272
– Held at fair value – IC 02	**452**	504
– Held at amortised cost – IPL 3	**1 006**	1 006
– Held at amortised cost – IPL 4	**1 527**	1 524
– Held at amortised cost – IC 01	**1 029**	1 029
– Listed on the gilt-edged and fixed-interest market of the London Stock Exchange		
– Held at amortised cost – Eurobond	**1 844**	1 445
– Held at fair value – Eurobond	**1 828**	1 425
– Unsecured loans	**173**	111
	8 111	8 868
Short-term		
– Unsecured loans, call borrowings and bank overdrafts	**1 870**	2 824
– Commercial paper	**1 618**	2 153
	3 488	4 977
Total borrowings	**11 599**	13 845
Less: Current portion of interest-bearing borrowings	**3 496**	6 449
Long-term borrowings	**8 103**	7 396
The above are categorised as follows:		
– Held for trading		
– Classified as held for trading (classification)	**2 280**	3 201
– Amortised cost	**9 319**	10 644
	11 599	13 845

	Effective rates	30 June 2008 Rm	25 June 2007 Rm
22 Interest-bearing borrowings *(continued)*			
Interest rate analysis			
Fixed			
– Mortgage bonds, capitalised finance leases and instalment sale creditors	5,0 % – 15,0%	**107**	157
– Capitalised finance leases	16,0%	**55**	89
– Corporate bonds – IPL 2	9,8%		845
– Corporate bonds – IPL 3	10,1%	**1 006**	1 006
– Corporate bonds – IPL 4	9,0%	**1 527**	1 524
– Corporate bonds – IC 01	8,5%	**1 029**	1 029
– Eurobond	4,9%	**1 844**	1 445
– Unsecured loans	3,0% – 6,0%	**170**	47
– Unsecured loans	8,0% – 14,0%	**68**	102
– Commercial paper	12,6%	**1 618**	2 153
Variable linked			
– Mortgage bonds, capitalised finance leases and instalment sale creditors	12,0% – 16,0%	**90**	306
– Corporate bond – IPL 2	9,8%		427
– Corporate bond – IC 02	9,6% – 12,3%	**452**	504
– Eurobond	11,9%	**1 828**	1 425
– Unsecured loans	5,0% – 9,0%	**17**	21
– Unsecured loans	10,0% – 16,0%	**129**	75
– Unsecured loans	7,0% – 14,0%	**746**	252
– Call borrowings	12,8%	**772**	2 431
– Bank overdrafts	6,0% – 7,0%	**141**	7
		11 599	13 845

See note 39 for interest rate swap arrangements.

Capitalised finance leases	>5 years Rm	1 – 5 years Rm	<1 year Rm	30 June 2008 Rm	25 June 2007 Rm
Total minimum lease payments	211	116	15	**342**	390
Less: Amounts representing finance charges	140	50	2	**192**	171
Present value of minimum lease payments	71	66	13	**150**	219

22 Interest-bearing borrowings *(continued)*

Summary of long-term borrowings by currency and year of redemption or repayment	2013 and onwards Rm	2012 Rm	2011 Rm	2010 Rm	2009 Rm	30 June 2008 Rm	25 June 2007 Rm
SA rand	1 554	470	2 084	77	2 704	**6 889**	10 451
British pounds	28				297	**325**	99
Euro	3 751	38	52	49	55	**3 945**	3 014
Australian dollar					440	**440**	252
Other							29
	5 333	508	2 136	126	3 496	**11 599**	13 845

	Debt secured		Net book value of assets encumbered	
Details of encumbered assets	**30 June 2008 Rm**	25 June 2007 Rm	**30 June 2008 Rm**	25 June 2007 Rm
Property, plant and equipment	**28**	31	**64**	77
Transport fleet	**761**	791	**1 093**	1 090
Leasing assets	**150**	1 328	**69**	1 928
Vehicles for hire	**795**	554	**1 154**	901
Inventories	**440**	252	**413**	259
	2 174	2 956	**2 793**	4 255

The above totals include fleets financed through Imperial Capital Limited which has a security structure for the lenders to that entity.

Borrowing facilities	**30 June 2008 Rm**	25 June 2007 Rm
Total facilities established	**13 980**	14 515
Less: Utilised for guarantees and letters of credit		43
	13 980	14 472
Less: Total borrowings, excluding commercial paper issues and corporate bonds	**2 295**	3 487
Unutilised borrowing capacity	**11 685**	10 985

In terms of the articles of association the borrowing powers of the group are unlimited.

	30 June 2008 Rm	25 June 2007 Rm
23 Insurance and investment contracts		
Long-term insurance funds	**638**	930
Short-term insurance funds	**897**	776
Reinsurance funds		16
	1 535	1 722
See Annexure C for further details.		
24 Other non-currrent financial liabilities		
Interest swaps instruments	**55**	
Other fair value derivatives	**43**	13
	98	13

25 Provisions for liabilities and other charges

	Leave pay Rm	Bonuses Rm	Insurance claims Rm	Other Rm	Total Rm
For the period ended 30 June 2008					
Balance at beginning of period	**279**	**192**	**218**	**465**	**1 154**
Amounts added	**220**	**152**	**210**	**460**	**1 042**
Unused amounts reversed	**(6)**	**(12)**	**(1)**	**(33)**	**(52)**
Charged to income	**214**	**140**	**209**	**427**	**990**
Amounts utilised	**(198)**	**(149)**	**(164)**	**(76)**	**(587)**
Net disposals of subsidiaries and businesses (including unbundling)	**(28)**	**(37)**	**(38)**	**(101)**	**(204)**
Currency adjustments	**14**	**1**		**37**	**52**
Reclassified to discontinued operations	**(35)**	**(4)**		**(461)**	**(500)**
Balance at end of period	**246**	**143**	**225**	**291**	**905**
Payable in less than one year					**789**
Payable in one to five years					**39**
Payable in more than five years					**77**
					905

25 Provisions for liabilities and other charges *(continued)*

	Leave pay Rm	Bonuses Rm	Insurance claims Rm	Other Rm	Total Rm
For the year ended 25 June 2007					
Balance at beginning of year	242	156	170	357	925
Amounts added	212	179	197	207	795
Unused amounts reversed	(5)	(11)	(19)	(27)	(62)
Charged to income	207	168	178	180	733
Amounts utilised	(177)	(138)	(130)	(107)	(552)
Net acquisitions of subsidiaries and businesses	3	5		26	34
Currency adjustments	4	1		9	14
Balance at end of year	279	192	218	465	1 154
Payable in less than one year					1 066
Payable in one to five years					48
Payable in more than five years					40
					1 154

	30 June 2008 Rm	25 June 2007 Rm
26 Trade and other payables		
Trade payables and accruals	**8 272**	11 311
Deferred income	**871**	1 122
Derivative financial instruments – hedging instrument	**17**	93
	9 160	12 526
27 Revenue		
27.1 An analysis of the group's revenue is as follows:		
Sales of goods	**32 422**	34 565
Rendering of services	**21 015**	16 933
Gross premiums received	**2 378**	2 953
Other	**112**	
	55 927	54 451
Revenue includes:		
27.2 Intergroup revenue received by subsidiaries from the group's associates, joint ventures and pension and provident funds		
Sales of goods	**121**	185
Rendering of services	**104**	94
Gross premiums received	**25**	30
	250	309

	30 June 2008 Rm	25 June 2007 Rm
27 Revenue *(continued)*		
Intergroup revenue excludes:		
27.3 Revenue between subsidiaries		
Sales of goods	**1 126**	1 077
Rendering of services	**485**	753
Gross premiums received	**207**	170
	1 818	2 000
28 Net operating expenses		
Purchase of goods	**29 791**	30 567
Changes in inventories, before net acquisition of subsidiaries and businesses	**(692)**	(1 116)
Cost of outside services	**8 744**	7 924
Reinsurance, claims and premium costs	**2 119**	2 625
Financial services – interest paid (note 31)	**9**	9
Staff costs	**6 634**	5 693
Staff share-based (reversals) payments	**(11)**	9
Other operating income	**(706)**	(581)
Other operating costs	**5 961**	4 679
	51 849	49 809
The above costs include:		
Auditors' remuneration		
Audit fees	**40**	35
Consulting services	**6**	8
	46	43
Rental and operating lease charges		
Property	**507**	410
Plant and equipment	**84**	46
Vehicles	**26**	20
Aviation fleet	**30**	36
Transport fleet	**114**	57
Other	**9**	12
	770	581
Additional lease charges contingent upon turnover		
Property	**26**	23

	30 June 2008 Rm	25 June 2007 Rm
28 Net operating expenses *(continued)*		
Net operating expenses include:		
Impairment (impairment reversal) of property, plant and equipment, transport fleet and leasing assets	**6**	(1)
Consultancy and other technical fees	**20**	55
Investment income including dividends received	**(176)**	(128)
Analysis of dividends received by investment type		
– Fair value through profit and loss investments		
– Designated	**10**	12
– Classified (held for trading)	**27**	15
Analysis of fair value gains on financial assets and liabilities by type included in investment income		
– Fair value through profit and loss on investments	**(15)**	(363)
– Designated	**(39)**	(174)
– Classified (held for trading)	**24**	(189)
– Fair value through profit and loss on investments		
– Classified (held for trading)	**(314)**	19
29 Depreciation, amortisation and recoupments		
Intangible assets	**31**	24
Property, plant and equipment	**447**	382
Transport fleet	**424**	344
Leasing assets	**1 108**	1 161
Vehicles for hire	**293**	239
	2 303	2 150
Profit on disposal of property, plant and equipment	**(70)**	(58)
Profit on disposal of transport fleet	**(6)**	(21)
Loss (profit) on disposal of leasing assets	**45**	(149)
Profit on disposal of vehicles for hire	**(3)**	(1)
	2 269	1 921
Less: Discontinued operations	**1 183**	1 032
Depreciation and amortisation	**1 138**	1 210
Loss (profit) on sale	**45**	(178)
	1 086	889

Notes to the group annual financial statements (continued)

	30 June 2008 Rm	25 June 2007 Rm
30 Exceptional items		
Impairment of goodwill	**(47)**	(14)
Profit on disposal of investments in subsidiaries, associates and joint ventures	**48**	34
Loss on closure of business		(5)
Gross exceptional items	**1**	15
Taxation	**(25)**	(1)
Net exceptional items	**(24)**	14
Attributable to minorities	**1**	(3)
Attributable to Imperial Holdings shareholders	**(25)**	17
31 Financing cost		
Non-financial services businesses		
Interest paid on financial liabilities not at fair value through profit or loss	**734**	353
Capitalised to property, plant and equipment	**(19)**	(12)
Interest paid on financial liabilities fair valued through profit or loss	**298**	231
Foreign exchange loss on monetary items	**376**	60
Fair value gains arising from interest-bearing borrowings and interest rate swap instruments	**(417)**	(62)
	972	570
Finance income on financial assets not fair valued through profit or loss	**(165)**	(92)
	807	478
Analysis of financial services businesses interest included in profit from operations		
Interest on advances and investments	**132**	99
Net interest paid included in operating expenses	**9**	9
Net interest income	**123**	90

	30 June 2008 Rm	25 June 2007 Rm
32 Income tax expense		
Income tax charge		
South African normal taxation		
– Current	**696**	726
– Prior year underprovision	**20**	7
	716	733
Foreign taxation		
– Current	**192**	104
– Prior year overprovision	**(4)**	(6)
	188	98
Deferred		
– Current	**(246)**	168
– Prior year under(over)provision	**10**	(27)
– Tax rate adjustment	**(11)**	
	(247)	141
Secondary and withholding taxation	**16**	17
Capital gains		
– Current	**7**	2
– Deferred	**27**	17
	34	19
	707	1 008

Notes to the group annual financial statements (continued)

	30 June 2008 %	25 June 2007 %
32 Income tax expense *(continued)*		
Reconciliation of tax rates		
Profit before taxation, excluding income from associates and joint ventures – effective rate	**38,5**	30,3
Income tax effect of:		
– Foreign tax differential	**(0,7)**	(0,5)
– Taxation assets not recognised	**(1,1)**	(1,7)
– Disallowable charges	**(11,2)**	(1,0)
– Exempt/capital income	**6,3**	2,4
– Secondary tax on companies	**(0,9)**	(0,5)
– Capital gains	**(1,9)**	(0,6)
– Tax rate adjustment	**0,6**	
– Prior year underprovision	**(1,6)**	0,6
	28,0	29,0

	Rm	Rm
33 Dividends and other distributions		
Ordinary shares		
Interim		
– In the prior year, a distribution of 280 cents per share was made on 2 April 2007 and consisted of the following:		
– A capital distribution of 160 cents per share		299
– A dividend of 120 cents per share		224
Final		
– An ordinary dividend of 245 cents per share is payable on 29 September 2008.	**461**	
– In the prior year, instead of an ordinary dividend, a capital distribution of 280 cents per share was made on 1 October 2007.		529
Preferred ordinary shares		
Interim		
– Instead of an ordinary dividend, a capital distribution of 267,5 cents per share was made on 27 March 2008.	**39**	
– In the prior year an ordinary dividend of 267,5 cents per share was made on 30 March 2007.		39
Final		
– A preferred ordinary dividend of 267,5 cents per share is payable on 26 September 2008.	**39**	
– In the prior year a capital distribution of 267,5 cents per share was made on 28 September 2007.		39

34 Earnings per share

Ordinary shares

Basic earnings per share are calculated by dividing the profit after tax attributable to ordinary shareholders of Imperial Holdings by the weighted average number of ordinary shares in issue during the period.

	Continuing Rm	Discontinued operations Rm	Total Rm
30 June 2008			
Profit after tax attributable to equity holders of Imperial Holdings	1 245	(2 115)	(870)
Attributable to preferred ordinary shareholders	78		78
Attributable to ordinary shareholders	1 167	(2 115)	(948)
Weighted average number of ordinary shares (million)	185,7	185,7	185,7
Basic earnings per share (cents)	629	(1 139)	(510)
For fully diluted attributable earnings per share, the weighted average number of ordinary shares in issue is adjusted by deferred and preferred ordinary shares.			
Weighted average number of ordinary shares (million)	185, 7	185, 7	185, 7
Adjusted for share options and deferred ordinary shares (million)	21,6	21,6	21,6
Weighted average number of ordinary shares for diluted earnings (million)	207,3	207,3	207,3
Diluted earnings per share (cents)	600	(1 020)	(420)
Headline earnings and headline diluted earnings per share is calculated as follows:			
Net profit attributable to ordinary shareholders	1 167	(2 115)	(948)
Impairment of property, plant and equipment	4	1	5
Profit on disposal of property, plant and equipment	(78)	54	(24)
Exceptional items	(1)	2 605	2 604
Exceptional items included in income from associates	6		6
Taxation	44	(354)	(310)
Headline earnings	1 142	191	1 333
Add back earnings attributable to preferred ordinary shareholders	78		78
Diluted headline earnings	1 220	191	1 411
Weighted average number of ordinary shares	185,7	185,7	185,7
Headline basic earnings per share (cents)	615	103	718
Weighted average number of ordinary shares for diluted earnings	207,3	207,3	207,3
Headline diluted earnings per share (cents)	588	92	680
Preferred ordinary shares			
Fixed amount attributable to preferred ordinary shares	535	535	535

34 Earnings per share *(continued)*

	Continuing Rm	Discontinued operations Rm	Total Rm
25 June 2007			
Profit after tax attributable to equity holders of Imperial Holdings	2 353	423	2 776
Attributable to preferred ordinary shareholders	52		52
Attributable to ordinary shareholders	2 301	423	2 724
Weighted average number of ordinary shares (million)	185, 2	185, 2	185, 2
Basic earnings per share (cents)	1 242	228	1 470
For fully diluted attributable earnings per share, the weighted average number of ordinary shares in issue is adjusted by deferred and preferred ordinary shares.			
Weighted average number of ordinary shares (million)	185, 2	185, 2	185, 2
Adjusted for share options and deferred ordinary shares (million)	18,4	18,4	18,4
Weighted average number of ordinary shares for diluted earnings (million)	203,6	203,6	203,6
Diluted earnings per share (cents)	1 155	208	1 363
Headline earnings and headline diluted earnings per share is calculated as follows:			
Net profit attributable to ordinary shareholders	2 301	423	2 724
Impairment of property, plant and equipment	(5)	27	22
Profit on disposal of property, plant and equipment	(32)	(196)	(228)
Exceptional items	(21)	11	(10)
Exceptional items included in income from associates	(3)		(3)
Taxation	7	34	41
Minorities	4		4
Headline earnings	2 251	299	2 550
Add back earnings attributable to preferred ordinary shareholders	52		52
Diluted headline earnings	2 303	299	2 602
Weighted average number of ordinary shares	185,2	185,2	185,2
Headline basic earnings per share (cents)	1 216	161	1 377
Weighted average number of ordinary shares for diluted earnings	203,6	203,6	203,6
Headline diluted earnings per share (cents)	1 131	147	1 278
Preferred ordinary shares			
Fixed amount attributable to preferred ordinary shares (eight months)	357	357	357

	30 June 2008 Rm	25 June 2007 Rm
35 Notes to the cash flow statements		
(a) Cash generated by operations		
Profit before net financing costs	**1 126**	5 014
– Continuing operations	**2 643**	
– Discontinued operations (net of fair value adjustments)	**(1 517)**	
Adjustments for non-cash movements		
– Amortisation of intangible assets, net of recoupments	**31**	24
– Depreciation of property, plant and equipment	**447**	382
– Depreciation of transport fleet, net of recoupments	**418**	323
– Depreciation of leasing assets, net of recoupments	**1 153**	1 012
– Depreciation of vehicles for hire, net of recoupments	**290**	238
– Exceptional items	**2 294**	(10)
– Profit on disposal of property, plant and equipment	**(70)**	(58)
– Provision for losses on investments reversed		
– Gains on disposal of insurance investment portfolios	**(253)**	(155)
– Impairment of assets	**574**	21
– Fair value adjustments	**20**	(415)
– Recognition of share-based payments		9
– Net movement in insurance funds	**55**	398
– Increase in retirement benefit obligations	**(8)**	3
Cash generated by operations before changes in working capital	**6 077**	6 786
Working capital movements		
– Increase in inventories	**(593)**	(1 328)
– Increase in accounts receivable	**(93)**	(587)
– Increase in accounts payable	**298**	1 140
	5 689	6 011
(b) Acquisition of subsidiaries and businesses		
Goodwill	**235**	254
Other intangibles	**11**	47
Property, plant and equipment	**37**	134
Leasing assets	**29**	
Transport fleet	**257**	28
Vehicles for hire		1
Deferred taxation	**(4)**	(176)
Other investments and loans	**6**	
Inventories	**8**	509
Accounts receivable	**71**	211
Cash and cash equivalents	**16**	66
Minority interest		(17)
Retirement benefit obligations	**(35)**	
Interest-bearing borrowings	**(42)**	135
Provisions	**(48)**	(52)
Accounts payable	**(32)**	(460)
Taxation owing	**(3)**	(2)
	506	678
Less: Cash resources acquired	**(16)**	(66)
Cash flow on acquisition	**490**	612

Notes to the group annual financial statements (continued)

	30 June 2008 Rm	25 June 2007 Rm
35 Notes to the cash flow statements *(continued)*		
(c) Disposal of subsidiaries (including unbundling)		
Other intangibles	**11**	5
Goodwill	**204**	
Associates and loans from associates		(1)
Property, plant and equipment	**716**	7
Transport fleet		65
Leasing assets	**6 622**	
Vehicles for hire	**1**	
Other investments and loans	**248**	
Inventories	**1 919**	11
Taxation	**52**	(4)
Accounts receivable	**1 670**	264
Cash and cash equivalents	**110**	12
Retirement benefit obligations	**(33)**	
Interest-bearing borrowings	**(5 383)**	61
Insurance contracts	**(8)**	
Deferred taxation	**(338)**	(211)
Provisions	**(252)**	(1)
Accounts payable	**(2 772)**	(66)
Net asset value	**2 767**	142
Less: Cash resources disposed of	**(110)**	(12)
Less: Repayment on interest-bearing debt on unbundling reflected under financing activities	**5 226**	
Unbundling distribution	**(1 722)**	
Loss on sale of subsidiary	**(298)**	20
Proceeds on disposal	**5 863**	150

	30 June 2008 Rm	25 June 2007 Rm
35 Notes to the cash flow statements *(continued)*		
(d) Net replacement capital expenditure		
Expenditure		
– Intangibles	**(54)**	(33)
– Property, plant and equipment	**(478)**	(642)
– Transport fleet	**(276)**	(398)
– Leasing assets	**(708)**	(2 691)
– Vehicles for hire	**(1 176)**	(923)
	(2 692)	(4 687)
Proceeds on disposals		
– Intangibles		4
– Property, plant and equipment	**85**	628
– Transport fleet	**246**	185
– Leasing assets	**634**	1 949
– Vehicles for hire	**710**	713
	1 675	3 479
Net		
– Intangibles	**(54)**	(29)
– Property, plant and equipment	**(393)**	(14)
– Transport fleet	**(30)**	(213)
– Leasing assets	**(74)**	(742)
– Vehicles for hire	**(466)**	(210)
	(1 017)	(1 208)
(e) Cash and cash equivalents		
Cash resources	**3 148**	2 788
Short-term loans and overdrafts	**(3 488)**	(4 977)
	(340)	(2 189)

				30 June 2008 Rm	25 June 2007 Rm
36 Commitments					
Capital expenditure commitments to be incurred					
Contracted				**480**	1 146
Authorised by directors but not contracted				**29**	280
				509	1 426
The expenditure is substantially for the replacement of transport vehicles and the construction of buildings to be used by the group. Expenditure will be financed from proceeds on disposals and existing facilities.					
Operating lease commitments	**More than five years**	**One to five years**	**Less than one year**		
Property	677	1 024	410	**2 111**	2 260
Vehicles		23	34	**57**	51
Plant and equipment		13	9	**22**	29
Leasing assets	15	19	10	**44**	28
	692	1 079	463	**2 234**	2 368
37 Contingent liabilities					
The group has received an assessment from the South African Revenue Services relating to an offshore company. The total amount of the claim is R382 million which included penalties and interest. The company does not believe that the assessment is valid and will be defending the claim				**382**	382
Subsidiaries have entered into buyback agreements. The maximum exposure is R117 million.				**117**	126
No material losses, other than those for which provision has been made in the financial statements, are anticipated as a result of these transactions.					
A subsidiary company has guaranteed loans provided to a Driver Empowerment Scheme for a maximum of R35 million.				**35**	35
Subsidiary companies have received summons for claims amounting to R61 million. The group and its legal advisors believe that these claims are unlikely to succeed.				**61**	57

Except for the above claims there is no current or pending litigation that is considered likely to have a material adverse effect on the group.

38 Related-party transactions

Related-party transactions

The company has no holding company. Subsidiaries, associates, joint ventures, and the group pension and provident funds, are considered to be related parties. During the year the company and its subsidiaries, in the ordinary course of business, entered into various sale and purchase transactions with associates and joint ventures. These transactions occurred under terms that are no less favourable than those arranged with third parties.

38 Related-party transactions *(continued)*

Interest of directors in contracts

The directors have confirmed that they were not materially interested in any transaction of any significance with the company or any of its subsidiaries. Accordingly, a conflict of interest with regard to directors' interest in contracts does not exist.

Subsidiaries

Details of interests in principal subsidiaries are disclosed in Annexure A.

Shareholders

The principal shareholders of the company are detailed in the analysis of shareholders schedule on page 49 of the annual report.

A director has shareholdings in certain subsidiaries and receives dividends.

Associates and joint ventures

Details of investments in principal associates and joint ventures are disclosed in Annexure B.

Details of revenue derived from associates and joint ventures are outlined in note 27.2.

	30 June 2008 Rm	25 June 2007 Rm
Purchase of goods and services from associates and joint ventures	**736**	739
Management fees received from associates and joint ventures	**1**	3

Key management personnel

Key management personnel are directors and those executives having authority and responsibility for planning, directing and controlling the activities of the group.

The group has many different operations, retail outlets and service centres where the group staff may be transacting.

Often these transactions are minor and are difficult to monitor. Key management has to report any transactions with the group in excess of R100 000. The total value of goods and services supplied to or from key management on an arm's length basis amounted to R17 million (2007: R15 million).

The group receives legal services from a firm of attorneys in which a director of the company has an interest, amounting to R9 million (2007: R4 million).

Key management personnel remuneration comprises:

	30 June 2008 Rm	25 June 2007 Rm
Non-executive directors' fees	**1**	4
Short-term employee benefits	**555**	532
Long-term employee benefits	**41**	30
Termination benefits	**2**	1
	599	567
Number of key management personnel	**484**	499

The gains on share options amounted to R20 million (2007: R18 million).

39 Financial instruments

Financial risk factors

The group's treasury activities are aligned to the company's decentralised business model and the asset and liability committee's (ALCO) strategies. The ALCO is a board subcommittee responsible for implementing best practice asset and liability risk management with its main objectives being the management of liquidity, interest rate, price risk and foreign exchange risk. The ALCO meets every quarter and follows a comprehensive risk management process. The treasury implements the ALCO risk management policies and directives and provides financial risk management services to the various divisional businesses, coordinates access to domestic and international financial markets for bank as well as debt capital markets funding. The treasury monitors and manages the financial risks relating to the operations of the group through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including foreign exchange risk, interest rate risk, and price risk), credit risk and liquidity risk.

The day-to-day management of foreign exchange risk and credit risk is performed on a decentralised basis by the various business units within the group's hedging policies and guidelines.

The group's objectives, policies and processes for measuring and managing these risks are detailed below.

The group seeks to minimise the effects of these risks by matching assets and liabilities as far as possible or by using derivative financial instruments to hedge these risk exposures.

The group does not enter into or trade in financial instruments, including derivative financial instruments, for speculative purposes. The group enters into financial instruments to manage and reduce the possible adverse impact on earnings of changes in interest rates and foreign exchange rates.

Market risk

This is the risk that changes in the general market conditions, such as foreign exchange rates, interest rates, commodity prices and equity prices may adversely impact on the group's earnings, assets, liabilities and capital.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the return on risk.

The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and equity prices.

Currency risk

This is the risk of losses arising from the effects of adverse movements in exchange rates on net foreign currency asset or liability positions.

The group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. In order to manage these risks, the group may enter into transactions, which make use of derivatives. Derivative instruments are used by the group for hedging purposes. Such instruments include forward exchange contracts and under specific ALCO authorisation, currency options.

The policy of the group is to maintain a fully covered foreign exchange risk position in respect of foreign currency commitments with a few exceptions authorised by the ALCO. Automotive spare parts are settled in the spot markets and where specific South African Exchange Control authorisation has been obtained up to 75% of forecast annual sales can be covered. The day-to-day management of foreign exchange risk is performed on a decentralised basis by the various business units within the group's hedging policies and guidelines. Trade-related import exposures are managed through the use of natural hedges arising from foreign assets as well as forward exchange contracts.

At the year-end the settlement dates on open forward contracts ranged up to 12 months. The average exchange rates shown include the cost of forward cover. The amounts represent the net rand equivalent of commitments to purchase and sell foreign currencies, and have all been recorded at fair value.

39 Financial instruments *(continued)*

The group has entered into certain forward exchange contracts that relate to specific balance sheet items at 30 June (2007: 25 June) and specific foreign commitments not yet due. The details of these contracts are as follows:

	Foreign amount (million)	Average exchange rate	Contract value Rm	Marked to market 2008 Rm
Foreign currency – 2008				
Imports				
US dollar	**68**	**7,85**	**531**	**537**
Euro	**1**	**12,48**	**15**	**15**
Pound sterling	**1**	**15,33**	**15**	**16**
Japanese yen	**574**	**13,28**	**43**	**43**
Other		**0,13**		**1**
			604	**612**

	Foreign amount (million)	Average exchange rate	Contract value Rm	Marked to market 2007 Rm
Foreign currency – 2007				
Imports				
US dollar	225	7,26	1 632	1 627
Euro	77	9,72	751	746
Pound sterling	9	14,23	123	125
Japanese yen	11 030	16,15	683	656
Swedish krona	7	1,03	8	8
			3 197	3 162

	30 June 2008 Rm	25 June 2007 Rm
Uncovered foreign currency exposure	**297**	21

The majority of uncovered exposures relate to euro-denominated transactions. These amounts were fully covered by July 2008.

Fair value is calculated as the difference between the contracted value and the value to maturity at the period-end.

The impact of a 1% devaluation of the rand on the uncovered foreign exposure will have a R3 million (2007: Nil) impact on group after-tax profits, and vice versa for a 1% appreciation of the rand. The translation impact of a 1% devaluation in the rand would have R31 million (2007: R32 million) impact on group equity, and vice versa for a 1% appreciation of the rand.

The sensitivity of profits to changes in exchange rates is a result of foreign exchange gains/losses on translation of foreign denominated trade receivables and financial assets and liabilities at fair value through profit or loss that are offset by equivalent gains/losses in currency derivatives.

39 Financial instruments *(continued)*

Divisional currency risk

Logistics international

Currency risk exposure arises from the conclusion of transactions in currencies other than the functional currencies of operations in the Netherlands, Belgium, France, Germany, Poland and Sweden. All material exposures arising from transactions external to the group are covered by forward exchange contracts. Translation risk arises from the net investment in overseas businesses in the United Kingdom, Australia and Sweden. These translation exposures are recognised directly in equity through the translation reserve and only booked to the income statement when the subsidiary is sold. No net investment hedges are in place.

Logistics southern Africa

The risk in this division is modest with certain small transactions in foreign currencies, which result in foreign currency denominated debtors and creditors. In order to mitigate the risks which arise from this exposure, these items are settled immediately.

Distributors

The group's major currency exposure exists in this division. Risk exposures result from vehicles and aircraft being imported, and invoiced in foreign currency. Forward exchange contracts are used to hedge this exposure, up to 75% of forecast annual sales can be covered should it be deemed necessary. In addition, overseas businesses result in translation exposure, which is naturally hedged by the net asset position of those businesses.

Motor dealerships

Risk exposure is limited to translation risk for investments in dealerships in the United Kingdom and Sweden, operational cash flows in these dealerships are in the functional currencies of those countries, and exposure to currency risk results from translation into our presentation currency (ZAR).

Insurance

Risk exposures result from foreign operations as well as the division holding investments in foreign equities, which are administered by portfolio managers and monitored by an investment committee.

Interest rate risk

This is the risk that fluctuations in interest rates may adversely impact on the group's earnings, assets, liabilities and capital.

The group is exposed to interest rate risk as it borrows and places funds at both fixed and floating rates. The risk is managed by matching fixed and floating rate assets and liabilities wherever possible and to achieve a repricing profile in line with ALCO directives use is made of interest rate derivatives. The group analyses the impact on profit and loss of defined interest rate shifts – taking into consideration refinancing, renewal of existing positions, alternative financing and hedging.

The group's treasury follows a centralised cash management process including cash management systems across bank accounts in South Africa to minimise risk and interest costs. The group's offshore cash management is managed by the treasuries in Germany, the United Kingdom and the Netherlands. The interest rate profile of total borrowings is reflected in note 22.

The group has entered into interest rate derivative contracts that entitle it to either receive or pay interest at floating rates on notional principal amounts and oblige it to pay or receive interest at fixed rates on the same amounts.

The group's remaining periods and notional principal amounts comprise the following interest rate swap instruments:

	30 June 2008 Rm	25 June 2007 Rm
Pay fixed receive floating		
Less than one year		802
One to five years	**800**	308
More than five years	**18**	443
Pay floating receive fixed		
Less than one year		1 200
One to five years	**2 613**	500
More than five years		1 112
	3 431	4 365

The impact of a 1% increase in interest rates will have an annualised R14 million (2007: R13 million) effect on group after tax profit and equity.

39 Financial instruments *(continued)*

Interest rate risk *(continued)*

Equity price risk

The group is exposed to equity price risk as it holds equity securities, which are classified as either available for sale or designated as fair value through profit or loss.

The group holds 23 864 456 shares in the newly listed Eqstra Holdings Limited. These shares were received when the Leasing and Capital division was unbundled from the group in May 2008.

The group's remaining periods and notional principal amounts of outstanding futures contracts are:

	30 June 2008 Rm	25 June 2007 Rm
Less than one year		195

The impact of a 1% increase in the equity index will have a R14 million (2007: R13 million) effect on group after-tax profit and a R17 million (2007: R13 million) impact on equity.

Divisional equity price risk: Insurance

In the insurance division the objective of investing in equities is to earn above-average returns over the long term and maintain liquidity by investing in high-quality securities. The risk is monitored by the investment committee reviewing performance of the portfolio. The investment portfolios are well diversified and hedges are implemented when approved by the investment committee.

Short-term insurance

Risks arise from the divisions' investments in the equity markets. Portfolio managers are mandated to achieve maximum returns on investment portfolios in the short term. As such these investments are classified as held for trading and fair valued through profit or loss.

Life assurance

Risks arise from the divisions' investments in the equity markets. The nature of the life business is long-term. As such, portfolio managers are mandated to maintain liquidity in the portfolio on a long-term basis, and thus the equities are not traded with a view on short-term profit-taking, but are monitored with a view on maintaining long-term liquidity over claims which may arise. The portfolios within this business are thus designated at fair value through profit or loss.

Credit risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Where appropriate, the group obtains appropriate collateral to mitigate risk. Counterparty credit limits are in place and are reviewed and approved by the respective subsidiary boards.

The carrying amount of financial assets represents the maximum credit exposure on 30 June 2008. None of the financial instruments below were given as collateral for any security provided.

The group only enters into long-term financial instruments with authorised financial institutions of high credit ratings assigned by international credit-rating agencies.

Cash and cash equivalents

It is group policy to deposit short-term cash with reputable financial institutions with high credit ratings assigned by international credit-rating agencies.

Trade accounts receivable

Trade accounts receivable consist of a large, widespread customer base. Group companies monitor the financial position of their customers on an ongoing basis. Creditworthiness of trade debtors is assessed when credit is first extended and is reviewed regularly thereafter. The granting of credit is controlled by the application of account limits. Where considered appropriate, use is made of credit guarantee insurance.

39 Financial instruments *(continued)*

Interest rate risk *(continued)*

	30 June 2008 Rm	25 June 2007 Rm
Trade and other receivables that are neither past due nor impaired	**5 352**	6 808

Included in the above are amounts for trade and other receivables which would have been past due, had the terms not been renegotiated amounting to R91 million (2007: R3 million).

Based on past experience, the group believes that no impairment is necessary in respect of trade receivables not past due as the amount relates to customers that have a good track record with the group, and there has been no objective evidence to the contrary.

Credit risk

Past due trade receivables

Included in trade receivables are debtors which are past the original expected collection date (past due) at the reporting date. There has, however, not been a significant change in credit quality and the amounts are still considered recoverable. Those which are not considered to be recoverable have been included in the provision for doubtful debts below. A summarised age analysis of past due debtors is set out below.

	30 June 2008 Rm	25 June 2007 Rm
Past due		
Less than 1 month	**761**	1 053
Between 1 – 3 months	**341**	588
More than 3 months	**138**	199
Past due more than 1 year	**39**	15
	1 279	1 855

The overdue debtor ageing profile above is considered typical of the various industries in which our businesses operate. Given this, existing insurance cover, and the nature of the related counterparties, these amounts are considered recoverable.

Provision for doubtful debts for loans and receivables

Before these financial instruments can be impaired, they are evaluated for the possibility of any recovery as well as the length of time at which the debt has been long outstanding. Provision is made for bad debts on trade accounts receivable. Management does not consider that there is any material credit risk exposure not already covered by a bad debt provision. In addition, there were allowances for impairments on long-term receivables and investments in equity instruments at cost during the period under review.

Provision for doubtful debts for trade and other receivables

	30 June 2008 Rm	25 June 2007 Rm
Set out below is a summary of the movement in the provision for doubtful debts for the period:		
Balance at beginning of period	**328**	270
Reclassified to discontinued operations, subsidiaries sold and unbundled	**(146)**	
Amounts recovered during period	**(6)**	(53)
Amounts written off during period	**2**	1
Increase in allowance recognised in profit or loss	**62**	110
Balance at end of period	**240**	328

39 Financial instruments *(continued)*

Interest rate risk *(continued)*

Allowance for impairment losses on long-term receivables

	30 June 2008 Rm	25 June 2007 Rm
Set out below is a summary of the movement in the allowance for impairment losses for the year:		
Balance at beginning of period	**1**	1
Increase in allowance recognised in profit or loss	**320**	
Balance at end of period	**321**	1

The group granted employees the right to purchase shares through a share incentive trust. The terms held that the company would lend these employees the funds to acquire shares in Imperial Holdings Limited, holding the shares as collateral for the debt. Due to share price depreciation, the recoverability of this amount is in doubt. An impairment loss to the amount of R320 million has been raised, of which R182 million has been charged to continuing operations, R84 million to discontinued operations and R54 million of interest has not been recognised.

There is no significant concentration of risk in respect of any particular customer or industry segment.

Divisional credit risk

Logistics

Risk exposures arise from the granting of credit to customers. The risk is managed by strict monitoring of credit terms. The risk is mitigated by stringent background checks on all new customers, as well as taking legal action against defaulting customers.

Car rental

Risk exposures arise from the granting of credit to customers. Credit is granted to corporate clients after credit checks have been performed. The division maintains credit limits for these clients, which are reviewed periodically. Monthly collections are performed on outstanding amounts. Credit risk is minimised as credit is not usually granted to individual clients.

Distributors

Risk exposures arise from the supply of vehicles to external dealerships and customers. Where vehicles are supplied to external dealerships these are generally covered by a dealer floorplan with a bank, and will usually settle within credit terms, and exposure to credit risk is therefore minimised. When dealing with external customers, the vehicle is required to be fully financed before delivery, thereby mitigating credit risk to the division.

Motor dealerships

Risk exposures arise from the granting of credit to customers for parts and spares. The risk is managed by monthly review of debtors ageing. The risk is mitigated by stringent background checks on all new customers, continuous review of credit limits, as well as taking legal action against defaulting customers. Where our dealerships are transacting with external customers, the vehicles are required to be fully financed before delivery, thereby mitigating credit risk to the division.

Insurance

Risk exposures arise from commission being paid to brokers for 12 months in advance. The risk arises as the client may lapse a policy at any point during the 12 months. The risk is monitored by the credit committee and is mitigated by vetting all brokers, as well as retaining a percentage of the commission.

Guarantees

Guarantees issued to bankers and others, on behalf of subsidiaries, for facilities, as well as guarantees to investors in commercial paper and corporate bond issues, are disclosed in note 13 to the company annual financial statements.

There were no guarantees provided by banks to secure financing during 2008 and 2007.

39 Financial instruments *(continued)*

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The responsibility for liquidity risk management rests with the ALCO, which has built an appropriate liquidity risk management framework for the management of the group's short-, medium- and long-term funding requirements. The group accesses the corporate bond market to ensure that there is sufficient long term funding within the funding mix together with long-term bank facilities.

The group manages liquidity risk by monitoring forecast cash flows in compliance with loan covenants and ensuring that adequate unutilised borrowing facilities are maintained. Unutilised borrowing facilities are reflected in note 22.

To avoid incurring interest on late payments, financial risk management policies and procedures are entrenched to ensure the timeous matching of orders placed with goods received notes or services acceptances and invoices.

Contractual maturities (including interest) of financial liabilities are as follows:

2008 Maturity profile of financial liabilities	Carrying amount Rm	Total contractual cash flow Rm	Less than one year Rm	One to five years Rm	More than five years Rm
Financial liabilities					
Interest-bearing borrowings*	**12 040**	**13 661**	**3 992**	**7 946**	**1 723**
Insurance and investment contracts	**1 535**	**1 535**	**843**	**350**	**342**
Non-current derivative financial liabilities	**98**	**100**	**57**	**43**	
Trade and other payables	**8 272**	**8 272**	**8 272**		
Current derivative financial liabilities	**17**	**17**	**17**		
	21 962	**23 585**	**13 181**	**8 339**	**2 065**
Percentage profile (%)	**100**	**100**	**56**	**35**	**9**

**Included in the debt on balance sheet is an amount of R441 which relates to the non-redeemable, non-participating preference shares.*

39 Financial instruments *(continued)*

Fair value of financial instruments by class

Fair value of financial instruments (Rm)	Carrying value 30 June 2008 Rm	Fair value 30 June 2008 Rm	Carrying value 25 June 2007 Rm	Fair value 25 June 2007 Rm
Financial assets				
Other investments and loans				
– Designated as fair value through profit and loss (held for trading)	**772**	**772**	864	864
– Classified as held for trading (held for trading)	**864**	**864**	1 004	1 004
– Available for sale	**308**	**308**	8	8
– Loans and receivables at amortised cost	**376**	**376**	917	917
Other non-current financial assets				
– Derivative instruments	**17**	**17**	300	300
– Other non-current financial assets	**313**	**313**	542	542
Trade and other receivables				
– Derivative instruments – hedge accounted	**9**	**9**	1	1
– Other trade and other receivables – fair value	**6 631**	**6 631**	8 663	8 663
Cash and cash equivalents – fair value	**3 148**	**3 148**	2 788	2 788
Financial liabilities				
Interest-bearing borrowings				
– Non-redeemable, non participating preference shares	**441**	**441**	441	441
– Classified as held for trading (held for trading)	**2 280**	**2 280**	3 201	3 201
– Borrowings at amortised cost	**9 319**	**9 065**	10 644	10 639
Insurance and investment contracts				
– Insurance and investment contracts at amortised cost	**1 535**	**1 535**	1 722	1 722
Other non-current financial liabilities				
– Derivative instruments	**98**	**98**	13	13
Trade and other payables				
– Derivative instruments – hedge accounted	**17**	**17**	93	93
– Other trade and other payables – fair value	**8 272**	**8 272**	11 311	11 311

39 Financial instruments *(continued)*

Fair value of financial instruments by class *(continued)*

The directors consider that the carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables approximates their fair value due to the short-term maturities of these assets and liabilities.

The fair values of financial assets represent the market value of quoted investments and other traded instruments. For non-listed investments and other non-traded financial assets fair value is calculated using discounted cash flows with market assumptions, unless the carrying value is considered to approximate fair value.

The fair values of financial liabilities is determined by reference to quoted market prices for similar issues, where applicable, otherwise the carrying value approximates the fair value.

There were no defaults or breaches in terms of interest-bearing borrowings during either reporting periods.

There were no reclassifications of financial assets or financial liabilities that occurred during the period. There were no financial assets or liabilities that did not qualify for derecognition during the period.

Financial instruments designated as fair value through profit or loss

	30 June 2008 Rm	25 June 2007 Rm
Investments designated as fair value through profit or loss		
Carrying value of investments designated as fair value through profit or loss	**772**	864
Maximum exposure to credit risk at reporting date	**772**	864
Included in the statement of changes in equity are the following adjustments relating to financial instruments:		
Amounts included in the hedging reserve		
Continuing operations		
– Effective portion of change in fair value of cash flow hedge	**(13)**	(604)
– Amount removed from equity on matured contracts	**7**	(6)
Discontinued operations	**(6)**	(610)
– Hedging reserve movement	**(2)**	41
Total movement on hedging reserve	**(8)**	(569)

39 Financial instruments *(continued)*

Capital management

The group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns and growth for shareholders and benefits for other stakeholders. The group maintains an appropriate mix of equity and equity like instruments and debt in order to optimise the weighted average cost of capital (WACC) within an appropriate risk profile. Capital allocation is evaluated against the expected and forecast return on invested capital against the appropriate WACC for that division or business.

The group has externally imposed capital requirements in terms of a debt covenant for a syndicated loan. The covenant requires the group to maintain a target net debt to earnings before interest, taxation, depreciation and amortisation (EBITDA) of below 3,5:1. The ratio at 30 June 2008 is 2,2:1 (2007: 2,5:1). Our insurance business has externally imposed capital requirements as set out in Annexure C.

Consistent with others in the industry, the group monitors capital on the basis of its gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings less cash and cash equivalents. Total invested capital includes share capital and borrowings.

During 2007 and 2008, the group's strategy, was to review the capital structure and returns on invested capital in the various businesses. As a result the group's aviation division, excluding NAC, and the investment in Tourvest were sold and the Leasing and Capital Equipment division unbundled as a separately listed entity, Eqstra Holdings Limited. The gearing ratios at 30 June 2008 were as follows:

	2008 Rm	2007 Rm
Total borrowings	**12 040**	14 286
Less: Cash and cash equivalents	**3 148**	2 788
Net debt	**8 892**	11 498
Total equity	**10 418**	13 467
Gearing ratio	**85%**	85%

The group's target gearing ratio is between 80 and 100 percent. Taking into account the seasonality of our business, this may be extended to 110 percent.

Company balance sheet

At June	Notes	30 June 2008 Rm	25 June 2007 Rm
ASSETS			
Interests in subsidiaries	2	**7 561**	8 512
Investments in associates and joint ventures	3	**471**	1 369
Investments	4	**12**	50
Trade and other receivables		**16**	11
Total assets		**8 060**	9 942
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and premium	5	**10**	876
Other reserves		**54**	344
Retained earnings		**7 326**	8 049
Total shareholders' equity		**7 390**	9 269
Liabilities			
Deferred tax liability	6	**137**	117
Non-redeemable, non-participating preference shares	7	**441**	441
Trade and other payables		**69**	92
Current tax liability		**23**	23
Total liabilities		**670**	673
Total equity and liabilities		**8 060**	9 942

Company income statement

For the period ended	Notes	30 June 2008 Rm	25 June 2007 Rm
Revenue	8	**986**	1 202
Fair value (loss) gain on call option		**(308)**	129
Other operating expenses		**(9)**	
Foreign exchange gain		**174**	
Exceptional (losses) gains	9	**(529)**	2
Profit before net financing costs		**314**	1 333
Interest paid	10	**(51)**	(20)
Interest income	10	**1**	1
Profit before taxation		**264**	1 314
Income tax expense	11	**22**	2
Net attributable profit for the period		**242**	1 312

Company statement of changes in equity

For the period ended	Share capital Rm	Share premium Rm	Other reserves Rm	Retained earnings Rm	Total Rm
Balance at 25 June 2006	10	1 752	363	7 028	9 153
Net attributable profit for the year				1 312	1 312
Recognition of share-based payments			(19)		(19)
Capital distribution of 267,5 cents per preferred ordinary share in September 2006		(39)			(39)
Capital distribution of 244 cents per ordinary share in October 2006		(511)			(511)
Capital distribution of 160 cents per ordinary share in April 2007		(336)			(336)
Dividend of 120 cents per ordinary share in April 2007				(252)	(252)
Dividend of 267,5 cents per preferred ordinary share in March 2007				(39)	(39)
Balance at 25 June 2007	10	866	344	8 049	9 269
Net attributable profit for the period				242	242
Capital distribution of 267,5 cents per preferred ordinary share in September 2007		(39)			(39)
Capital distribution of 280 cents per ordinary share in September 2007		(594)			(594)
Capital distribution of 267,5 cents per preferred ordinary share in April 2008		(39)			(39)
Share issues expenses		(1)			(1)
Unbundling distribution to shareholders		(193)	(52)	(965)	(1 210)
Fair value adjustment on call option			(238)		(238)
Balance at 30 June 2008	**10**		**54**	**7 326**	**7 390**

Company cash flow statement

For the period ended	Note	30 June 2008 Rm	25 June 2007 Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated by operations	14	**949**	1 222
Net financing costs		**(50)**	(19)
Income tax paid		**(2)**	(6)
		897	1 197
CASH FLOWS FROM INVESTING ACTIVITIES			
Disposals (additional) investments in and loans to subsidiaries, associated companies and joint ventures, net of disposals		**948**	(429)
Disposals (additions) to investments		**38**	(13)
		986	(442)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in interest-bearing borrowings			441
Share-based payments			(19)
Capital distributions		**(673)**	(886)
Eqstra unbundling distributions		**(245)**	
Dividends paid		**(965)**	(291)
		(1 883)	(755)
Net change in cash and cash equivalents		**—**	—
Cash and cash equivalents at beginning of period		**—**	—
Cash and cash equivalents at end of period		**—**	—

Notes to the company annual financial statements

	30 June 2008 Rm	25 June 2007 Rm
1 Accounting policies, significant judgements and estimates and impact of new unissued standards		
Please refer to notes 1, 2 and 3 of the group annual financial statements.		
2 Interests in subsidiaries		
Shares at cost or valuation	**5 397**	6 878
Indebtedness by subsidiaries	**2 164**	1 634
	7 561	8 512
Details of the company's subsidiaries are reflected in Annexure A.		
3 Investments in associates and joint ventures		
Unlisted shares at cost	**125**	70
Impairments	**(12)**	(12)
	113	58
Indebtedness by associates and joint ventures	**287**	642
Lereko call option	**71**	669
	471	1 369
Valuation of shares in associates and joint ventures		
Unlisted shares at directors' valuation	**135**	93
Details of the group's associates and joint ventures are reflected in Annexure B.		
The directors' valuation has been established by reference to the group's share of net assets of the associates and joint ventures.		
Lereko call option asset		
Balance at beginning of period	**669**	540
Fair value adjustment	**(546)**	129
Eqstra unbundling	**(52)**	
	71	669
In terms of the black empowerment transaction concluded with Lereko Mobility in June 2005, Lereko Mobility acquired 14 516 617 preferred ordinary shares in Imperial. Imperial facilitated the transaction with vendor finance by issuing preferred ordinary shares at their par value of 4 cents. This discount had a value of R600 million. This entitles Imperial to a call option from the company for a sufficient number of Imperial's shares to be delivered on 15 June 2015 to settle this amount plus a return which will amount to a minimum of R1 524 million (2007: R1 495 million).		
4 Investments		
Unlisted shares at fair value and available for sale	**12**	50

	30 June 2008 Rm	25 June 2007 Rm
5 Share capital and premium		
Authorised share capital		
394 999 000 (2007: 394 999 000) ordinary shares of 4 cents each	**15**	15
50 000 000 (2007: 50 000 000) deferred ordinary shares of 4 cents each	**2**	2
15 000 000 (2007: 15 000 000) preferred ordinary shares of 4 cents each	**1**	1
1 000 (2007: 1 000) redeemable preference shares of 4 cents each		
40 000 000 (2007: 40 000 000) non-redeemable, non-participating preference shares of 4 cents each	**2**	2
	20	20
Issued share capital		
212 129 870 (2007: 209 617 979) ordinary shares of 4 cents each	**8**	8
16 781 968 (2007: 19 293 859) deferred ordinary shares of 4 cents each	**1**	1
14 516 617 (2007: 14 516 617) preferred ordinary shares of 4 cents each	**1**	1
4 540 041 (2007: 4 540 041) non-redeemable, non-participating preference shares of 4 cents each (refer to note 7)		
	10	10
Share premium		866
	10	876

Refer to note 17 of the group annual financial statements for further details regarding the deferred ordinary shares, the preferred ordinary shares, the share schemes and directors' interest in share capital.

Notes to the company annual financial statements (continued)

	30 June 2008 Rm	25 June 2007 Rm
6 Deferred tax liability		
Movement in deferred tax		
Balance at beginning of period	**117**	117
Tax rate adjustment	**(4)**	
Capital gains	**24**	
Balance at end of period	**137**	117
Analysis of deferred tax		
– Capital gains	**137**	117
7 Non-redeemable, non-participating preference shares		
Non-redeemable, non-participating preference shares	**441**	441

4 540 041 preference shares were issued during the 2007 financial year and are listed on the JSE under specialist securities – preference shares sector.

These shares are entitled to a preference dividend being 75% of the prime interest rate. The company is obligated to pay any arrear dividends within five years from the proceeds raised by issuing new ordinary shares within six months prior to such payment. Because of the cumulative nature of these preference shares they are classified as debt with no repayment terms.

The coupon is payable semi-annually in March and September and this amounts to R51 million (2007: R43 million) based on current rates of interest.

	30 June 2008 Rm	25 June 2007 Rm
8 Revenue		
An analysis of the company's revenue is as follows:		
Dividends from subsidiaries	**982**	1 197
Preference dividends received	**4**	5
	986	1 202
9 Exceptional items		
Profit on sale/unbundling of subsidiaries and businesses	**65**	2
Writedown of investment in subsidiaries, associates and joint ventures	**(594)**	
	(529)	2
10 Net financing cost		
Interest paid	**51**	20
Finance income	**(1)**	(1)
	50	19

	30 June 2008 Rm	25 June 2007 Rm
11 Taxation		
Taxation charge		
SA normal taxation		
– Prior year under (over) provision	**2**	(4)
Deferred		
– Tax rate adjustment	**(4)**	
– Capital gains	**24**	
Withholding and secondary tax on companies		6
	22	2
Reconciliation of tax rates:	**%**	%
Profit before taxation – effective rate	**8,3**	0,2
Taxation effect of:		
– Withholding and secondary tax on companies		(0,5)
– Disallowable charges	**(67,6)**	(0,3)
– Exempt income	**111,6**	26,5
– Fair value adjustment on call option	**(32,7)**	2,8
– Capital gains	**9,1**	
– Tax rate adjustment	**(1,5)**	
– Prior year overprovision	**0,8**	0,3
	28,0	29,0
12 Dividends and other distributions		
Refer to note 33 of the group annual financial statements.		
13 Contingent liabilities		
The company has contingent liabilities in respect of guarantees issued to bankers and others, on behalf of subsidiaries, for facilities in the normal course of business to the extent that they are used. The year-end utilisation of facilities were:	**928**	2 521
The company has received an assessment from the South African Revenue Service relating to an offshore company. The total amount of the claim is R382 million which includes penalties and interest. The company does not believe that the assessment is valid and will be defending this claim.	**382**	382
The company has guaranteed the obligations to investors in the commercial paper and corporate bond issues.	**9 305**	10 358
14 Cash generated by operations		
Profit before net financing costs	**314**	1 333
Exceptional items	**529**	(2)
Foreign exchange gain	**(174)**	
Fair value adjustment on call option	**308**	(129)
Working capital movements		
– Increase in accounts receivable	**(5)**	(8)
– (Decrease) increase in accounts payable	**(23)**	28
	949	1 222

Annexure A – Interest in principal subsidiaries

					Book value of interest			
					Shares at cost		Indebtedness	
Company	Nature of business	Place of incorporation	Interest owned directly or indirectly (%)	Ordinary shares in issue	2008 Rm	2007 Rm	2008 Rm	2007 Rm
Imperial Mobility International BV	Note 2	Netherlands	100	150 188	**1 787**	2 275		
Imperial Group (Pty) Limited	Note 3	South Africa	100	165	**1 400**	1 779	**881**	185
Associated Motor Holdings (Pty) Limited	Note 4	South Africa	90	500 000	**46**	46		
Imperial Financial Holdings Limited	Banking	South Africa	100	255 000 000	**251**	251	**38**	75
Regent Insurance Company Limited	Insurance	South Africa	100	2 099 000	**206**	206		
Regent Life Assurance Company Limited	Life Assurance	South Africa	100	2 125 000	**145**	145		
Imperial Capital Limited	Note 5	South Africa	100	100				
Imperilog Limited	Note 6	South Africa	100	51 015 305	**160**	160		
Boundlesstrade 154 (Pty) Limited	Note 7	South Africa	81	200	**68**	68		
Jurgens Ci (Pty) Limited	Note 8	South Africa	80	1 000	**133**	146		
Alert Engine Parts (Pty) Limited	Note 9	South Africa	100	7 500	**88**	88		
Other, including indirect interest					**1 113**	1 714	**1 245**	1 374
					5 397	6 878	**2 164**	1 634

Notes

1 General information in respect of subsidiaries as required in terms of paragraphs 69 and 70 of the Fourth Schedule to the Companies Act is set out in respect of only those subsidiaries, the financial position of which are material for a proper appreciation of the affairs of the group. A full list of subsidiaries and associated companies is available on request at the companies' registered offices.

2 Business conducted by Imperial Mobility International BV comprises leasing, integrated logistics solutions and vehicle leasing.

3 Business conducted by Imperial Group (Pty) Limited comprises vehicle rental, motor trading, tourism, automotive components, property investments, transportation, panelbeating and group services.

4 Business conducted by Associated Motor Holdings (Pty) Limited comprises motor vehicle importation, dealership sales and after-sales services.

5 Imperial Capital Limited owns and finances assets to group companies.

6 Business conducted by Imperilog Limited comprises transport logistics.

7 Boundlesstrade 154 (Pty) Limited consists of a group of motor vehicle dealerships.

8 Jurgens Ci (Pty) Limited is the manufacturer and distributor of leisure caravans and camping equipment.

9 Alert Engine Parts (Pty) Limited is a wholesaler and retailer of motor vehicle engine parts.

Held by subsidiaries of Imperial Holdings					Book value of interest: Shares at cost		Book value of interest: Indebtedness	
Company	Nature of business	Place of incorporation	Interest owned directly or indirectly (%)	Ordinary shares in issue	2008 Rm	2007 Rm	2008 Rm	2007 Rm
Principal subsidiaries of Imperial Mobility International BV								
Imperial Commercials Limited	Note 1	United Kingdom	100	560 000	**12**	12		160
Imperial Logistics International GmbH	Note 2	Germany	100	2	**1 425**	1 425		
Associated Motors Australia (Pty) Limited	Note 3	Australia	90	81	**197**	197		191
Laabs GmbH	Note 2	Germany	100	0	**76**			
Maxx Thiebaut	Note 2	Belgium	55	5 500	**37**			
Foodtankers Group	Note 2	Sweden	51	10 200	**32**			
Rijnaarde B.V.	Note 2	Netherlands	100	10 000	**75**			
Principal subsidiaries of Associated Motor Holdings (Pty) Limited								
Hyundai Auto South Africa (Pty) Limited	Note 4	South Africa	100	1 000	**100**	100		
Imperial Car Imports (Pty) Limited	Note 4	South Africa	100	10 000	**6**	6		
Imperial Daihatsu (Pty) Limited	Note 4	South Africa	99,9	10 000 000	**11**	11	**227**	111
Kia Motors SA (Pty) Limited	Note 4	South Africa	100	25 000			**268**	157
KMSA Holdings (Pty) Limited	Note 5	South Africa	75	10 000	**4**	4	**72**	34

Notes

1 Engaged in commercial vehicle sales and after-sales services.

2 Engaged in transport and logistics.

3 Engaged in dealership sales and after-sales services.

4 Importer and retailer of motor vehicles, parts and accessories.

5 Importer and retailer of motor cycles, parts and accessories.

Annexure A – Interest in principal subsidiaries (continued)

Material acquisitions

The material acquisitions of the group in the 2008 financial period are as follows:

	Nature of business	Purchase consi-deration Rm	Fair value of net assets acquired Rm	Goodwill Rm	Acquisitions date	Per-centage share-holding	Contri-bution to revenue since acqui-sition Rm	Contri-bution to profit before tax since acqui-sition Rm
Maxx Thiebaut	Note 2	33	17	16	December 2007	55%		2
Foodtankers Group	Note 2	33	14	19	February 2008	51%	82	3
Rijnaarde B.V.	Note 2	61	1	60	July 2007	100%	254	20
Amadeus Schiffahrt und Speditions GmbH	Note 2	14	2	12	March 2008	80%	41	4
RP Logistix (Pty) Limited	Note 2	12		12	January 2008	60%	90	7

Notes

1 The purchase consideration includes shares acquired, properties and intergroup loan balances that formed part of the purchase consideration.

2 Engaged in transport and logistics.

Annexure B – Interest in principal associated companies and joint ventures

	Nature of business	Place of incorporation	Carrying value (including loans) 2008 Rm	Carrying value (including loans) 2007 Rm	% owned 2008 %	% owned 2007 %
Associates						
Imperial Bank Limited	Financial service provider	Republic of South Africa	**1 356**	1 214	**49,9**	49,9
Lereko Mobility (Pty) Limited	Investment company	Republic of South Africa	**71**	669	**49,0**	49,0
Renault South Africa (Pty) Limited	Vehicle distributor	Republic of South Africa	**23**	108	**49,0**	49,0
Fuellogic (Pty) Limited	Logistics	Republic of South Africa	**92**	93	**46,5**	46,5
Ukhamba Holdings (Pty) Limited	Investment company	Republic of South Africa	**208**	33	**46,9**	46,9
Accordian Investments (Pty) Limited	Vehicle distributor	Republic of South Africa	**41**	42	**40,0**	40,0
Flagstone Reinsurance Africa Limited	Reinsurance	Republic of South Africa	**73**		**35,0**	
Other associates			**126**	80		
Joint ventures						
Safair Lease Finance (Pty) Limited	Aircraft leasing	Republic of South Africa		392		50,0
Other joint ventures			**27**	101		
			2 017	2 732		

Annexure C – Additional information on insurance businesses

1 Accounting policies

Insurance and investment contracts

Long-term insurance operations

The long-term insurance operations issue contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. Investment contracts are those contracts that transfer financial risk with no significant insurance risk.

Insurance contracts are classified into individual credit life contracts, individual life contracts, group funeral, group life and group credit life contracts.

All policyholder contracts that transfer significant insurance risk are classified as insurance contracts. These contracts are valued in terms of the Financial Soundness Valuation (FSV) basis contained in PGN 104 issued by the Actuarial Society of South Africa.

The statutory actuary calculates the liabilities under long-term insurance contracts and investment contracts annually at the balance sheet date in accordance with prevailing legislation, Generally Accepted Actuarial Standards in South Africa and International Financial Reporting Standards as appropriate. The transfers to or from insurance liabilities in the income statement represent the increase or decrease in contract liabilities, including all necessary provisions and reserves.

The Financial Soundness Valuation basis requires at each balance sheet date that liability adequacy tests are performed to ensure the adequacy of the contract liabilities. The liabilities for investment contracts are set equal to the accumulated fair value of the underlying assets. Any deficiency is immediately charged to profit and loss and a provision is raised for losses from the liability adequacy tests.

Policyholder contracts that do not transfer significant insurance risk are classified as investment contracts. Investment contracts are initially and thereafter recognised at fair value, with changes in fair value being accounted for in the income statement. The premiums and benefit payments relating to these investment contracts have been excluded from the income statement and accounted for directly as movements in the liability.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired. Investment contracts can however be reclassified as insurance contracts after inception, if insurance risk becomes significant.

Short-term insurance operations

Contracts under which the short-term insurance operations accept significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder, or other beneficiary, are classified as insurance contracts. Insurance risk is risk other than financial risk, transferred from the holder of the contract to the issuer. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, a credit rating or credit index or other variable. Insurance contracts may also transfer some financial risk.

Long-term and short-term insurance operations

Contracts entered into with reinsurers by the long-term and short-term operations, under which the group is compensated for losses on one or more contracts, and which meet the classification requirements for insurance contracts, are classified as reinsurance contracts held.

The benefits to which the long-term and short-term operations are entitled under their reinsurance contracts held are recognised as reinsurance assets, consisting of short-term and long-term balances due from reinsurers that are dependent on the expected claims and benefits. Reinsurance liabilities are primarily premiums payable and are recognised as an expense when due. Reinsurance assets are assessed for impairment on an annual basis, reducing the carrying amount of the reinsurance asset to its recoverable amount through the income statement.

Insurance results

Long-term insurance operations

Profits or losses are determined in accordance with the guidance note on Financial Soundness Valuations (PGN 104) and International Financial Reporting Standards. The underlying philosophy of the Financial Soundness Valuation is to recognise profits prudently over the term of each insurance contract. In the valuation of liabilities, provision is made for:

- the best estimate of future experience;
- compulsory margins prescribed in the Long-term Insurance Act, 1998; and
- discretionary margins determined to release profits to shareholders consistent with policy design and company policy.

Short-term insurance operations

The underwriting results are determined after making provisions for unearned premiums, outstanding claims, unexpired risk provision and such additional provisions as are considered necessary. The methods used to determine these provisions are as follows:

Unearned premiums

Premiums are earned from the date the risk attaches, over the indemnity period, based on the pattern of the risk underwritten. Unearned premiums, which represent the proportion of premiums written in the current year which relate to risks that have not expired by the end of the financial year, are calculated on the 365th basis for even risk business and other bases that best represent the unearned risk profile for uneven risk business.

Claims

Claims incurred consist of claims and claims handling expenses paid during the financial year together with the movement in the provision for outstanding claims. Claims outstanding comprise provisions for the estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date whether reported or not, and an appropriate risk margin. Related anticipated reinsurance recoveries are disclosed separately as assets. These estimated reinsurance and other recoveries are assessed in a manner similar to the assessment of claims outstanding.

Whilst the directors consider that the gross provisions for claims and the related reinsurance recoveries are fairly stated on the basis of the information currently available to them, the ultimate liability will vary as a result of subsequent information and events and may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made, and disclosed separately if material. The methods used to value these provisions, and the estimates made, are reviewed regularly.

Unexpired risk provision

Provision is made for unexpired risks arising to the extent that the expected value of claims and claims handling expenses attributable to the unexpired periods of contracts in force at the balance sheet date exceeds the unearned premiums provision in relation to such contracts after the deduction of any deferred acquisition costs.

Deferred acquisition costs

The costs of acquiring new and renewal insurance business, ie commission and other acquisition costs, that is primarily related to the products of that business, are deferred. Deferred acquisition costs are amortised on a pro rata basis over the contract term. Similarly, any reinsurance commissions received are deferred and recognised as income over the term of the reinsurance contract.

Revenue recognition

Long-term insurance operations

Premiums and annuity considerations on insurance contracts are recognised when due in terms of the contract, other than group schemes. Premiums receivable in respect of group schemes are recognised when there is reasonable assurance of collection in terms of the policy contract. Premium income on insurance contracts is shown gross of reinsurance. Premiums are shown before deduction of commission. Premium income received in advance is included in Trade and other payables. Amounts received under investment contracts, such as premiums, are recorded as deposits to investment contract liabilities.

Short-term insurance operations

Gross written premiums comprise the premiums on insurance contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. Premiums are disclosed gross of commission to intermediaries and exclude Value-Added Tax. Premiums written include adjustments to premiums written in the prior accounting periods and estimates for pipeline premiums (premiums written relating to current accounting period but not reported by the balance sheet date). The earned portion of the premium received is recognised as revenue. Premiums are earned from the date of attachment of risk, over the indemnity period, based on the pattern of risks underwritten.

Contingency reserve

Short-term insurance operations

The statutory contingency reserve is created in accordance with the provisions of the Short-term Insurance Act, 1998, of South Africa. Withdrawals from this reserve may only be made with the consent of the Registrar of Short-term Insurance. The annual adjustment to the reserve account for premium increases or decreases during the year is reflected as an appropriation to or from distributable reserves.

Annexure C – Additional information on insurance businesses (continued)

	30 June 2008 Rm	25 June 2007 Rm
2 Other investments and loans (note 11 to the group annual financial statements)		
2.1 Financial assets held at fair value		
Balance at beginning of period	**1 844**	1 629
Additions	**1 895**	960
Disposals	**(2 121)**	(1 040)
Fair value adjustment	**17**	295
Balance at end of period	**1 635**	1 844
2.2 Reconciliation to group annual financial statements		
Financial assets at fair value – insurance businesses	**1 635**	1 844
Financial assets at fair value – other operations	**309**	32
	1 944	1 876
3 Insurance assets and liabilities		
3.1 Liabilities under insurance contracts		
Short-term operations		
Outstanding claims, including claims incurred but not reported		
Balance at beginning of period	**680**	542
Claims settled during the period	**(1 263)**	(1 072)
Increase in liabilities	**1 289**	1 210
Balance at end of period	**706**	680
Outstanding claims	**563**	563
Incurred but not reported	**143**	117
Balance at end of period	**706**	680
This amount is reflected in trade and other payables.		
3.2 Unearned premium provision		
Balance at beginning of period	**792**	550
Premiums written during the period	**1 953**	2 176
Premiums earned during the period	**(2 003)**	(1 934)
Balance at end of period	**742**	792
3.3 Long-term operations		
Balance at beginning of period	**891**	761
Transfer to income statement	**(160)**	136
Arising from translation of foreign liabilities	**(9)**	(6)
Balance at end of period	**722**	891

Process used to decide on long-term insurance assumptions

The business was divided up into homogenous groupings and then each grouping was analysed. Best estimate assumptions were then derived based on these experience investigations. Where data was limited, market statistics were used. Recent trends evident in the data were allowed for.

The value of insurance liabilities is based on best estimate assumptions of future experience plus compulsory margins as required in terms of PGN 104, plus additional discretionary margins determined by the statutory actuary.

The compulsory margins are summarised as follows:

Assumption	**Compulsory margin**
Investment earnings	0,25% reduction in rate
Expense inflation	10% loading, ie 1,1 times the expense inflation assumption used
Mortality	Assumption was increased by 7,5%, i.e. 1,075 times the relevant mortality rate
Morbidity	Assumption was increased by 10%, i.e. 1,1 times the relevant mortality rate. For dread disease the margin is 15%
Retrenchment	Assumption was increased by 20%, i.e. 1,2 times the relevant retrenchment rate
Lapses	25% increase or decrease in lapse rates depending on which gives the higher liability, i.e. multiply by 1,25 or 0,75
Surrenders	10% increase or decrease in surrender rates depending on which gives the higher liability, i.e. multiply by 1,1 or 0,9
Expenses	10% loading, i.e. 1,1 times the expense assumption used

In addition to the above compulsory margins, the following additional discretionary margins were incorporated:

Retrenchment	An additional 30% margin was added
All other decrements	For credit life only an additional 10% margin was added

Negative reserves were recognised in full.

The specific process of deriving the best estimate assumptions relating to future mortality, morbidity, medical, withdrawals, investment returns, maintenance expenses, expense inflation and tax are described below:

a) Mortality

Adjusted standard assured lives and annuity tables were used to reflect the group's recent claims experience. The adjustments are based on annual mortality investigations conducted into the different classes of business and also allow for the expected increase in Aids-related claims. The allowance for Aids is based on the relevant actuarial guidance notes as provided by the Actuarial Society of South Africa (ASSA).

b) Morbidity

Disability and dread disease rates are based on standard morbidity tables and where appropriate, adjusted to reflect the group's recent claims experience. Adjustments made are based on investigations conducted once a year.

c) Medical and retrenchment

The incidence of medical and retrenchment claims is derived from the risk premium rates determined from annual investigations. The incidence rates are reviewed on an annual basis, based on claims experience. The adjusted rates are intended to reflect future expected experience.

d) Withdrawal

The withdrawal assumptions are based on the most recent withdrawal investigations taking into account past as well as expected future trends. The withdrawal investigation is performed each year and incorporates ten months' experience. The withdrawal rates are analysed by class and policy duration. These withdrawal rates vary by duration, distribution channel, product type and company. Typically the rates are higher at early durations.

e) Investment returns

Separate investment returns were derived for the annuity and non-annuity businesses. The returns were based on the current bond yields and long-term differentials between bonds, cash and equities. The assumptions were based on the long-term rates and notional matched portfolio of assets. Allowance was made for mismatches.

The long-term investment returns (before compulsory margins) are as follows:

Non-annuity business: 10,90% (2007: 8,45%)

Annuity business: 10,50% (2007: 8,10%)

f) Renewal expenses and inflation

A detailed expense investigation was undertaken and the expenses were split by line of business and between new business and maintenance expenses.

The maintenance expenses were adjusted for expected inflation in the future and spread over the anticipated volumes of business over the next year to derive a per policy expense for each class. The expenses allocated to new business are expected to be covered by future new business written.

g) Tax

The interest assumptions are net of any tax payable by the group. Note that currently the group is in an excess expense tax position and no tax is payable on investment income. Interest rates are net of any capital gains tax.

Change in assumptions

On the basis of the above investigations the following assumptions were changed:

The economic assumptions were changed to reflect the current economic environment, as follows (including compulsory margins):

- The discount rate for non-annuity business was increased from 8,2% to 10,65%.
- The discount rate for annuity business was increased from 7,85% to 10,25% and the assumed rate of pension increases changed from 5,25% to 8,05% and therefore the real yield decreased from 2,6% to 2,2%.
- The loan interest rate assumption was increased from 15,75% to 17,75%.
- The parameters used in the stochastic model for the PGN110 reserve on the annuity business were changed to reflect the experience to date. A PGN110 reserve was established for the individual life business.
- Expense inflation increased from 6,6% to 9,46%.
- Regarding Botswana, inflation was increased from 7,7% to 11%, and the discount rate from 11% to 11,25%.

The non-economic assumptions were also reviewed to reflect recent experience as follows (including compulsory margins):

- Expenses on the individual life business were increased from R270,25 to R335,46 per policy per annum.
- Expenses on the credit life business were increased from R96,50 to R108,32 per policy per annum.
- These expense assumptions are also followed in Botswana.
- The withdrawal and decrement assumptions were adjusted to reflect the most recent experience for each class.
- Negative reserves were recognised in full.
- The riders for the individual life class were valued prospectively this year. Last year they were valued retrospectively.

Sensitivity analysis

The following table presents the sensitivity of the value of insurance liabilities disclosed in this note to movements in the assumptions used in the estimation of insurance liabilities.

	Change in variable	Change in liability 2008 Rm	Change in liability 2007 Rm
Variable			
Worsening of mortality	10% worse claims	38,4	35,1
Lowering of investment returns	15% lower returns	37,6	27,6
Worsening of base renewal expense level	10% higher expenses	14,9	13,8
Worsening of expense inflation	10% higher expenses	5	4
Worsening of lapse rate	25% higher withdrawals	1,2	(0,4)

The above analysis is based on a change in an assumption whilst holding all other assumptions constant. In practice, this is unlikely to occur, and the changes in some assumptions may be correlated, e.g. change in interest rate and change in market values.

	30 June 2008 Rm	25 June 2007 Rm
3 Insurance assets and liabilities *(continued)*		
3.4 Financial liabilities under investment contracts – long-term operations		
Balance at beginning of period	**39**	20
Deposits	**35**	28
Payments	**(3)**	(9)
Balance at end of period	**71**	39
3.5 Reconciliation to group annual financial statements		
Insurance and investment contracts (note 23 to the group annual financial statements)		
Short-term operations – unearned premium provisions (See note 3.2)	**742**	891
Long-term operations: Liabilities under insurance contracts (See note 3.3)	**722**	792
Long-term operations: Liabilities under investment contracts (See note 3.4)	**71**	39
	1 535	1 722
3.6 Reinsurers' share of liabilities under insurance contracts		
(note 12 to the group annual financial statements)		
Balance at beginning of year	**542**	451
Movement in reinsurer's share of insurance liabilities	**(229)**	91
Balance at end of period	**313**	542
3.7 Insurance claims provisions (note 25 to the group annual financial statements)		
Short-term operations – IBNR (See note 3.1)	**143**	117
Long-term and other operations – outstanding claims provisions	**82**	101
	225	218

Annexure C – Additional information on insurance businesses (continued)

	30 June 2008 Rm	25 June 2007 Rm
4 Revenue (note 28 to the group annual financial statements)		
Premium income		
Long-term operations		
Individual premium income		
Single premiums	**218**	665
Reinsurance	**(3)**	(151)
	215	514
Recurring premiums	**138**	191
Reinsurance	**(4)**	(8)
	134	183
Group life premium income		
Recurring premiums	**169**	84
Reinsurance	**(34)**	(6)
	135	78
Net premium income from long-term operations	**484**	775
Short-term and reinsurance operations		
Gross premiums written	**1 853**	2 013
Outward reinsurance premiums/retrocession premiums	**(326)**	(430)
Net premium income from short-term and reinsurance operations	**1 527**	1 583
Total net premium income	**2 011**	2 358
Total external gross premium income	**2 378**	2 953

Short-term insurance results

The short-term insurance operations reported an insurance result excluding investment returns of R18 million in 2008 (2007: R134 million).

5 Management of insurance-specific risks

Insurance risk

Long-term insurance operations

Insurance risk is the risk that future claims and expenses will exceed the premiums received to take on this risk.

It occurs due to the uncertainty of the timing and amount of future cash flows arising under insurance contracts. This could also occur because of the frequency or severity of claims and benefits being greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate using statistical techniques.

The long-term insurance operations use appropriate base tables of standard mortality according to the type of contract being written and the territory in which the insured person resides. An investigation into the actual experience of the group over the last three years is carried out, and statistical methods are used to adjust the crude mortality rates to produce a best estimate of expected mortality for the future. Termination statistics to investigate the deviation of actual termination experience against assumptions are used. Statistical methods are used to determine appropriate termination rates. An allowance is then made for any trends in the data to arrive at the best estimate of future termination rates.

Short-term operations

The group underwrites risks that natural persons, corporates or other entities wish to transfer to an insurer. Such risks may relate to property, accident, personal accident, motor, engineering, marine, liability and aviation. As such the operation is exposed to uncertainty surrounding the timing, frequency and severity of claims under insurance contracts. The principal risk is that the frequency and/or severity of claims are greater than expected. Insurance events are by their nature random and the actual size and number of events in any one year may vary from those estimated and experienced in prior periods.

The group underwrites primarily short-tailed risks, that is, insurance under which claims are typically settled within one year of the occurrence of the events giving rise to the claims. Risks that are long-tailed in nature represent an insignificant portion of the group's insurance portfolio. Therefore the group's exposure at any time to insurance contracts issued more than one year before is limited.

Capital adequacy and solvency risk

Long-term operations

The capital adequacy requirement is determined according to generally accepted actuarial principles in terms of the guidelines issued by the Actuarial Society of South Africa. It is an estimate of the minimum capital that will be required to meet fairly substantial deviations from the main assumptions affecting the group's business. At 30 June 2008 the capital adequacy requirement is R120 million and the ratio of excess assets to capital adequacy requirements is 2,9 times (2007: R140 million, capital adequacy ratio 3,00).

Short-term operations

The group submits quarterly and annual returns to the Financial Services Board that show the solvency position of its insurance operations. The group is required to maintain, at all times, a statutory surplus asset ratio and free assets after spreading limitations as defined in the Short-term Insurance Act, 1998 (the Act). The returns submitted by the company to the regulator showed that the company met the minimum capital requirements throughout the year.

Underwriting risk

Long-term insurance operations

The Statutory Actuary reports annually on the actuarial soundness of the premium rates in use and the profitability of the business taking into consideration the reasonable benefit expectation of policyholders. All new rate tables are approved and authorised by the statutory actuary prior to being issued. Annual investigations into mortality and morbidity experience are conducted. All applications for risk cover in excess of specified limits are reviewed by experienced underwriters and evaluated against established standards. All risk-related liabilities in excess of specified monetary or impairment limits are reinsured.

Short-term insurance operations

The operation limits its exposure to insurance risk through setting a clearly defined underwriting strategy and limits, adopting appropriate risk assessment techniques and the reinsurance of risks that exceed its risk appetite. The underwriting strategy ensures diversification of insurance risk in terms of type and amount of risk covered, geographical location and type of industry covered. The strategy also aims to develop a sufficiently large population of risks to reduce the variability of the expected outcome. Ongoing review and analysis of underwriting information enables the group to monitor its risks and take timely corrective action.

Regulatory risks

Continuous legislation changes in the long-term and short-term environment may impact severely on the operational and financial structures within these businesses. The group has sufficient resources to address the impact of legislation timeously and efficiently.

During the development stage of any new product, rights and obligations of all parties are clearly defined in the contracts and documentation.

Financial risk

Long-term insurance operations

The group is exposed to financial risk through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance and investment contracts. Components of this financial risk are interest rate risk, equity price risk, currency risk and credit risk. An investment committee sets policies and receives monthly and quarterly reports on compliance with investment policies.

Annexure C – Additional information on insurance businesses (continued)

The long-term insurance operations manage these positions within an asset liability management (ALM) framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance and investment contracts. The principal technique of the ALM framework is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to policyholders.

Short-term insurance operations

The short-term operations are exposed to daily calls on its available cash resources from claims arising. Liabilities are matched by appropriate assets and the operations have significant liquid resources to cover its obligations.

Catastrophic risk

Short-term insurance operations

The operation sets out the total aggregate exposure that it is prepared to accept in certain territories to a range of events such as natural catastrophes. The aggregate position is reviewed annually. The group uses a number of modelling tools to monitor aggregation and to simulate catastrophe losses in order to measure the effectiveness of the reinsurance programmes and the net exposure of the operations.

Credit risk

Fair values of financial assets may be affected by the creditworthiness of the issuer. Limits of exposure are set by the investment committee and are continuously monitored. Sales of products and services are made to customers with an appropriate credit history. The group has policies in place that limit the credit exposure to any institution, and reputable reinsurers are used for the group's reinsurance treaties.

Currency risk

The operations have collective investment schemes invested offshore which is denominated in foreign currencies. The currency risk is not hedged as the investments are mainly made on behalf of shareholders for the purpose of obtaining a desirable international exposure in foreign currencies.

6 Significant accounting judgements and estimates

Long-term insurance operations

Insurance liabilities in respect of long-term insurance contracts and investment contracts:

Valuation assumptions represent a best estimate. Prescribed margins are applied as required by the Long-term Insurance Act and discretionary margins may be applied as required by the valuation methodology or if the statutory actuary considers such margins necessary to cover the risks inherent in the contracts. The valuation of investment contracts is linked to the fair value of the supporting assets.

Short-term insurance operations

The estimation of the liability arising from claims under short-term insurance contracts is impacted on by several sources of uncertainty. The environment can change unexpectedly and the group is therefore constantly refining its short-term insurance risk management tools in order to assess risk appropriately.

As part of the year-end process, the methodology used to calculate the unearned premium provision (UPP) on motor warranty policies was re-evaluated. A large proportion of the premium from these types of policies is used to fund up-front costs such as commissions and fees. The remainder of the premium needs to be deferred and recognised as income in line with the expiring risk profile of the policies. These multi-year policies often only become effective once a defined event has occurred, for example, after the motor manufacturers' warranty has expired.

A consulting actuarial firm was appointed to recommend a suitable UPP basis for the business. At the conclusion of the exercise an additional R44 million expense was recognised in the income statement.

During the financial year management also reassessed the raising of its incurred but not reported (IBNR) claims liability at a preset level of sufficiency. For this purpose the company engaged consulting actuaries to use a stochastic model to calculate the IBNR at 30 June 2008.

Management then considered the financial reporting and provisioning practices of other insurers in its peer group, who raise their IBNRs at least at a 75% level of sufficiency. Thereafter it was decided to use the 75% level of sufficiency as a basis of calculating the company's IBNR. The net effect of the final adjustment to the 75% level of sufficiency for the IBNR was R21 million.

Annexure D – Analysis of the group's balance sheet and debt excluding Imperial Capital

	Imperial Holdings Limited 30 June 2008 Rm	Imperial Capital Limited 30 June 2008 Rm	Group excluding Imperial Capital Limited 30 June 2008 Rm
BALANCE SHEET			
ASSETS			
Intangible assets	**897**		**897**
Investments in associates and joint ventures	**2 017**		**2 017**
Property, plant and equipment	**5 681**		**5 681**
Transport fleet	**3 465**	**997**	**2 468**
Leasing assets	**337**		**337**
Vehicles for hire	**1 286**	**1 154**	**132**
Deferred tax assets	**637**		**637**
Other investments and loans	**2 320**		**2 320**
Other non-current financial assets	**330**		**330**
Inventories	**6 442**		**6 442**
Taxation in advance	**111**		**111**
Trade and other receivables	**6 821**	**4**	**6 817**
Cash resources	**3 148**	**3**	**3 145**
Assets classified as held for sale	**4 440**		**4 440**
Total assets	**37 932**	**2 158**	**35 774**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and premium	**10**		**10**
Shares repurchased and consolidated shares	**(1 816)**		**(1 816)**
Other reserves	**1 273**		**1 273**
Retained earnings	**10 138**	**296**	**9 842**
Attributable to Imperial Holdings' shareholders	**9 605**	**296**	**9 309**
Minority interest	**811**		**811**
Total shareholders' equity	**10 416**	**296**	**10 120**
Subordinated interest-bearing debt due to group company		**351**	**(351)**
Revised equity	**10 416**	**647**	**9 769**

Annexure D – Analysis of the group's balance sheet and debt excluding Imperial Capital (continued)

	Imperial Holdings Limited 2008 Rm	Imperial Capital Limited 2008 Rm	Group excluding Imperial Capital Limited 2008 Rm
BALANCE SHEET *(continued)*			
EQUITY AND LIABILITIES *(continued)*			
Liabilities			
Non-redeemable, non-participating preference shares	441		441
Retirement benefit obligations	286		286
Interest-bearing borrowings	8 103	1 445	6 658
Liabilities under insurance contracts	1 535		1 535
Deferred tax liabilities	549	121	428
Other non-current financial liabilities	98	55	43
Due to (by) group companies		(222)	222
Provisions for liabilities and other charges	905		905
Trade and other payables	9 160	69	9 091
Current tax liabilities	586	6	580
Current portion of interest-bearing borrowings	3 496	37	3 459
Liabilities directly associated with assets held for sale	2 357		2 357
Total liabilities	27 516	1 511	26 005
Total equity and liabilities	37 932	2 158	35 774
Total debt (including preference shares)	12 040	1 482	10 558
Less: Cash	3 148	3	3 145
	8 892	1 479	7 413
Less: 75% of preference shares	331		331
Net debt as analysed by rating agencies	8 561	1 479	7 082
Revised equity	10 416	647	9 769
Plus: Preference shares	331		331
Revised equity including 75% of preference shares	10 747	647	10 100
Net debt to equity			
– Preference shares treated as debt	85%	229%	76%
– Preference shares treated as equity	80%	229%	70%

The amounts reflected as transport fleet and vehicles for hire by Imperial Capital Limited are shown as a finance lease receivable in their published annual financial statements.

Annexure E – Summary of employment equity report analysis of South African workforce only

Description	30 June 2008	25 June 2007
Total workforce	**35 274**	37 402
Total employees with disabilities	**125**	109
Workforce profile		
Racial and gender profile		
Non-designated group	**6 178**	7 792
White females	**4 569**	4 964
Black males	**19 405**	19 729
Black females	**5 122**	4 917
	35 274	37 402
Occupational level profile		
Management	**3 914**	4 680
Non-management	**31 360**	32 722
	35 274	37 402
Management profile by gender		
Males	**2 636**	3 334
Females	**1 278**	1 346
	3 914	4 680
Non-management profile by gender		
Males	**22 947**	24 187
Females	**8 413**	8 535
	31 360	32 722
Management profile by race		
Whites	**2 905**	3 581
Designated groups	**1 009**	1 099
	3 914	4 680
Non-management profile by race		
Africans	**17 772**	17 969
Indians	**1 710**	1 842
Coloureds	**4 036**	3 736
Whites	**7 842**	9 175
	31 360	32 722
Workforce movement		
Total employees brought forward	**37 402**	32 978
Resignations not replaced	**(1 988)**	(1 113)
Dismissals	**(1 474)**	(812)
Retirements	**(165)**	(129)
Retrenchments	**(624)**	(791)
Engagements	**5 544**	7 269
Unbundling of Leasing Division	**(3 421)**	
Total workforce at end of period	**35 274**	37 402
Summary of global workforce		
South African	**35 274**	37 402
Non-South African	**6 246**	6 390
Total workforce	**41 520**	43 792

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 twentieth annual general meeting of shareholders will be held on Tuesday, 4 November 2008 at 09:00 in the boardroom of Imperial Holdings Limited, Imperial Place, Jeppe Quondam, 79 Boeing Road East, Bedfordview, Gauteng, to transact the following business and resolutions with or without amendments approved at the meeting:

1 Ordinary resolution 1 – approval of the minutes of the last annual general meeting

"Resolved that the minutes of the annual general meeting held on 1 November 2007 are hereby approved as being correct."

These minutes will be available for inspection at the registered office of the company until 16:00 on Monday, 3 November 2008 and 30 minutes immediately preceding the meeting.

2 Ordinary resolution 2 – approval of the financial statements

"Resolved that the annual financial statements that accompanied the notice of the annual general meeting be adopted and approved."

3 Ordinary resolution 3 – confirmation of the directors' remuneration

"Resolved that the directors' remuneration as disclosed on page 76 of the financial statements be hereby confirmed."

4 Ordinary resolution 4 – appointment of the auditors and designated partner

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

5 Ordinary resolution 5 – confirmation of newly appointed directors

"Resolved that, as separate ordinary resolutions, the appointment of the following directors, who have been appointed during the year, in terms of the articles of association, be authorised and confirmed by a separate resolution in respect of each appointment: [Refer where CV's of these directors can be found in this report]

5.1 Mr TS Gcabashe

5.2 Mr S Engelbrecht"

6 Ordinary resolution 6 – reappointment of retiring directors

"Resolved that the reappointment of the following directors, who retire by rotation in terms of the articles of association, but being eligible, have offered themselves for re-election, be authorised and confirmed by a separate resolution in respect of each reappointment:

6.1 Mr MV Moosa

6.2 Mr MV Sisulu

6.3 Mr RJA Sparks

6.4 Mr Y Waja"

A brief curriculum vitae of each of the directors offering themselves for re-election is contained on pages 10 to 11 of this annual report.

7 Ordinary resolution number 7 – increase in non-executive directors' fees

"Resolved that the annual fees payable to non-executive directors for board and committee membership be increased with effect from 1 July 2008 as follows:

– Board	from R124 000 to R143 000;
– Chairman	from R310 000 to R357 500;
– Deputy chairman	from R220 000 to R253 400;
– Asset and liabilities committee	from R48 000 to R52 800;
– Audit committee	from R65 000 to R74 750;
– Risk committee	from R48 000 to R52 800;
– Remuneration and nomination committee	from R48 000 to R52 800;
– Transformation committee	from R48 000 to R52 800."

Chairmen of committees receive a chairman's fee of one and a half times a normal member's fee in addition to their member's fee, with the exception of the audit committee chairman who receives a fee of R150 000 in addition to a member's fee.

8 Special resolution 1 – general authority to repurchase company shares

"Resolved that the company, or a subsidiary of the company, be and is hereby authorised, by way of a general authority, to acquire ordinary shares of 4 cents each ("ordinary shares") issued by the company (including the conclusion of derivative transactions which may result in the purchase of shares), in terms of sections 85 and 89 of the Companies Act, 61 of 1973, as amended ("the Act") and in terms of the Listings Requirements of the JSE Limited ("the Listings Requirements"), it being recorded that the Listings Requirements currently require, inter alia, that the company may make a general repurchase of securities only if:

- any such repurchase of ordinary shares is effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty (reported trades are prohibited);
- authorised by the company's articles of association;
- the general authority shall be valid until the next annual general meeting of the company, provided that it shall not extend beyond 15 months from the date of this special resolution number 1;
- when the company has cumulatively repurchased 3% of the number of ordinary shares in issue on the date of passing of special resolution number 1, and for each 3% thereof, in aggregate acquired thereafter, an announcement is published as soon as possible and not later than 08:30 on the business day following the day on which the relevant threshold is reached or exceeded, and the announcement complies with the requirements of the Listings Requirements;
- at any time, only one agent is appointed to effect any repurchase on the company's behalf;
- the company may only undertake a repurchase of securities if, after such repurchase, it still complies with shareholder spread requirements;
- the company or its subsidiary does not repurchase securities during a prohibited period unless the company has a repurchase programme in place where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period;
- any general repurchase by the company of its own ordinary shares shall not, in aggregate in any one financial year, exceed 20% of the company's issued ordinary shares as at the date of passing of this special resolution number 1; and
- in determining the price at which the ordinary shares issued by the company are acquired by it or its subsidiary in terms of this general authority, the maximum price at which such shares may be acquired will be 10% above the weighted average of the market value for such ordinary shares for the five business days immediately preceding the date of repurchase of such shares.

A general repurchase of the company's shares shall not be effected before the JSE has received written confirmation from the company's sponsor ("the sponsor") in respect of the directors' working capital statement. Furthermore, the company will consult the sponsor before:

- it repurchases more than 10% in terms of its general authority;
- it executes a repurchase which will result in the accumulated rand value of the repurchases from the date of the last authority being greater than 10% of the shareholders' equity at the date that the authority was obtained; or
- it repurchases securities and the financial position of the group has changed materially from the date when the sponsor first issued its written confirmation, in order for the sponsor to review the validity of its letter issued when the general authority was granted.

The company will only transact in derivative transactions relating to the repurchase of securities if, with regard to the price of the derivative:

(i) the strike price of any put option written by the company less the value of the premium received by the company for that put option may not be greater than the fair value of a forward agreement based on a spot price not greater than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction is effected;

(ii) the strike price of any call option purchased by the company may be greater than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction is effected at the time of entering into the derivative agreement, but the company may not exercise the call option if it is more than 10% "out the money"; and

(iii) the price of the forward agreement may be greater than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction is effected but limited to the fair value of a forward agreement calculated from a spot price not greater than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction is effected.

The directors of the company confirm that no repurchase will be implemented in terms of this authority unless, after each such repurchase:

- the company and its subsidiaries ("the group") will be able to pay its debts as they become due in the ordinary course of business for a period of 12 months after the date of the notice of the annual general meeting;
- the consolidated assets of the company and the group, fairly valued in accordance with the accounting policies used in the latest audited annual group financial statements, will exceed its consolidated liabilities for a period of 12 months after the date of the notice of the annual general meeting;
- the share capital and reserves of the company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the annual general meeting; and
- the working capital of the company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the annual general meeting."

9 Special resolution 2 – Specific authority to repurchase company shares held by the Imperial share schemes

"Resolved that the company, or a subsidiary of the company, be and is hereby authorised, by way of a specific authority, to repurchase ordinary shares of 4 cents each held by or on behalf of the Imperial Staff Share Incentive Schemes ("the Imperial Share Schemes"), to the extent that any such shares are not allocated to any specific participants ("ordinary shares"), at the price that such shares were acquired by the Imperial Share Schemes in respect of each such ordinary share, being a maximum of R149,56 per share, in terms of sections 85 and 89 of the Companies Act, 61 of 1973, as amended ("the Act"), and in terms of the Listings Requirements of the JSE Limited ("the Listings Requirements"). The maximum number of shares that will be acquired in terms of this authority will not exceed 660 000.

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

(a) the company's articles of association authorise same;

(b) after such specific repurchase, it still complies with shareholder spread requirements; and

(c) 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.

The directors of the company confirm that this specific repurchase will not be implemented in terms of this authority unless, after each such repurchase:

- the company and its subsidiaries ("the group") will be able to pay its debts in the ordinary course of business for a period of 12 months after the date of the notice of the annual general meeting ;
- the 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."

The implementation of this resolution will not have a material financial effect.

This specific repurchase of company shares in terms of special resolution 2 may only be effected if:

(a) the company's articles of association authorise same;

(b) after such specific repurchase, the company still complies with shareholder spread requirements; and

(c) 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.

The directors of the company confirm that the specific repurchase in terms of special resolution 2 will not be implemented in terms of this authority unless, after each such repurchase:

- the company and its subsidiaries ("the group") will be able to pay its debts in the ordinary course of business for a period of 12 months after the date of the notice of the annual general meeting and the date of the repurchase;
- the 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 and the date of the repurchase;
- the share capital and reserves of the company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the annual general meeting and the date of the repurchase; and
- the working capital of the company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the annual general meeting and the date of the repurchase."

The implementation of this resolution will not have a material financial effect.

For the purposes of considering ordinary resolution number 7, special resolutions numbers 1 and 2, and in compliance with paragraphs 11.23(b); 11.26(b) and 11.30(b) of the Listings Requirements, the information listed below has been included in the annual report, in which this notice of annual general meeting is included, at the places indicated:

Directors and management of the company can be found on pages 10 to 11 and 177 of this report.
Major shareholders of the company can be found on page 49 of this report.
Directors' interests in the company can be found on page 114 of this report.
Share capital of the company can be found on page 110 of this report.

The directors, whose names are set out on page 177 of this report, collectively and individually accept full responsibility for the accuracy of the information contained in these resolutions and certify that to the best of their knowledge and belief that there are no facts, the omission of which would make any statement false or misleading and that they have made all reasonable queries in this regard; and that there are no legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the company and its subsidiaries ("the group") is aware), which may have or have had a material effect on the group's financial position over the last 12 months.

Shareholders are advised that the directors of the company will refrain from implementing special resolutions numbers 1 and 2 and ordinary resolution number 7 until such time as the sponsor's letter has been lodged with the JSE.

Reason and effect

The reason for and effect of special resolutions numbers 1 and 2 is to grant the board of directors of the company general and specific authority in terms of the Act for the acquisition by the company or any subsidiary, of the company's ordinary shares.

- The general authority will provide the board with the flexibility, subject to the Act and the Listings Requirements, to repurchase the company's shares should it be in the interest of the company at any time while the general authority exists. The general approval shall be valid until its variation or revocation of such general authority by special resolution by any subsequent general meeting of the company, provided that the general authority shall not be extended beyond 15 months from the date of passing of this special resolution.
- The specific authority will allow the board to repurchase securities held in the share purchase scheme that are not allocated to any specific participant and may not be held by the share schemes in terms of the Listings Requirements unless allocated to a specific participant.

10 Ordinary resolution 8 – authority to issue non-redeemable preference shares

"Resolved that, in terms of the JSE Limited Listings Requirements and the Companies Act, 61 of 1973, as amended, the authorised but unissued non-redeemable cumulative, non-participating preference shares be and are hereby placed under the control of the directors and the directors authorised to allot and issue those shares at their discretion."

11 To transact such other business as may be transacted at an annual general meeting of shareholders

Proxy and voting procedure

Shareholders entitled to attend and vote at the annual general meeting may appoint a proxy to attend, speak and vote thereat in their stead. A proxy need not be a shareholder of the company.

Forms of proxy in which are set out the relevant instructions for their completion, are attached for the use of certificated shareholders and dematerialised shareholders with "own name" registration who wish to be represented at the annual general meeting. Completion of the relevant forms of proxy will not preclude such shareholder from attending and voting (in preference to those shareholders' proxies) at the annual general meeting.

Dematerialised shareholders, other than those with "own name" registration who wish to attend the annual general meeting, must inform their Central Securities Depository Participant ("CSDP") or broker of their intention to attend the annual general meeting and obtain the necessary authorisation from their CSDP or broker.

Should they be unable to attend the annual general meeting, dematerialised shareholders, other than those with "own name" registration and who wish to be represented thereat, must contact their CSDP or broker as to how they wish to vote. This must be done in a manner and time stipulated in terms of the agreement entered into between such shareholder and their CSDP or broker.

The instrument appointing the proxy and the authority (if any) under which it is signed, must reach the company's transfer secretaries, Computershare Investor Services (Pty) Limited, by no later than 09:00 on Friday, 31 October 2008.

By order of the board

RA Venter
Company secretary

26 August 2008

Form of proxy

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")

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) instructions should be provided 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, 4 November 2008 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, 11th Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), to be received by no later than 09:00 on Friday, 31 October 2008.

I/We ____

of ____

being an ordinary shareholder(s) of the company holding ____________________ ordinary shares in the company do hereby appoint

1. ____ or failing him/her

2. ____ or failing him/her

3. the chairman of the AGM

as my/our proxy to vote for me/us on 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 – Minutes			
2	Ordinary resolution 2 – Financial statements			
3	Ordinary resolution 3 – Directors' remuneration			
4	Ordinary resolution 4 – Appointment of auditors and designated partner			
5	Ordinary resolution 5.1 – Confirmation TS Gcabashe			
	Ordinary resolution 5.2 – Confirmation S Engelbrecht			
6	Ordinary resolution 6.1 – Reappointment MV Moosa			
	Ordinary resolution 6.2 – Reappointment MV Sisulu			
	Ordinary resolution 6.3 – Reappointment RJA Sparks			
	Ordinary resolution 6.4 – Reappointment Y Waja			
7	Ordinary resolution 7 – Directors' fees			
8	Special resolution 1 – General authority to repurchase company shares			
9	Special resolution 2 – Specific authority to repurchase company shares			
10	Ordinary resolution 8 – Authority over unissued preference shares			

Insert an X in the appropriate block. If no indications are given, the proxy will vote as he/she deems fit. Each shareholder entitled to attend and vote at the meeting may appoint one or more proxies (who need not be a shareholder of the company) to attend, speak and vote in his/her stead.

Please read the notes on the reverse side hereof.

Signed at ______________________ on ______________________ 2008

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, 11th Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), to be received by no later than 09:00 on Friday, 31 October 2008.

4 The completion and lodging of this proxy shall not preclude the relevant shareholder from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.

5 The chairman of the meeting may reject or accept a proxy which is completed other than in accordance with these instructions, provided that he is satisfied as to the manner in which a shareholder wishes to vote.

Corporate information

Directors

Non-executive

TS Gcabashe (chairman)*, BA (Botswana), MURP (Ball State Univ, USA)
S Engelbrecht*, BSc, MBL, MDP Insead
P Langeni*, BCom (Acc)
MJ Leeming*, BCom, MCom, FCMA, FIBSA, AMP
JR McAlpine*, BSc, CA
MV Moosa, BSc
MV Sisulu, MA, MPA
RJA Sparks*, BCom (Hons) , CA(SA), MBA
A Tugendhaft (deputy chairman), BA, LLB
Y Waja, BCom, CA(SA)

**Independent*

Executive

HR Brody (chief executive), BAcc (Hons), CA(SA)
OS Arbee, BAcc, CA(SA), H Dip Tax
MP de Canha
RL Hiemstra, BCompt (Hons), CA(SA)
N Hoosen, BCompt, MBA
AH Mahomed, BCompt (Hons), CA(SA), H Dip Tax
GW Riemann (German)

Executive committee

HR Brody (chairman), OS Arbee, MP de Canha, RL Hiemstra, N Hoosen, AH Mahomed, M Swanepoel

Audit committee

MJ Leeming (chairman), P Langeni, RJA Sparks, Y Waja

Remuneration and nomination committee

TS Gcabashe (chairman), P Langeni, JR McAlpine, RJA Sparks, A Tugendhaft

Risk committee

Y Waja (chairman), MJ Leeming, HR Brody, RL Hiemstra, G Rudman, H Adler, OS Arbee, G Nzalo, W Behrens, A Tennick

Transformation committee

MV Moosa (chairman), TS Gcabashe, P Langeni, A Tugendhaft, M Swanepoel, M de Canha, OS Arbee

Assets and liabilities committee

HR Brody (Chairman), RL Hiemstra, MJ Leeming, AH Mahomed, R Mumford, WF Reitsma

Group internal audit executive

G Nzalo, BCom, CA(SA), CIA

Group treasurer

WF Reitsma, BTech Banking, MCom, FIBSA, FIFM

Group legal advisor and company secretary

RA Venter, BCom, LLB, LLM

Business address and registered office

Imperial Place
Jeppe Quondam
79 Boeing Road East
Bedfordview 2007

Postal address and contact numbers

PO Box 3013
Edenvale 1610

Telephone +27 (0)11 372 6500
Facsimile +27 (0)11 372 6550

Name and registration number

Imperial Holdings Limited
1946/021048/06

Share transfer secretaries

Computershare Investor Services (Pty) Limited
70 Marshall Street
Johannesburg 2001

PO Box 61051
Marshalltown 2107

Telephone +27 (0)11 370 5000
Facsimile +27 (0)11 370 5487

Contact person for sustainability

RA Venter

Telephone +27 (0)11 372 6500
e-mail rventer@ih.co.za

Website

www.imperial.co.za

Email

mail@imperial.co.za

Sponsor

Merrill Lynch SA (Pty) Limited, 138 West Street, Sandown Sandton, 2196

JSE information

Ordinary share code: IPL
ISIN: ZAE000067211
Preference share code: IPLP
ISIN: ZAE000088076

Shareholders' diary

Annual general meeting	November 2008
Interim results released	February 2009
Interim distribution	April 2009
Final results released	August 2009
Final distribution	October 2009

The results announcement is available on the Imperial Holdings website: www.imperial.co.za