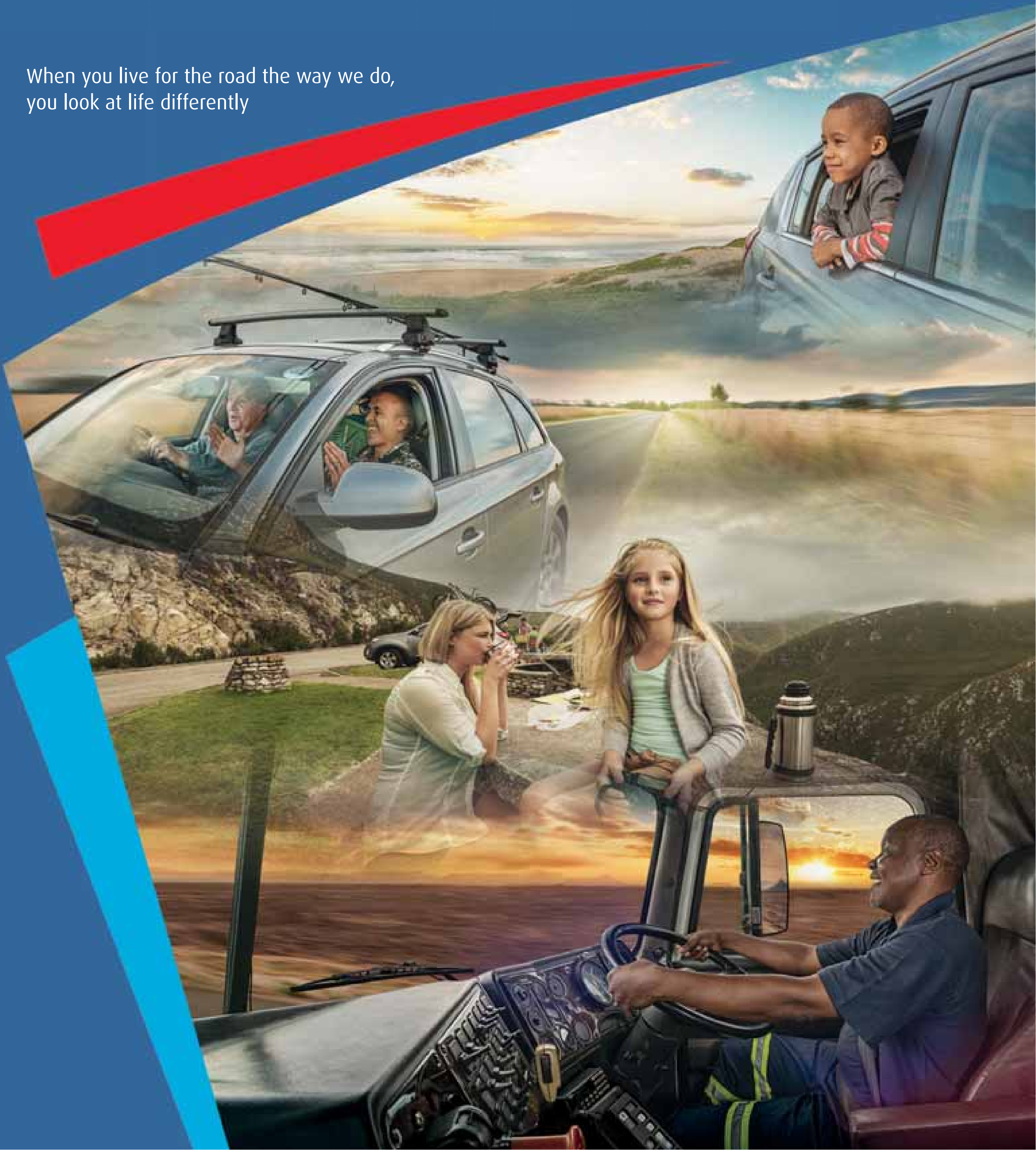
IMPERIAL™

FAST MOVING FORWARD THINKING

Integrated Report 2013

When you live for the road the way we do,
you look at life differently



Scope and boundary

This report covers the activities of the Imperial group for the 12 months to 30 June 2013. The summarised consolidated annual financial statements on pages 92 to 125 are extracted from the audited consolidated annual financial statements. The non-financial or sustainability report has been prepared using the guidelines of the Global Reporting Initiative (GRI G3.1) and certain key aspects thereof appear in this report. The complete audited consolidated annual financial statements, which comply with International Financial Reporting Standards (IFRS), the interpretations adopted by the International Accounting Standards Board in issue and effective for the group at 30 June 2013, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Announcements as issued by the Financial Reporting Standards Council and the Companies Act of South Africa together with the sustainability report are available on www.imperial.co.za and the compact disc accompanying this report.

Imperial has this year produced its third integrated annual report in its endeavour to integrate the financial and non-financial aspects of its reporting for a fuller understanding by key stakeholders, in line with the recommendations of the King III Report on Corporate Governance (King III) for South African reports. In response to stakeholder feedback, divisional disclosures are intended to give readers a better understanding of each of these businesses in their respective markets and a basis to measure progress against stated objectives.

This integrated annual report provides stakeholders with:

- highlights and key data;
- an overview of the Imperial group;
- the Chairman's and management's review of governance and performance for the 2013 financial year;
- risks and opportunities facing the Imperial group;
- strategic objectives;
- remuneration and employment equity aspects; and
- summarised annual financial statements.

The directors are responsible for the content of this report and although all reasonable steps have been taken to ensure its accuracy, they can only provide reasonable assurance that reporting systems are accurate. We continue to enhance and refine our systems to monitor the accuracy, completeness and reliability of financial, operational, safety, health and environmental management information.

The summarised consolidated annual financial statements must be read in conjunction with the complete set of audited consolidated annual financial statements available on the website **www.imperial.co.za** or on the compact disc supplied with this report. The separate sustainability report combines the various safety, health and environmental matters dealt with throughout the integrated annual report and expands on them to give stakeholders a broader perspective.

Imperial has a number of operating divisions which are independently managed and operate within authority limits set by the board. Governance guidelines that are designed to be appropriate to each of our industries are laid down by the board and executive committee, and applies to our individual divisions.

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

Imperial's businesses, situated in Africa, Europe, the United Kingdom, Australia and the United States of America are included in this report. Non-financial impacts related to entities not operationally controlled by the group are not included in the report.

Materiality

In choosing the topics included in the integrated report and the sustainability report, we considered the requirements and expectations of external and internal stakeholders and prioritised material topics and indicators, relevant to significant stakeholders. Materiality was established on an operational basis to provide meaningful and transparent information to stakeholders, focusing on matters that are of concern to stakeholders and which are of significant strategic relevance to Imperial.

We followed a stepped approach in identifying key stakeholders and the matters relevant to them, identifying matters reported in the media relative to Imperial and the industries in which we operate and identifying key matters relating to Imperial's financial and non-financial performance during the year.

Reporting

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

Sustainability

According to the GRI framework, we have elected to rate our sustainability report at level C as we include a number of performance indicators with at least one from each section and a number of management disclosures on these indicators.

We have implemented a system to record non-financial data to improve the accuracy of this data. The internal audit department has now incorporated processes to check the controls and accuracy of the data captured and reported on.

King III

The group has applied all material recommendations of King III and the Board continually assesses the group's practices against the recommendations in King III and will implement improvements on an ongoing basis which includes third party assurance of sustainability data. The group has documented its assessment of the 75 King III principles in a register which is available on the website at **www.imperial.co.za**.

Audit opinion

Our independent auditors, Deloitte and Touche, have issued an unmodified audit opinion on the consolidated annual financial statements and on these summarised consolidated annual financial statements for the year ended 30 June 2013 set out on pages 89 to 125. The audit was conducted in accordance with International Standards on Auditing. The unmodified audit opinion on the group's consolidated annual financial statement is incorporated in the group's consolidated annual financial statements.

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

Profile

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

- All of these operations are conducted in South Africa.
- Logistics operations are conducted in sub-Saharan Africa, Europe and the United States of America.
- Vehicle retail operations are conducted in the United Kingdom, Australia and neighbouring countries in Africa.
- Financial services operations are conducted in Botswana and Lesotho.

Imperial is listed on the Johannesburg Stock Exchange (JSE) under share code IPL.

The group utilises a decentralised management structure that actively encourages entrepreneurship, innovation and industry-specific best practice.

Imperial employs more than 51 000 people, who are responsible for the growth and continued success of a group that began as a motor dealership in downtown Johannesburg in 1948.

www.imperial.co.za

Contents

This integrated report was published on 30 September 2013

Imperial supplies virtually **every major vehicle brand** in South Africa

Financial highlights for the year

Revenue **14% higher** at R92 382 million

Operating profit **improved 8%** to R6 087 million

HEPS **up 15%** to 1 804 cents

Core EPS **up 15%** to 1 871 cents

Full-year dividend of **820** cents per share **up 21%**

Return on equity of **23%** based on core earnings

Free cash conversion ratio based on headline earnings of **106%**

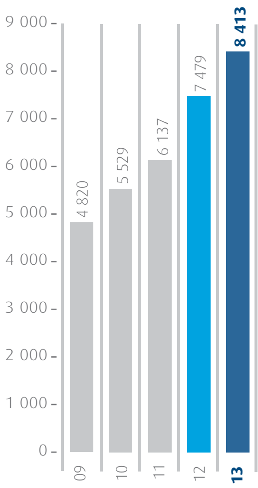
Milestones this year

- Reached transformation level of 50% black managers
- Established as a key player in the African pharmaceutical supply chain through the acquisition of RTT Health Sciences, now called Imperial Health Sciences
- Entered the Nigerian logistics sector with the acquisition of 49% of MDS Logistics
- Exited sub-scale businesses, enhancing the returns for our shareholders
- Over 20% of group's operating profit now outside of South Africa – grew by 30% to R1,3 billion
- Rest of Africa operating profit approaching R400 million – up 33%
- Subsequent to its acquisition last year, Lehnkering was successfully integrated into the group's international operations
- Maintenance and service funds in Other Financial Services grew by 25% to R2,6 billion
- Car parc of vehicle brands distributed now exceed 800 000
- Autoparts added commercial parts to its product range and commenced African expansion initiatives
- ROIC of 16,2% against a WACC of 8,8% – achieving our target of 4% above WACC

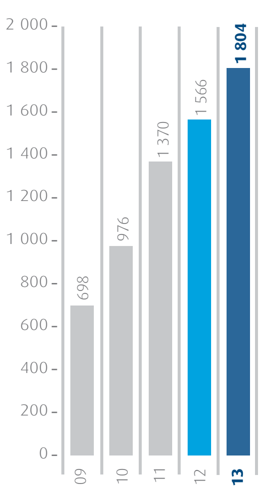
Key data

R million	2013	2012	Growth %
Revenue	92 382	80 830	14
Operating profit	6 087	5 638	8
Operating margin (%)	6,6	7,0	
Headline earnings per share (cents)	1 804	1 566	15
Core earnings per share (cents)	1 871	1 623	15
Dividends per share (cents)	820	680	21
Closing price per share (cents)	20 968	17 200	
Net asset value per share (cents)	8 413	7 479	12
Net operating assets	27 526	23 529	17
Revenue to average net operating assets (times)	3,6	3,9	
Revenue to average net working capital (times)	17,2	20,6	
Net interest-bearing debt	9 165	6 642	
Net interest-bearing debt as a % of total equity	51,7	41,8	
Weighted average invested capital	24 847	21 391	
Return on invested capital (%)	16,2	16,3	
Return on invested capital (based on core earnings) (%)	16,6	17,0	
Weighted average cost of capital (%)	8,8	9,7	
Return on average ordinary shareholders' interest (based on core earnings) (%)	23,0	23,4	
Free cash flow	3 658	3 770	(3)
Free cash flow to net profit for the year (%)	99	111	
Free cash flow to headline earnings (%)	106	125	
Net capital expenditure	3 077	2 661	16
Staff training hours	1 436 520	1 306 135	
Number of employees	51 007	47 699	7
Number of road-related employee injuries	128	123	
Number of employee fatalities	9	10	
CO_2 emissions (tonnes)	1 182 534	1 072 636	

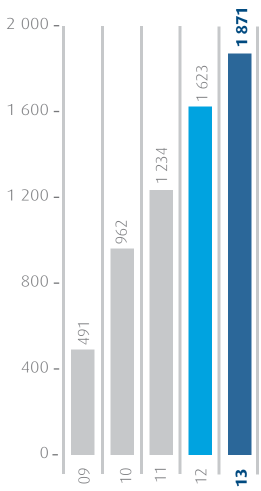
Net asset value per share
(cents)



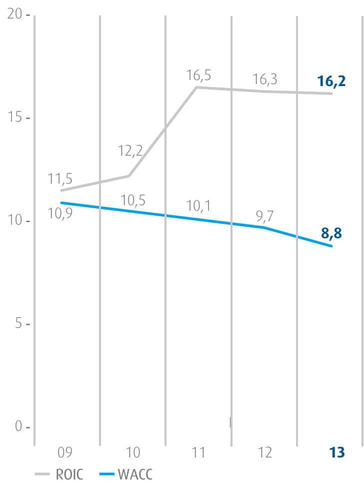
Headline earnings per share
(cents)



Core earnings per share
(cents)



ROIC vs WACC
(%)



Stakeholders and stakeholder engagement

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

We define stakeholders as entities or individuals that can reasonably be expected to be significantly affected by the organisation's activities, products and/or services; and whose actions can reasonably be expected to affect the ability of the organisation to successfully implement its strategies and achieve its objectives. This definition is derived from the Global Reporting Index regarding identification of stakeholders.

The group's stakeholders include investors, potential investors, providers of finance, employees, trade unions, customers, contractors, suppliers, franchisees, franchisors, motor manufacturers, media, communities, civil society, regulators and government departments.

Our customers span virtually every facet of society and include central, provincial and local governments; large, medium and small businesses, various industries; and individuals across the world. Our interaction with stakeholders reflects our unique culture and business model. We seek to maximise shareholder value over time through an intelligent regard for the interests of all stakeholders, from the communities associated with our operations to our business partners.

Our relationship with each of these stakeholder groups has a direct impact on the sustainability of our business and our ability to create and maintain resilient and stable operations. This in turn enables us to deliver long-term value to stakeholders.

We are committed to transparent, ongoing communication and the development of sound, consultative and mutually beneficial relationships with all stakeholder groups. Our divisions are well equipped to communicate with stakeholders.

The table below contains a summary of key stakeholders, how we engage with them and the material matters relating to each stakeholder group:

Stakeholder group	Who is included in this group	How we engage with them	Their material issues
Investors	— Shareholders — Providers of finance — Investment analysts — Potential investors	— Integrated annual report — Annual and interim results presentations — Local and international investor roadshows and one-on-one engagements — Conferences — General meetings — Media and regulatory releases — Analysts reports	— Delivering return on investment — Long-term sustainability of business
Government and regulators	— National and local government — Johannesburg Securities Exchange (JSE) — Self-regulatory bodies — South African and overseas Revenue Services — South African Reserve Bank — Financial Services Board	— Regular liaison with various government departments both at a company level and through industry bodies — Engagement with municipalities — Statutory reporting and regulatory releases — Input on new legislation — Black Economic Empowerment (BEE) and Employment Equity (EE) reports and submissions	— Payment of taxes — Labour rights — Environmental protection — Employment equity — Occupational health and safety — Broad-based Black Economic Empowerment (B-BBEE) and transformation — Human rights — Protection of customer rights — Skills development
Employees and trade unions	— Staff — Representative unions	— Regular roadshows and presentations — Staff development and training programmes — In-house magazines — Health, safety and employment equity committees — One-on-one engagement — Bargaining councils — Operational forums — Wage negotiations — Ukhamba Trust	— Payment of salaries and benefits — Investment in training and career development — Labour rights — Skills development — Employment equity — Occupational health and safety — B-BBEE and transformation — Human rights

Stakeholder group	Who is included in this group	How we engage with them	Their material issues
Customers	— Purchasers of goods and services supplied by the group including individuals, corporates, government and non-government organisations (NGOs)	— Individual engagement — Written communications — Media — Regular meetings and long-term communication plans — Service questionnaires and surveys — Contracts and services level agreements — Social media — Call centres — Advertising campaigns	— Reliable and value for money customer service — Protection of customer rights — Protection of customer health and safety — Safeguarding customer privacy
Suppliers	— Motor and industrial equipment manufacturers — Goods and services suppliers — Contractors	— Dealer forums — Individual engagement — Contracts — Franchise and distribution agreements — Ongoing engagement to communicate the group's requirements and needs	— Service to Imperial — Settlement security — Volume growth — Preferential procurement in accordance with B-BBEE codes
Business partners	— Co-shareholders in group businesses — BEE partners — Financial and other joint venture partners	— Business meetings — Board meetings and committees — Regular reporting — Distribution agreements — Long-term individual relationships	— Return on investment — B-BBEE and transformation
Media	— Print media — Electronic media — Local interest publications, radio and television	— Individual engagements — Press conferences — Press releases — Communication agencies — Social media — Electronic communication — Branding programmes — Individual relationships	— Issues of public interest including corporate governance, environmental and social performance — Financial performance
Civil society and communities	— People affected by our various businesses, both positively and negatively	— Individual engagements — Press publications — I-Pledge campaign — Ukhamba Trusts and the Imperial and Ukhamba Community Development Trust — Engagement with and participation in civil society programmes including schools and training initiatives — Corporate social investment projects — Volunteer employee efforts	— Employment opportunities — Education — Environmental impact — Social investment and upliftment — B-BBEE and transformation — Human rights

Chairman's review

Highlights

Continued expansion into other African countries will position Imperial to take maximum advantage of the considerable opportunities presented by the growth of African economies supported by a growing middle class.

The group also reached an important transformation milestone – over 50% of management in junior to senior positions in total are now black, which demonstrates Imperial's commitment to the transformation ethos.

Financial performance

During a year in which economies across the world continued to grapple with the lingering effects of the global economic slowdown, Imperial has confirmed its strength and sustainability through a solid and pleasing set of financial results.

Recovery remained elusive in European markets and for the first time since the onset of the global financial crisis, we have seen a slowdown in the German economy. This made for tougher trading conditions in our international logistics operations. However, the business benefited from exports out of Germany into growth markets outside Europe.

South Africa experienced a challenging year as well. Industrial action, both locally and in South Korea, affected the logistics and automotive sectors as our ability to supply services and products to our customers was disrupted. The year also saw slower growth in the motor vehicle market while volumes and pricing in the logistics industry came under pressure as various sectors of the South African economy struggled to gain momentum. Competition in the car rental industry remains fierce. Financial Services showed good growth due to an increase in vehicle sales and a growing car parc over the past number of years. We were well rewarded for our efforts to expand into consumer markets in the rest of the African continent leading to a good performance from those businesses.

Foundations for future growth

Under tough trading conditions, Imperial's ability to deliver excellent returns and real value to shareholders is a testament to the strength of its portfolio in which each business is headed by a highly competent team. We are well positioned as niche players in growing logistics markets in Europe, and are investigating interesting growth opportunities in South America and Eastern Europe. As more and more companies follow the global trend towards outsourcing, the international logistics market is set to grow and Imperial is ideally placed to reap the rewards of having established a solid presence in a number of geographies.

We have also laid the foundations for promising growth on the African continent, and during the year added to our already extensive footprint through two key acquisitions. Continued expansion into other African countries will position Imperial to take maximum advantage of the considerable opportunities presented by the growth of African economies supported by a growing middle class.

In a report published this year entitled "The rise and rise of the African middle class", Deloitte & Touche point out that Africa now has the fastest growing middle class in the world. Based on the current growth trajectory, estimates are that the African middle class will grow to 1,1 billion by 2060. Seven of the 10 fastest growing economies in the world are in Africa, with economic growth rates in sub-Saharan African countries averaging around 5% a year. Imperial's African logistics growth strategy targets consumer markets, among others, and will further ensure that the group is diversified. As Imperial continues to grow through acquisition, investors and shareholders can take comfort in the company's stringent due diligence processes. It has sound acquisition criteria which have resulted in new acquisitions making an immediate and direct contribution to the bottom line. The group has also utilised favourable funding markets very effectively to acquire new international operations.

The strategic priorities of the group have been well articulated and are continually communicated to our stakeholders. The use of cash generated by our Automotive businesses to grow our exposure in the logistics industry is also proving to be a very effective approach to the growth and balance of Imperial's portfolio.

Developing our people

Imperial's people play a central role in ensuring that the group reaches its strategic and growth objectives. The group continued to invest in its ongoing development in the year under review.

The group also reached an important transformation milestone – over 50% of management in junior to senior positions in total are now black, which demonstrates Imperial's commitment to the transformation ethos. It is also pleasing to see the plans put in place some years ago now coming to fruition, as demonstrated by the achievement of this milestone. Top management positions continue to receive special attention from a transformation point of view.

This year R175 million was invested into training and development of staff across various levels in the group. Throughout all operations, there are programmes in place that offer employees the opportunity to grow their skills and fast track their career development. This in turn supports the group's strong culture of promoting from within.

Protecting the environment

On the environmental front Imperial continues to make huge strides. The management and reporting system for non-financial data, successfully piloted and rolled out to the group, has allowed for consistent reporting across all operations. Importantly, it has contributed to the development of a group-wide view of Imperial's footprint across a range of environmental indicators.

Understanding this picture is the first step towards implementing large-scale interventions that can reduce the group's carbon footprint. One example is our recently opened solar powered Kia dealership, a world first. This project is a prime example of how environmental responsibility can also be commercially viable. All divisions in the group are encouraged to establish such flagship projects.

The transport industry emits approximately 10% of South African carbon emissions, and hence it is critical that the group takes a leadership role in environmental matters. We are therefore proud that the CEO of our African Logistics division was recently awarded the inaugural Nedbank Capital Sustainability prize in the Leadership category in recognition of his role in promoting environmental sustainability in African supply chains.

Our logistics vehicles travel 495 million kilometres per annum and it is inevitable that they would be involved in accidents, which are sometimes fatal. Tragically the group lost nine staff members due to accidents. We endeavour to continuously improve the group's safety record and will pursue specific further driver safety and monitoring methods that have been identified and which we hope can limit fatalities.

Investing in our communities

The group continued to grow its community investment programmes and I was particularly encouraged to see the ongoing impact being made by the Imperial and Ukhamba Community Development Trust in local community schools.

The programme represents a true partnership between the Trust, the Provincial Department of Education and beneficiary school bodies. Herein lies its strength and the reason it is hailed as a possible blueprint for successful literacy and numeracy interventions in other schools.

Imperial is committed to playing a role in the broader South African society and continued its work in the I-Pledge Road Safety Campaign. The campaign has grown to attract 135 000 pledges and the company has rolled out further road safety initiatives focusing on scholar patrols at local schools. This work is an example of the way in which Imperial embraces the opportunity to go beyond compliance and invest in the greater good of society, particularly in areas closely aligned to its core business.

A commitment to sound corporate governance

Imperial is committed to the highest international standards of corporate governance, transparency and ethical business practice. The company has applied the recommendations of King III and the Listings Requirements of the JSE in compiling this integrated annual report.

Appreciation

I would like to take this opportunity to extend my thanks, on behalf of the board, to Hubert Brody and his executive team, and to all Imperial employees who have played a fundamental role in the company's success during the year.

I further extend my gratitude to Hafiz Mahomed who retired as chief financial officer on 30 June 2013. His financial expertise, infinite wisdom, and dedicated service to Imperial over a period of 31 years, has been invaluable in helping to charter the group's course to success. He will be succeeded by Osman Arbee, into whose capable hands the baton has been passed during a six-month handover period. I know I speak for the board and the executive team when I wish Hafiz a happy, much-deserved retirement and Osman every success in his new role.

I also want to thank Santie Botha who has resigned from the board with effect from 5 September 2013 due to other commitments. Santie made a valuable contribution to the board and also as a member of the remuneration and nomination committee and Imperial's African Logistics divisional board.

Finally, I wish to thank my fellow members of the board who have continued to provide unfailing support and insight to the group.

Thulani S Gcabashe
Chairman

At a glance 1 – 9
Overview of Imperial 12 – 37
Management report 40 – 83
Financial reports and notices 86 – 136

Our **logistics business** has expanded out of truck hire in 1975 to complete **logistics solutions** in South Africa and in Europe, with expansion into the rest of Africa a current strategy

Key facts

- Listed on the JSE since 1987
- Market capitalisation of approximately R44 billion at year-end
- Over 51 000 employees
- Leading third-party logistics provider in southern Africa
  - Manages/owns over 6 400 vehicles
  - Operates from more than 968 locations in 18 countries
  - Provides warehousing facilities of 980 000 m^2
- Biggest fleet of owned and subcontracted inland water vessels in Europe
  - Access to over 700 vessels in Europe
  - 100 million tonnes of handling volume per year
- Represent virtually every motor brand in South Africa
- Over 240 new vehicle dealerships
- Over 100 used dealerships branded as Auto Pedigree and Imperial Select
- On average 20 000 vehicles in car rental fleet
- Responsible for one in three car rental transactions in South Africa
- Leading aftermarket vehicle parts distributor in South Africa with 20 owned stores and 419 franchised stores and workshops, and 46 franchised stores in the rest of Africa
- Over 1,7 million policies under management in Financial Services
- Regent services over 950 dealer outlets throughout southern Africa
- Geographical footprint covering Africa, Europe, United Kingdom, Australia and United States of America
- Helped improve the education of over 10 000 disadvantaged children through the Imperial and Ukhamba Community Development Trust

History

1948	Imperial started out as a Chrysler dealership in downtown Johannesburg
1973	Cancelled Chrysler agency and became Toyota dealers, adding trucks to our offering
1975	Started Imperial Truck Hire
1979	Launched Imperial Car Rental and started a transportation business
1987	Listed on the JSE Imperial Car Rental merged with Hertz
1989	Regent short-term insurance established Logistics diversified into warehousing
1991	Acquired Springbok Atlas and first Mercedes-Benz dealership
1992	Acquired Tanker Services
1993 – 1999	Various acquisitions of transport companies which were combined to form the SA Logistics business
1995	The formation of Associated Motor Holdings as an importer and distributor of vehicles Acquired the listed Saficon group to significantly expand the Motor Retail division
1996	Acquired the Renault and Daihatsu distribution rights Imperial Bank and Regent Life Assurance established
1998	Obtained Kia Distributorship Acquired European logistics arm from Thyssen Krupp Acquired Safair
1999	Acquired National Airways Corporation Acquired controlling interest in Brian Porter Holdings to expand the Motor Retail division
2000	Developed supply chain services in the Logistics division Acquired a controlling interest in listed diversified tourism company, Tourvest Obtained Hyundai distributorship
2001	Disposed of 50,1% of Imperial Bank to Nedbank Acquired Haniel Reederei Holding GmbH, largest operator of barges on Europe's inland waterways
2004	Launched Imperial Autoparts Ukhamba Holdings acquired a 10,1% stake in Imperial in a BEE transaction involving all of Imperial's black staff and a community development trust
2005	Acquired Jurgens Caravans Lereko Mobility acquired a 7,25% stake in Imperial Imperial entered the Australian car dealership market with the acquisition of nine Ford dealerships in Sydney
2006	The acquisition of a chain of truck dealerships and auto logistics businesses in the UK from RAC plc
2008	Unbundled leasing and capital equipment division as Eqstra Discontinued Safair and International Trucks distribution Disposal of Multipart Holdings in the UK, the parts and auto logistics arms of the RAC acquisition
2009	Disposed of Tourvest
2010	Disposed of remaining 49,9% of Imperial Bank to Nedbank Expanded Automotive Parts business with the acquisition of Midas Entered the vehicle tracking and fleet management industry with the acquisition of 25,5% of MiX Telematics Launched Imperial Fleet Management in a joint venture with WesBank Acquired Goscor to expand into industrial distribution Acquired E-Z-GO South Africa to extend product range in Distributorships division
2011	Expanded African footprint in logistics with the acquisition of CIC Holdings and created a separate Africa Logistics division Awarded distribution rights for Mitsubishi Acquired Edusport, leading sports and events management company Created new Financial Services division
2012	In Europe, acquired Lehnkering, one of Europe's leading specialist logistics companies serving the chemical, agricultural, petrochemical and steel industries In Africa, logistics acquired control and increased our shareholding to 80% in Transport Holdings in Botswana, which provides fuel and other transportation services In Distributorships and Automotive Retail acquired: — Bobcat, a leading supplier of compact equipment into the construction, mining and agricultural sectors — Watts Truck and Van, a DAF Truck dealer
2013	Acquired 100% of the pharmaceutical distribution and health supply chain service business conducted by RTT, now branded as Imperial Health Sciences Acquired 60% of LTS Kenzam (Pty) Limited, a logistics business that distributes bituminous products throughout southern Africa Acquired 60% of KWS Carriers (Pty) Limited, a business focused on the movement of bulk commodities mainly through subcontractors Acquired 49% of MDS Logistics plc in Nigeria providing supply chain and logistics solutions Acquired 100% of Orwell Trucks, a Mercedes commercial vehicle dealer in the UK Acquired 80% of Afintapart, a commercial parts distributor Disposed of shareholding in National Airways Corporation, to fully exit the aviation industry Disposed of interest in the Tourism business subject to Competition Commission approval

Group structure

Our business model is centred on generating cash in the motor-related businesses to grow the logistics operations, while continually investigating opportunities to enrich our involvement in the motor value chain.

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

- **Logistics;**
- **Automotive and Industrial; and**
- **Financial Services.**

Logistics

This pillar comprises:

Africa (including South Africa)
These businesses provide complete logistics solutions including transportation, warehousing, distribution and related value added services within Africa.

International
These businesses provide complete logistics solutions including transportation, warehousing, inland waterway shipping, container and bulk handling, contract manufacturing, subassembly, packaging of materials and related value-added services within Europe.

See pages 54 – 64

R33,6 billion
Revenue
up 21% from R27,7 billion in 2012

R1,7 billion
Operating profit
up 11% from R1,5 billion in 2012

Automotive and Industrial

This pillar comprises:

Distribution, Retail and Allied Services
These businesses import and distribute a range of passenger and commercial vehicles, industrial equipment and motorcycles and include vehicle dealerships in South Africa and Australia.

Automotive Retail
These businesses consist of a large network of motor vehicle and commercial vehicle dealerships representing most of the major original equipment manufacturers (OEMs) in South Africa and commercial vehicle dealerships in the United Kingdom. The division also manufactures and sells caravans and canopies.

Other Segments
The Car Rental business consists of vehicle rental operations spanning the domestic corporate sector and domestic and international and leisure sectors, with extensive support services and the sale of used vehicles.

The Autoparts business is involved in wholesaling and distributing vehicle parts and accessories.

See pages 66 – 77

R57,6 billion
Revenue
up 11% from R51,7 billion in 2012

R3,6 billion
Operating profit
up 5% from R3,4 billion in 2012

Financial Services

This pillar comprises:

Insurance
These businesses comprise insurance operations which are focused on a range of short, medium and long-term insurance and assurance products that are predominantly associated with the automotive market and includes cell captive arrangements.

Other Financial Services
These businesses comprise the sale of service, maintenance and extended warranty products associated with the automotive market, other financial products including joint ventures on the sale of financial services and commission factoring operations.

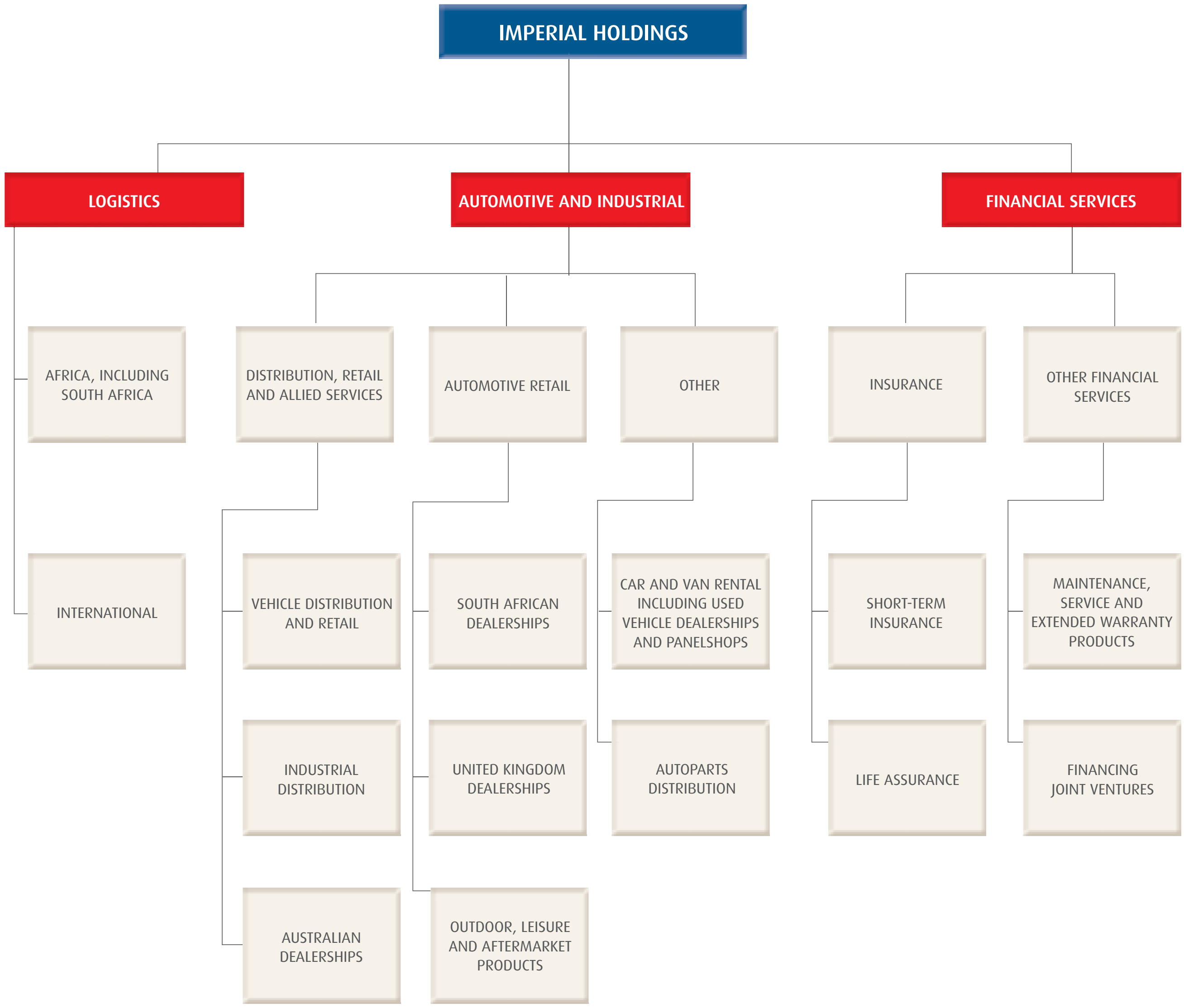
See pages 78 – 83

R4,2 billion
Revenue
up 6% from R4,0 billion in 2012

R0,9 billion
Operating profit
up 22% from R0,8 billion in 2012

Our operations are in growing markets, with considerable potential for expansion into allied services and relevant new geographies. For further information on how they contribute to the group strategy, please see our business model on page 17.

IMPERIAL
FAST MOVING FORWARD THINKING



Management principles and approach

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

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

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

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

Our business model

Our business model is built on the following key principles:
- Developing our people to be skilful, confident and self-motivating;
- Empowering our people;
- Gaining the respect of our customers, suppliers and principals;
- Being the standard for quality service and reliability;
- Adhering to what we know best or can learn; and
- Pursuing financial best practices.

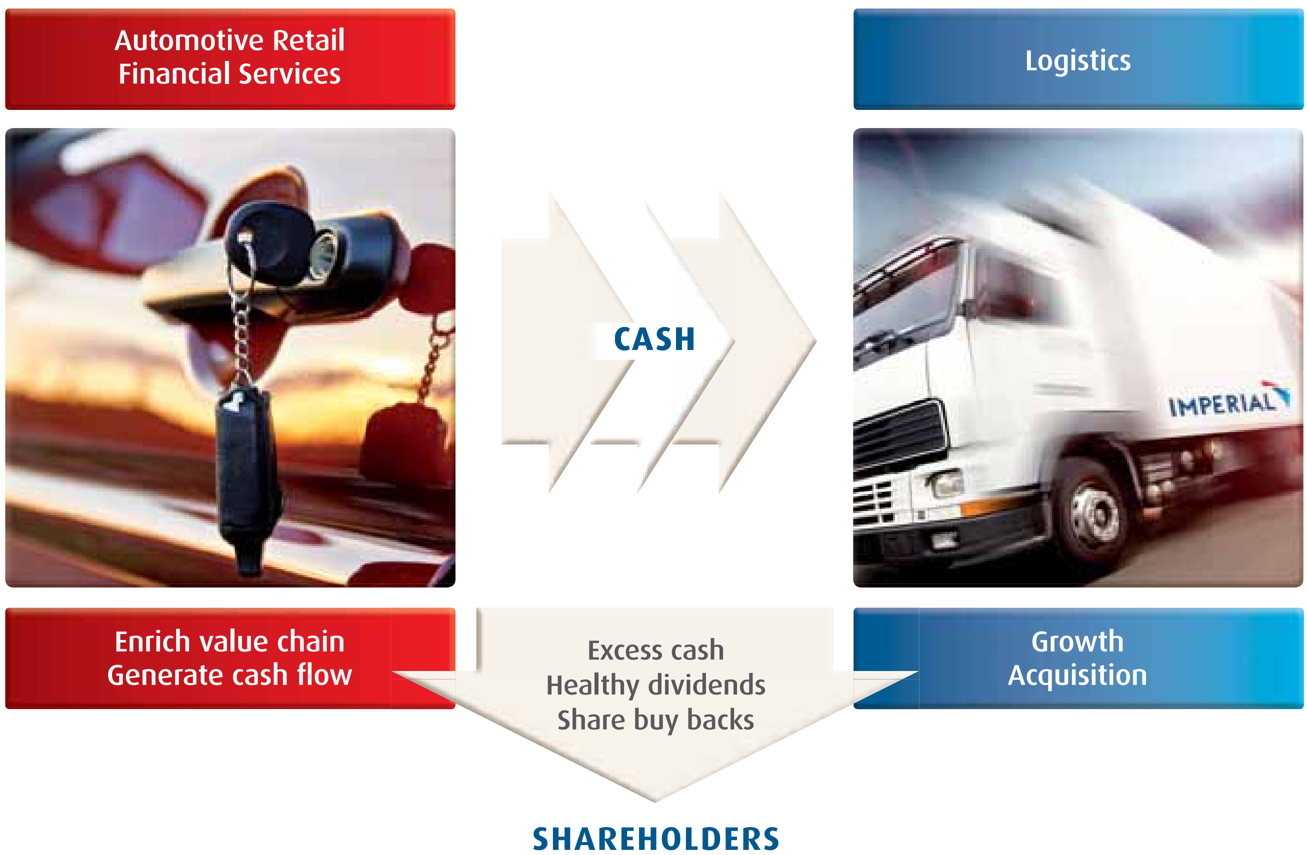
Through these key principles, we ultimately strive to deliver stakeholder value by:
- Generating cash;
- Growing our business;
- Making a positive contribution to society;
- Being a responsible corporate citizen; and
- Generating good returns on capital.

Our objective is to drive improving returns on capital as this is the ultimate generator of value for shareholders. To deliver on this objective, the group is continuously seeking growth opportunities in and adjacent to existing industries and geographies.

Our deep involvement in all aspects of the motor value chain provides Imperial with a competitive advantage in this market, while generating the cash needed to grow our operations.

Our business model is centred on generating cash in the motor-related businesses to grow the logistics operations, while continually investigating opportunities to enrich our involvement in the motor value chain. The cash generated in our motor-related businesses allows us to take advantage of attractive opportunities within niche sectors of the logistics market in Europe and the fast growing economies in Africa.

When we acquire businesses, we maintain their entrepreneurial spirit and simultaneously mitigate the related acquisition risk by securing the existing management, often by retaining ongoing minority management shareholdings in those businesses. Our shareholder objectives and management incentives are closely aligned, and our businesses strive to achieve maximum efficiency in their industries.



Our business model continued

Integrated motor value chain

Our motor-related businesses are involved in far more than simply selling motor vehicles. Imperial plays a key role in virtually every part of the automotive value chain, deriving value at each touch point in a motor vehicle's life cycle.

- **Vehicles:** Imperial sells over 120 000 new motor vehicles a year – one in every five cars sold in South Africa. We sell a further 63 000 used motor vehicles. The vehicle purchase is a trigger point for the sale of a number of financial and related products.
- **Financial Services:** our financial services pillar provides customers with a range of financial services and products, including vehicle financing (via joint venture alliances), insurance and maintenance plans. It leverages off Imperial's strong distribution and retail network capability in the motor vehicle industry. It is therefore central to our motor value chain and our strategy of building annuity revenue streams around our motor businesses.
- **Vehicle maintenance:** offers further opportunities to derive value from the value chain. Vehicles under warranty are serviced through our network of 236 dealerships. As we sell more vehicles into the South African market, the car parc grows which further feeds the maintenance and parts business. Revenue from parts and services is thus growing faster than new car revenue and provides a good annuity underpin for the business.
- **Insurance event:** accidents provide work to our panel shops, rental income to our car rental operations, the sale of parts from our dealerships and parts distributor.
- **Aftermarket parts:** our businesses continue to play a role in the life cycle of a vehicle once it is out of warranty as well. The aftermarket parts businesses sell parts through a franchise network of 419 stores and workshops, 20 owned stores and 46 franchised stores in the rest of Africa.
- **Used vehicles:** at the end of the life cycle of the vehicle it may be traded in on a new vehicle, and we sell over 63 000 pre-owned vehicles annually.

Vehicle sales

- Finance – Alliances with WesBank, MFC (Nedbank) and Ariva
- Insurance – Regent
- Vehicle tracking – MiX Telematics (Associate)
- Warranties – Liquidcapital/Regent
- Maintenance/Service Plans – LiquidCapital

Vehicle maintenance

- Parts and services revenue growing faster than new car revenues
- Car parc of brands growing
- Higher margin revenues and annuity in nature
- Own most of dealerships for imported brands

Used vehicles

- Auto Pedigree, Imperial Select and dealerships

Aftermarket parts

- Aftermarket parts – Midas, Alert Engine Parts and Afintaparts

Insurance events

- Roadside assistance
- Car rental
- Parts
- Panel shops

The group continually seeks to maximise its value within and between each area. Growth is underpinned by a focus on ensuring that our business mix remains relevant, and that we continue to deliver value to our customers in all the industries in which we operate.

The addition of new businesses, aligned to our current portfolio, is an ongoing focus across the group in line with the strategy of enhancing returns on capital. The development of financial services, autoparts and industrial distribution are examples of how we enriched our motor industry value chain.

Through this, the group has evolved into a diversified industrial group which offers a well-balanced portfolio of businesses that gives the group the ability to remain resilient through economic cycles.

Our shareholders

Imperial Holdings Limited

Distribution of shareholders (listed ordinary shares)

	Number of shareholders	Number of shares ('000)	% of ordinary shares listed
Public shareholders	6 776	151 747	72,6
Non-public Shareholders			
– Shareholder holding more than 10%	1	28 353	13,6
– Directors, their associates and employees	31	11 094	5,3
– Shareholder entitled to appoint a director	1	9 776	4,7
– Shares repurchased	1	7 864	3,8
	6 810	208 834	100,0

Spread of holdings	Number of shareholders	%	Number of shares ('000)	%
1 – 1 000	4 971	73,0	1 606	0,8
1 001 – 10 000	1 198	17,6	3 834	1,8
10 001 – 100 000	462	6,8	16 405	7,9
Over 100 000	179	2,6	186 989	89,5
	6 810	100,0	208 834	100,0

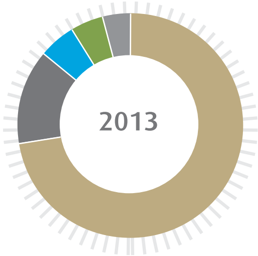
Shareholder type	Number of shares ('000)	% of voting shares
Financial institutions, pension and provident funds	86 442	40,3
Unit trusts	52 209	24,4
Individuals	29 852	14,0
Directors and employees	11 094	5,2
Corporate holdings	21 373	10,0
Listed ordinary shares (net of shares repurchased)	200 970	93,9
Unlisted deferred ordinary shares	12 979	6,1
Total voting shares in issue net of shares repurchased	213 949	100,0
Shares repurchased	7 864	
Non-redeemable preference shares	4 540	
Total shares in issue	226 353	

Top 10 shareholders	Share class	Number of shares ('000)	% of issued voting capital
Public Investment Corporation Limited	Ordinary	28 353	13,3
Ukhamba Holdings (Pty) Limited	Ordinary	9 776	4,6
Ukhamba Holdings (Pty) Limited	Deferred ordinary	12 979	6,1
JP Morgan Asset Management	Ordinary	13 243	6,2
Lazard Asset Management LLC Group	Ordinary	10 538	4,9
Lynch Family Holdings	Ordinary	8 597	4,0
BlackRock Inc	Ordinary	8 444	3,9
Acadian Asset Management	Ordinary	7 976	3,7
Investec Asset Management	Ordinary	7 476	3,5
Lereko Mobility (Pty) Limited	Ordinary	5 929	2,8

Stock exchange performance	**2013**	2012
Number of shares in issue (million)	**209**	210
Number of shares traded (million)	**262**	231
Value of shares traded (Rm)	**51 766**	30 099
Market price (cents per share)		
– Closing price	**20 968**	17 200
– High	**22 600**	17 729
– Low	**17 150**	9 420
Earnings yield %^	**8,6**	9,1
Price:earnings ratio^	**11,6**	11,0

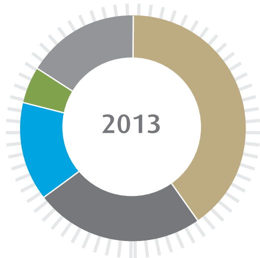
^Calculated using headline earnings per share.

Distribution of shareholders



72,6% – Public shareholders
13,6% – Shareholder holding more than 10%
5,3% – Directors, their associates and employees
4,7% – Shareholder entitled to appoint a director
3,8% – Shares repurchased

Shareholder type



40,3% – Financial institutions, pension and provident funds
24,4% – Unit trusts
14,0% – Individuals
5,2% – Directors and employees
16,1% – Corporate holdings

Imperial's resources

People

Imperial relies on its employees to sustain its growth, drive its strategic agenda and contribute to society through its various businesses. Over the years our workforce has grown from 1 720 people in 1987 when the company listed, to the 51 000 people we employ today in diverse industries across multiple locations.

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

Assets

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

- Rental fleet;
- Transport fleet;
- Ships/barges;
- Buildings;
- Inventories; and
- Investments and loans advanced.

Distribution and franchise rights

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

Customers

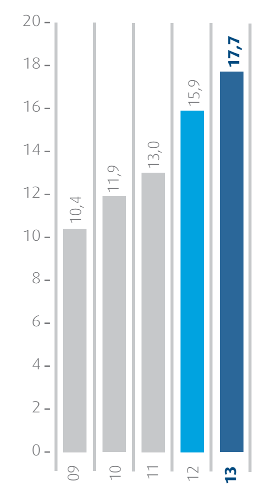
We have a vast customer base that includes government, blue-chip companies, non-governmental organisations and the consumer. Satisfying our customers is a key success factor and we strive to achieve the highest standards of quality, service and reliability. By doing so we seek to gain the trust, respect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

Financial position

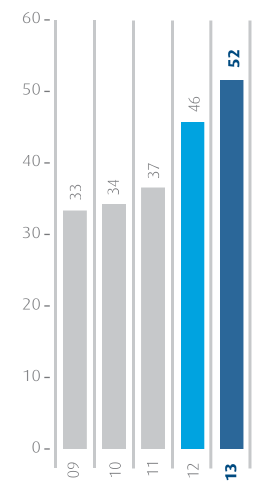
The group has a strong financial position with an equity base exceeding R17 billion. Net debt is R9 billion against total assets of R52 billion. Our treasury activities are directed by the assets and liabilities committee (Alco) with a primary focus on liquidity, interest rate and foreign exchange risk management.

The group's liquidity position is strong with R5,9 billion in unutilised facilities. Only 47% of debt is due within one year and around 56% of this is secured at a fixed interest rate. In addition to its banking facilities, the group has good access to capital markets and has often raised bonds and commercial paper in the South African capital markets.

Total equity
(R billion)



Total assets
(R billion)

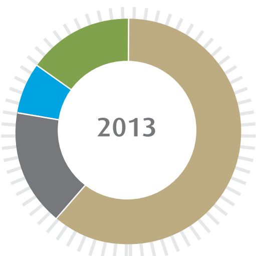


Value added statement

for the year ended 30 June

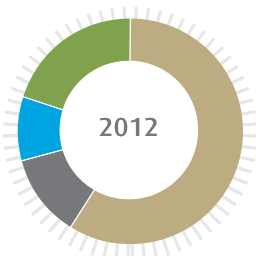
	2013 Rm	%	2012 Rm	%
Revenue	92 382		80 830	
Paid to suppliers for materials and services	71 363		62 699	
Total wealth created	21 019		18 131	
Wealth distribution				
Salaries, wages and other benefits (note 1)	12 824	61	10 703	59
Providers of capital	3 518	17	2 290	12
– Net financing costs	744	4	681	4
– Dividends, share buybacks and cancellations	2 497	12	1 350	7
– Dividends to non-controlling interests	277	1	259	1
Government (note 2)	1 438	7	1 572	9
Reinvested in the group to maintain and develop operations	3 239	15	3 566	20
– Depreciation, amortisation and recoupments	2 316		1 950	
– Future expansion	923		1 616	
	21 019	100	18 131	100
Value added ratios				
– Number of employees	51 007		47 699	
– Revenue per employee ('000)	1 811		1 695	
– Wealth created per employee ('000)	412		380	
Notes				
1. Salaries, wages and other benefits				
Salaries, wages, overtime, commissions, bonuses and allowances	11 739		9 959	
Employer contributions	1 085		744	
	12 824		10 703	
2. Central and local governments				
South African normal tax	995		1 102	
Withholding and secondary tax on companies	9		90	
Foreign tax	196		192	
Rates and taxes	94		72	
Skills development levy	52		41	
Unemployment Insurance Fund	69		48	
Carbon emissions tax	23		27	
	1 438		1 572	

Wealth distribution 2013



61% – Employees
17% – Providers of capital
7% – Government
15% – Reinvested in the group

Wealth distribution 2012



59% – Employees
12% – Providers of capital
9% – Government
20% – Reinvested in the group

Governance structure and management systems

Principles of corporate governance and structures

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

The group is committed to an open governance process such that all stakeholders are assured that its directors and managers at all levels are managing the group responsibly. The board subscribes to the principles of the Code of Corporate Practices and Conduct as set out in King III and applies these principles in all its businesses unless otherwise indicated. A register indicating compliance with King III principles is available on the group's website: **www.imperial.co.za**.

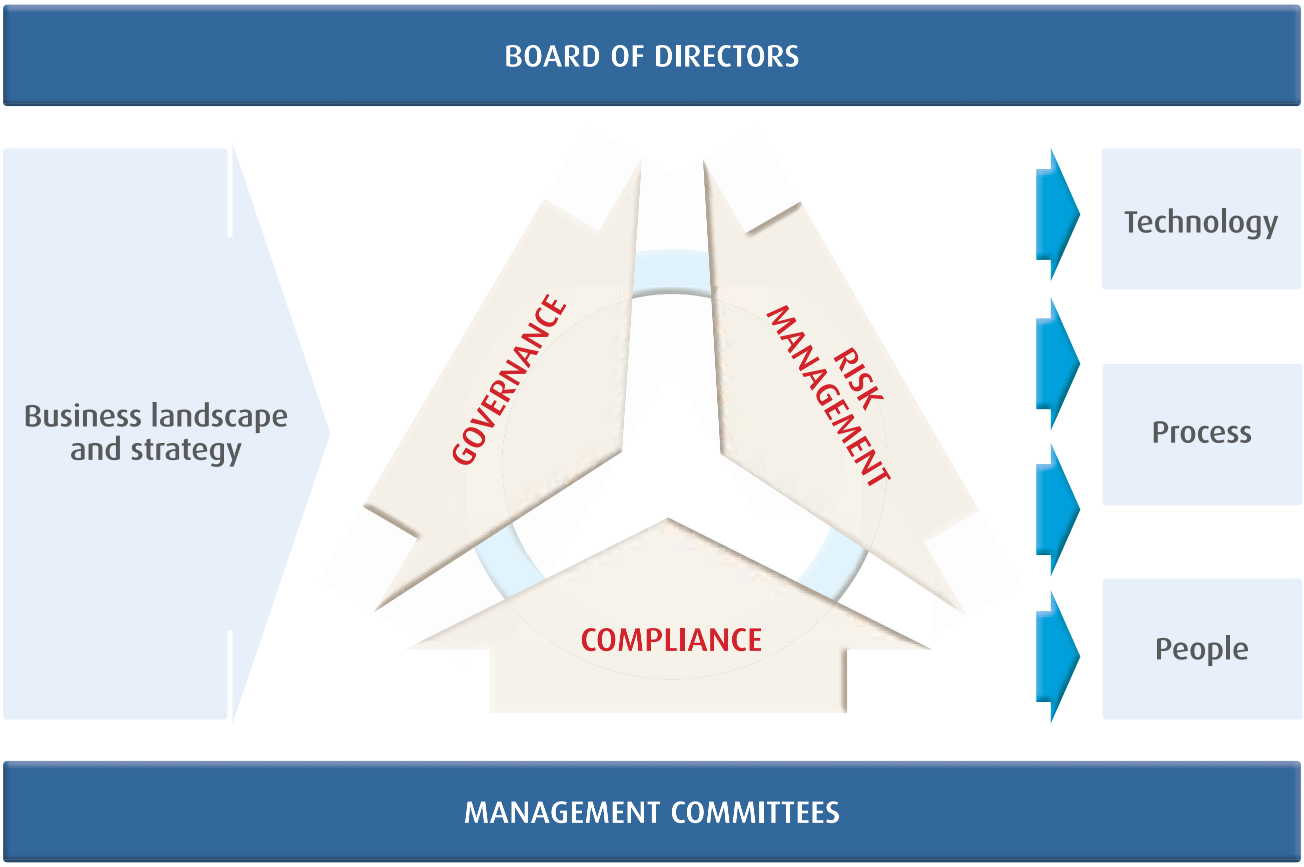
In accordance with guidance issued by the JSE, the group applied the recommendations in King III. The board is continually assessing its governance practices and procedures against King III and makes adjustments where necessary.

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

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

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

Imperial's Integrated Governance Model



Governance structure and management systems continued

Imperial's governance structure

Board of directors

Non-executive directors	Executive directors
TS Gcabashe* (chairman)	HR Brody (chief executive)
SL Botha* (resigned 5 September 2013)	OS Arbee
T Dingaan	MP de Canha
S Engelbrecht*	AH Mahomed (retired 30 June 2013)
RL Hiemstra**	GW Riemann (German)
P Langeni*	M Swanepoel
MJ Leeming*	
MV Moosa	
RJA Sparks*	
A Tugendhaft (deputy chairman)	
Y Waja*	

* *Independent.*
** *Non-executive director from 1 October 2012 and previously an executive director.*

Board committees

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

* *Retired on 30 June 2013.*
** *Resigned 5 September 2013.*

Group internal audit executive	Group treasurer	Group legal adviser and company secretary	Group risk executive	Group head of sustainability
G Nzalo	WF Reitsma	RA Venter	BJ Francis	MR Sharfuddin
BCom, CA(SA), CIA	BTech Banking, MCom, FIBSA, FIFM	BCom, LLB, LLM Admitted as Attorney in 1993	BCompt (Hons), CIA	BBA, IMP (Insead)

The board of directors

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

Directors are appointed in a formal and transparent process on the basis of skill, experience and their level of contribution to, and impact on, the activities of the group. The board as a whole formally 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.

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

The responsibilities of the board are clearly defined in a written board charter. The board has also adopted, and regularly reviews, the written policies governing the authority delegated to group management and matters retained for decision by the board, which ensures a clear balance of power and authority and that no director has unfettered power.

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 that have a material effect on the group or as required by statute.

The board regularly performs assessments of its performance and of the performance of individual directors including the chairman. The board does not consider it to be feasible to conduct annual reviews of its effectiveness and the effectiveness of board committees and elected to conduct these reviews in regular cycles of three years. Compliance with the board and committee charters is however confirmed annually. Matters highlighted in the most recent board evaluation as requiring further attention included:

- greater exposure to senior management in order to make board members familiar with key individuals within the group; and
- monitoring of effectiveness of marketing campaigns at board level.

The chairman is not appointed annually as the board considers it more desirable from a continuity perspective to maintain a stable chairman.

The board comprises 10 non-executive directors and five executive directors. Six of the non-executive directors, including the chairman, are independent. The group also has a full-time financial director.

At least one-third of all directors retire by rotation each year and stand for re-election at the annual general meeting in accordance with the memorandum of incorporation. Directors who retire are determined in accordance with a rotational register and are those who have been longest in office since their appointment or election. Directors who stand for re-election are appraised by the remuneration and nomination committee, and in the case of independent directors serving for nine years or longer, their independence assessed. This year, Messrs OS Arbee, HR Brody, MP de Canha, RL Hiemstra, GW Riemann and M Swanepoel retire and are standing for re-election at the annual general meeting to be held on 7 November 2013. The re-election of the retiring directors is recommended by the board.

The table details attendance of board meetings during the year.

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

* *Excused from two meetings due to ill health at the time.*
** *Resigned on 5 September 2013.*

Governance structure and management systems continued

Directors and management profiles

Non-executive directors

Thulani Sikhulu
Gcabashe (55)*
BA (Botswana), MURP (Ball State Univ, USA), PED, IMD Lausanne

Thulani is the retired chief executive of Eskom, the executive chairman of Built Africa Holdings and the chairman of MTN Zakhele. He currently serves as a director of Standard Bank Group and The Standard Bank of South Africa and is a past trustee of the Freedom Park Trust. He is also a director of the Retail Motor Industry Association (RMI) and a director of the Passenger Rail Agency (PRASA). Thulani was appointed to the board in January 2008 and as chairman in April 2008.

Thembisa
Dingaan (40)
BProc, LLB (Natal), LLM (Harvard), HDip Tax (Wits)

Thembisa is the chairman of Ukhamba holdings, an empowerment shareholder in Imperial. She is also a director of the Development Bank of Southern Africa, where she is the chair of the investment and credit committee, and a non-executive director of Mustek Limited and Adapt It Holdings Limited. In addition, she is a Member of Council of the University of KwaZulu-Natal. She was appointed to the board of Imperial in November 2009.

Schalk
Engelbrecht (67)*
BSc, MBL, AMP (Insead)

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

Recht Louis (Tak)
Hiemstra (57)
BCompt (Hons), CA(SA)

Tak served as director, strategic development of Imperial until his retirement as executive director in 2012. He was responsible for strategy and enterprise and business development. He is the chairman of Distribution and Warehousing Network (DAWN) Limited. He joined the group in 1992 and was appointed to the board in August 1995.

Phumzile
Langeni (38)*
BCom (Acc), BCom (Hons)

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

Non-executive directors continued

Michael John
Leeming (69)*
BCom, MCom, FCMA, FIBSA, AMP (Harvard)

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

Mohammed Valli
Moosa (56)
BSc

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

Roderick John Alwyn
Sparks (54)*
BCom (Hons), CA(SA), MBA

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

Ashley (Oshy)
Tugendhaft (65)
BA, LLB

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

Younaid
Waja (61)*
BCom, BCompt (Hons), CA(SA), HDip Tax Law

Younaid is a practicing tax and business consultant. He is a non-executive director and a subcommittee member of Dipula Income Fund, Pareto; subsidiaries of the Gauteng Growth and Development Agency: Supplier Park Development Company (SPDC), Automotive Industry Development Centre (AIDC) and The Innovation Hub Company (TIH). His recent past directorships include PIC, Telkom, Real Africa Holdings and Blue IQ. His former memberships include vice-president of ABASA, chairman of the PAAB – now the IRBA; a member of the Income Tax Special Court and treasurer of the Black Business Council. He was appointed to the board in June 2004.

**Independent.*

Governance structure and management systems continued

Executive directors

Hubert Rene **Brody** (49)

BAcc (Hons), CA(SA)

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

Osman Suluman **Arbee** (54)

BAcc, CA(SA), HDip Tax

Osman is the group financial director and Chairman of the Automotive Retail and Autoparts divisions. He is a non-executive director of Distribution and Warehousing Network (DAWN) Limited. He joined the group and the executive committee in September 2004, was appointed to the board in July 2007 and as group financial director in July 2013.

Manuel Pereira **de Canha** (63)

Manny is the chief executive of Associated Motor Holdings, responsible for the distribution retail and allied services businesses. He joined the group in 1995. He was appointed to the board in November 2002.

Gerhard Wessel **Riemann** (67)

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

Marius **Swanepoel** (52)

BCom Acc (Hons)

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

Other executive committee members

Mohammed
Akoojee (34)
BCom Acc (Hons), CA(SA), CFA

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

Berenice Joy
Francis (37)
BCompt (Hons), CIA

Berenice is the executive responsible for risk, transformation and people development. She joined the group in 2008 and was appointed to the executive committee in June 2009.

Philip Bernard
Michaux (53)

Philip is the chief executive officer of the Automotive Retail and Car Rental divisions. He joined the group in 1995 as a result of Imperial acquiring Saficon, Philip was appointed the chief executive officer of the Automotive Retail division in 2006 and has taken on the chief executive officer function for Car Rental in 2013. He was appointed to the executive committee in October 2011.

Johan Jurie
Strydom (39)
BBusSc, FIA, CFA, MBA

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

Governance structure and management systems continued

Board committees and governance structure

The board has established a number of subcommittees, which operate 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.

The performance of each committee is regularly assessed in accordance with their terms of reference.

Executive committee

This committee is responsible for:

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

The members of this committee comprise executive directors as well as other senior executives and are appointed by the board. The committee currently consists of eight members and meets at least once a month. Certain key members of divisional management also attend meetings of the committee. In addition to normal meetings, the committee meets quarterly to consider in detail matters relating to governance, compliance, employment equity, risk, health and safety, and properties.

The table details attendance of executive committee meetings during the year.

	Executive committee	Governance and compliance
Number of meetings during the year	15	4
Hubert Brody	12	3
Mohammed Akoojee	14	4
Osman Arbee	15	4
Manny de Canha	15	3
Berenice Francis	14	4
Tak Hiemstra*	2/3**	0/1**
Hafiz Mahomed	15	4
Philip Michaux	14	4
Moeketsi Mosola	13	4
Jurie Strydom	15	3
Marius Swanepoel	14	2

* *Executive up to 30 September 2012.*
** *Excused from meeting due to ill health at the time.*

Audit committee

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

Details of the workings of the committee and attendance of meetings are contained in the audit committee report on pages 89 to 91 of the integrated report.

Remuneration and nomination committee

This committee consists of non-executive directors. It meets at least three times a year and the quorum for meetings is the majority of members. Details of the workings of the committee and attendance of meetings are contained in the remuneration report on pages 92 to 101 of the integrated report.

Risk committee

The board is responsible for the total process of risk management in the group. The risk committee sets the group risk framework and strategy and ensures a robust risk management process is in place. Details of the workings of the committee and attendance of meetings are contained in the risk committee report on pages 34 to 36 of the integrated report.

Assets and liabilities committee

The assets and liabilities committee (Alco) is responsible for implementing best practice asset and liability risk management policies. Its primary objective is to manage liquidity, interest rates and exchange rates within acceptable risk profiles.

The table details attendance of alco meetings during the year.

Number of meetings	**4**
Hubert Brody	4
Mohammed Akoojee	4
Tak Hiemstra**	2
Mike Leeming*	4
Hafiz Mahomed	4
Russell Mumford	3
Willem Reitsma	4
Marius Swanepoel	3

* *Independent.*
** *Excused from two meetings due to ill health at the time.*

Social, ethics and sustainability committee

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

The committee performs statutory duties as set out in the Companies Act, 71 of 2008, for Imperial Holdings Limited and on behalf of subsidiary companies in the group. In addition to its statutory duties, it assists the company in discharging its social, ethics and sustainability responsibilities and implementing practices consistent with good corporate citizenship, with particular focus on the following:

- The King III Code of Corporate Governance;
- Imperial's sustainability commitments;
- Broad-based Black Economic Empowerment (B-BBEE) requirements as described in the Department of Trade and Industry's Combined Generic Scorecard (excluding ownership targets) and associated Codes of Good Practice;

- Imperial's transformation commitments as described in the group transformation strategy document and division-specific B-BBEE plans;
- Environmental commitments as described in Imperial's environmental policy framework;
- Corporate social investment (CSI) commitments as described in Imperial's CSI policy;
- Imperial's Code of Ethics and Corporate Values; and
- Health and safety compliance.

The committee has a standard agenda item at every meeting covering material breaches of the group's code of ethics, if any, as well as the steps taken to prevent such breaches. No material breaches of the group's code of ethics were reported during the year. Additional details regarding the group's approach to business integrity and ethics are contained on pages 32 to 33.

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

- social and economic development, including the company's standing in terms of the goals and purposes of the 10 principles set out in the United Nations Global Compact Principles, the OECD recommendations regarding corruption, the Employment Equity Act and the Broad-Based Black Economic Empowerment Act;
- good corporate citizenship, including the company's promotion of equality, prevention of unfair discrimination, and reduction of corruption, its contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed and its sponsorship, donations and charitable giving;
- the environment, health and public safety, including the impact of the group's activities and of its products or services;
- consumer relationships, including the company's advertising, public relations and compliance with consumer protection laws; and
- labour and employment, including the company's standing in terms of the International Labour Organisation Protocol on decent work and working conditions and the company's employment relationships, and its contribution toward the educational development of its employees.

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

The table details attendance of social, ethics and sustainability committee meetings during the year.

Number of meetings during the year	4
Valli Moosa*	4
Osman Arbee	4
Hubert Brody	4
Manny de Canha	1
Berenice Francis	4
Thulani Gcabashe*	3
Ray Levin	3
Philip Michaux	3
Moeketsi Mosola	3
Rafiek Sharfuddin	4
Jurie Strydom	1/1
Marius Swanepoel	3
Oshy Tugendhaft*	4
Rohan Venter	4

*Non-executive.

Subsidiary and divisional boards

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

Company secretary

The board considers the company secretary, whose qualifications are set out in the table on page 24, to be competent with appropriate qualifications and experience. The competence of the company secretary was considered by the remuneration and nomination committee in accordance with 3.8 4(i) of the JSE Listings Requirements. The company secretary is not a director of the company and thus maintains an arm's length relationship with the board.

Accountability and audit

Going concern

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

Internal financial controls

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

At a glance 1 – 9
Overview of Imperial 12 – 37
Management report 40 – 83
Financial reports and notices 86 – 136

Governance structure and management systems continued

Internal audit

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

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

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

Based on the internal audit work performed in terms of the approved combined internal audit plan for the year, the scope of work, the results of tests, and the overall audit opinion ratings for the audited areas, together with feedback on follow-up audits, internal audit concluded that nothing came to its attention to indicate that there was any material breakdown in the system of internal control in the group during the year to render the control environment ineffective.

From the results of a follow up on a risk management strategic assessment review conducted by PricewaterhouseCoopers Inc., internal audit concluded that they were satisfied with the governance structures and processes regarding risk management across the group, and the degree to which management has embraced risk management.

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

Financial reporting

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

Insider trading

No group director or employee with inside information about the group may deal, directly or indirectly, in Imperial's securities, which include allocations of and dealings in the group's share incentive schemes. 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 group's 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.

Business integrity and ethics

The board has adopted a written code of ethics for the group.

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.

We strive to innovate and adopt best practice, wherever we operate, working in consultation with stakeholders.

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

Our core value is to act with uncompromising honesty and integrity. Our code of ethics provides guidance to all staff, management and directors of Imperial and its subsidiaries on adhering to this core value, although we recognise that no single code can address every situation individuals are likely to encounter. As such, this code is not a substitute for employees' responsibility and accountability to exercise good judgement and obtain guidance on appropriate business conduct.

Our divisions also include aspects of ethics in their induction programmes. In addition, the group conducts climate surveys among its employees and ethics form an integral part of the surveys.

The group also maintains a confidential tip-off facility where any instances of criminal activity or breaches of the code of ethics can anonymously be reported. Reports in this regard are considered by divisional management structures, internal audit and responsible board committees.

Our code of ethics

- Respect others and avoid any form of discrimination.
- Abide by the laws of the country in which we operate and comply with the codes of conduct of all professional and industry bodies to which we belong.
- Avoid any waste, damage and private use of company assets and resources (including time).
- Neither give nor receive bribes.
- At the earliest opportunity, disclose in writing to the appropriate management all gifts received from clients or suppliers beyond a token value.
- Not divulge any confidential information to any party, or improperly use group and client information.
- Market our products and services accurately and charge the agreed fee or a fair fee where no fee was agreed.
- Not seek to advance personal interests at the expense of the group or clients.
- Not engage in any activity, directly or indirectly, which results or might result in a conflict of individual interests with the interests of the group.
- Not participate, or involve the group in any way, in any scheme that would cause embarrassment to the group or harm its reputation. If public disclosure of any action would be detrimental to the group, this action should be avoided.

Employment and labour rights

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

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

Safety, health and environmental stewardship

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

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

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

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

More detail on the group's principles of conduct, policies and practices appears in the sustainability report on the group website: **www.imperial.co.za** and the compact disc in this report.

Risk committee report

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

Membership of the committee

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

The committee had four meetings during the past financial year.

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

Member	Number of meetings attended
Y Waja (chairman)*	4
H Adler	3
OS Arbee	4
HR Brody	4
S Engelbrecht*	4
BJ Francis	4
RL Hiemstra**	3
MJ Leeming*	4
PB Michaux	4
G Rudman	4
JJ Strydom	2/2
A Tennick	2/2

* *Independent.*
** *Excused from meetings due to ill health at the time.*

Risk management model

In line with its policy of aligning group corporate governance with international best practice to safeguard the interests of stakeholders, Imperial has implemented an enterprise risk model to identify and assess relevant risks facing the group at strategic, business and operational levels. The group's risk model is based on ISO 31000:2009 – Risk Management Principles and Guidelines.

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

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

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

Senior management is committed to the established system of internal control for managing risk, which requires transparency and clear accountability. Aligned with our business principles, our risk management processes are viewed as an integral part of our business and strives to be dynamic, interactive and responsive to change.

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

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

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

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

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

A Risk Management Strategic Assessment Review was undertaken by PricewaterhouseCoopers which concluded that Imperial has achieved compliance with the principles set out in King III.

Key inherent group risks

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

Risk	Strategies Implemented
Low growth in the South African and European economies	— Focus on niche products and services in our current offerings — Agility in operating model — Internal growth and acquisition strategies
Impact on efficiencies due to increasing labour disruptions in our own and customer industries	— Active participation in industrial labour councils — Agility and diversification of supply chain channels — Review of operational labour plans to ensure continuity of services — Diversification and spread of risk over industries
Currency volatility	— Established hedging policy — Diversification of business models and territories to minimise the overall impact of currency risks
Credit extension and customer affordability in the retail markets	— Market assessment of customer affordability — Monitoring of bank appetite to extend credit
Environmental and carbon taxes	— Group-wide sustainability strategy implemented — Proactive involvement with industry and governmental bodies — Implementation of non-financial reporting systems to ensure ongoing monitoring and reporting of key targets and initiatives
Effective control of asset values given the fleet and inventory holding of new and used assets that are core to the group's business model	— Active management and investment in optimising inventory and fleet levels — Regular review and application of latest accounting and business principles — Enhanced governance oversight — Active review and monitoring of the realisable value of assets
Reputation and brand perception	— Group-wide branding and marketing position strategy for the Imperial brand — Ongoing review of compliance to group ethics and legal requirements
Key to our success is our people, their commitment and knowledge of the business and industry and growing the base of skills within our country	— Identification of key current and future skills required and alignment with development programmes — Divisional and group-wide training and upliftment programmes — Establishment of specialist training academies and skills development programmes — Coordinated transformation philosophy, policies and focused projects — Promotion and upliftment of internal candidates — Expansion of our current recruitment base
Acquisitions in new business sectors and territories	— Clearly defined expansion areas — Strong group mandate structure relating to investments — Regular review of acquisition risks and criteria at executive level — Formalised post-acquisition reviews
Third-party dependence and reliance. Some of our businesses have exposure to or depend on key relationships and contracts	— Proactive relationship and contract satisfaction management with key suppliers and customers — Formalised and proactive management of service and product level expectations — Ongoing oversight and monitoring of contract renewals and negotiations
Ensuring compliance with relevant legislation and regulations	— Centralisation of selected specialist areas where compliance risk is high — Proactive monitoring, input and operational implementation plans and frameworks on emerging legislation — Increased resource allocation to legal and compliance units
Increased exposure to risk related to the chemical industry subsequent to the acquisition of Lehnkering	— High level of compliance with hazardous materials regulations — Ongoing oversight and monitoring

Risk committee report continued

The board:

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

Legislative compliance

Each operational division, depending on its risk profile, employs legal and compliance officers. To ensure that synergies and cooperation is maximised, the relevant compliance and legal officers meet in a quarterly forum. Key objectives of the forum are to:

- monitor and report on emerging and key legislative and compliance matters;
- formulate group plans to facilitate the implementation of new legislation; and
- where applicable, coordinate group responses to draft legislation.

Information technology (IT) governance

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

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

- Guidance to divisional and operational IT functions;
- A standard measurement of IT development and maturity within the group; and
- Compliance with King III.

Six principles of the Imperial operational IT governance framework

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

Operational strategies implemented include:

- Identification of a key responsible person within each division – divisional chief information officer (CIO);
- An annual self-assessment questionnaire detailing the principles and guidelines of expected IT policies, processes and behaviours;
- An independent audit performed by Imperial IT audit function of the self-assessment questionnaires;
- A quarterly CIO forum, chaired by executive: risk management, with the objective of:
  - sharing divisional information on best practice within the group;
  - update and review of divisional IT strategies and projects;
  - highlighting common group IT risks and mitigations;
  - identifying transversal or cross-functional IT opportunities;
  - ongoing quality review and implementation with group standards;
  - monitoring of operational disaster recovery and business continuity plan implementation; and
  - feedback and communication with the group executive committee on relevant matters of concern.

Younaid Waja
Chairman of the risk committee

Strategic objectives

Imperial's overriding strategy is to generate higher returns on capital for shareholders, and to drive growth in profitability. These are balanced by our sustainability ethos which takes into account the strategic importance of other non-financial areas of the business. This includes building a robust internal skills pipeline, investing in future skills through education initiatives and positioning ourselves as a leading corporate citizen in the industries we operate in.

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

Generating returns and growing the business

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

The growth of African economies and the worldwide trend towards outsourcing are driving good growth potential in the logistics industry, both in Africa and abroad. Our focus is to expand our footprint in this industry. Our focus in Africa is on consumer logistics, following our customers on the continent and playing a bigger role on other key trade corridors in Africa. In Europe we want to expand around existing themes, particularly in the high-value niche sectors in which we are already established. We may also follow certain of our clients along existing themes related to our European business into other parts of the world.

The second leg of our strategy is to enrich and optimise the value chain in our motor vehicle businesses. We will achieve this by expanding our range of allied services, which include growing our financial services and after-sales parts and services activities. These generate annuity income and strong cash returns which are needed to drive the capital growth of our logistics operations.

The distribution of products in the automotive and industrial markets remains a core business, and we are well positioned to take advantage of the many opportunities to grow this revenue stream. We also continually look for expansion opportunities to distribute products in other industries, such as engineering and mining, where we currently do not operate.

Any expansion is considered in the context of stringent criteria. It should be earnings enhancing from the outset, and have clear prospects of achieving a return on invested capital of 4% over the appropriate divisional weighted cost of capital in the near future. It should also be in an area in which we have proven related skills and experience.

Building a robust internal skills pipeline

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

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

Collectively these factors drive our significant investment in skills and training programmes, which during the year totalled R175 million. We continue to invest in artisan and technician training and up skilling management to build a robust succession pipeline.

Investing in education for future skills

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

Imperial together with its empowerment partner Ukhamba, continue to invest in upliftment of education facilities and teaching in 10 schools in the greater Gauteng area in which we operate. This is carried out through the Imperial and Ukhamba Community Development Trust, to which each division contributes on an annual basis.

The Trust plays a hands-on role in uplifting education in the beneficiary schools, ensuring that learners have sufficient stationery and that educators have access to suitable teaching resources and materials, receive curriculum training and teacher mentoring. The Trust establishes and staffs libraries at each of the adopted schools, training unemployed family members of Imperial staff to become librarians.

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

Leading corporate citizenship initiatives

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

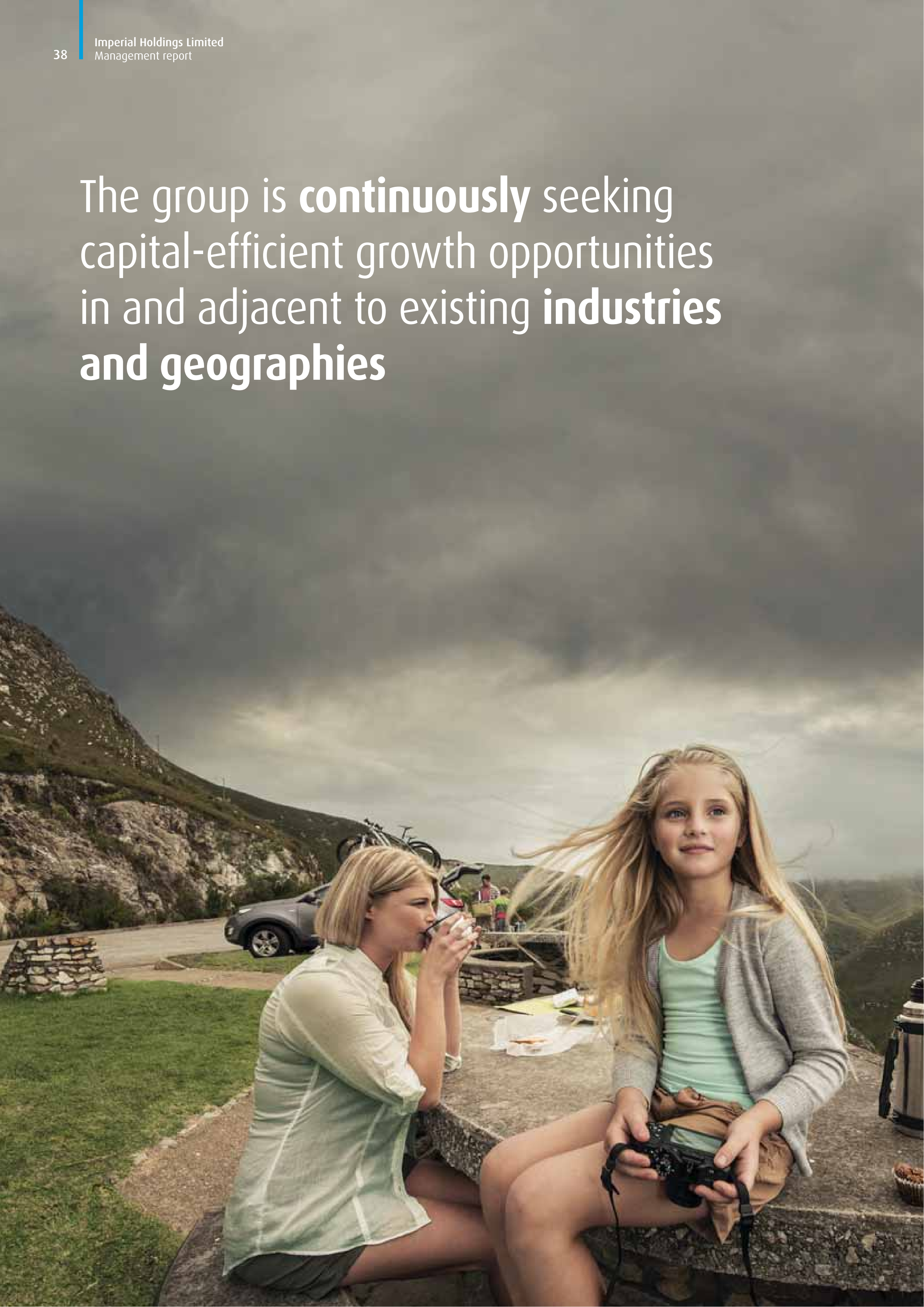
The company makes strategic investments in projects that serve this purpose. The Imperial I-Pledge campaign promotes safer, friendlier roads by encouraging South Africans to commit to safer driving practices. While the campaign has important brand-positioning impacts, it also delivers benefits that directly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

Our businesses are also involved in a broad spectrum of corporate social investment initiatives that benefit the communities in which we operate. A good example of this is in Imperial Health Sciences, our recent acquisition, where we uplift the communities we interact with daily, through Unjani Clinic-in-a-Box. The main aim of the Unjani project is to provide access to affordable primary healthcare in low income communities. Currently patients have limited access to basic medicines and may have to travel long distances to reach hospitals and clinics. An entire clinic and dispensary in a self-contained unit can be sent to any location and set up quickly to provide community access to primary healthcare services.

We also recognise the clear business case for responsible environmental stewardship, and continually seek ways to reduce our carbon footprint and consumption of scarce natural resources. These include a range of initiatives to reduce energy and carbon footprint, extensive water and waste recycling projects and the implementation of green, sustainable building practices in dealerships and other facilities.

At a glance 1 – 9
Overview of Imperial 12 – 37
Management report 40 – 83
Financial reports and notices 86 – 136

The group is **continuously** seeking capital-efficient growth opportunities in and adjacent to existing **industries and geographies**



CEO and CFO's review

Financial highlights and milestones

- Revenue 14% higher at R92 382 million
- Operating profit improved 8% to R6 087 million
- HEPS up 15% to 1 804 cents
- Core EPS up 15% to 1 871 cents
- Free cash conversion ratio of 106% (based on headline earnings)
- Full-year dividend of 820 cents per share up 21%
- ROE of 23% (based on core earnings)
- Invested R175 million in people development
- Reached transformation milestone with 50% black managers
- Net debt to equity 52%

Hubert Brody, *chief executive officer*

Osman Arbee, *chief financial officer*

Imperial achieved a pleasing result for its 2013 financial year. All divisions achieved operating profit growth as the portfolio proved to be resilient amid challenging trading conditions in South Africa and Europe.

The group made good progress during the year in enhancing its portfolio of businesses by exiting sub-scale operations, consolidating certain aspects of its South African Logistics business, and adding areas of strategic growth that will maximise returns for our shareholders.

Our overarching strategic objective is to drive the improvement of returns on capital, as this is the ultimate generator of value for our shareholders. In line with this objective, the group achieved a return on invested capital (ROIC) of 16,2% for the year against a weighted average cost of capital (WACC) of 8,8%. Our target is to achieve a ROIC of 4% above WACC through the cycles.

The group is continuously seeking growth opportunities in and adjacent to existing industries and geographies. In this respect we have benefited from a full-year contribution of Lehnkering and a six-month contribution from the pharmaceutical logistics-related acquisition of Imperial Health Sciences (previously RTT Health Sciences), which performed ahead of expectation. The integration of Lehnkering took place smoothly which is positive given the size of the business. The transaction has established Imperial's presence in the highly sophisticated area of chemical logistics and related services. Chemical and pharmaceutical logistics are two promising areas of business due to the high levels of sophistication which is required from us by our clients, creating long-lasting, value-adding relationships.

Operating profit generated in Africa outside South Africa rose by 33% to R397 million and has doubled over the last three years. Operating profit from international activities (outside of South Africa) increased to 21% of the group result from 17% in 2012.

Following the disposal of sub-scale operations as noted later in this report and in line with our strategy of focusing on our core industries: namely, logistics; distribution of automotive and industrial products; automotive retailing and financial services, the group has now clustered its businesses into three main pillars as described in the group structure on page 14.

These three main pillars have reporting segments allocated to them. This reflects the changes to the executive management and how the chief decision-making body, being the executive committee, manages the business units within the group.

Business conditions in Imperial's markets

The new vehicle market was favourable during the year, growing in South Africa by 7,6%. Good credit availability, improved affordability and continued low interest rates underpinned the growth in the vehicle market. The used car market also improved during the year as a result of new vehicle price inflation.

Industrial action impacted the group during the year and could affect the group from time to time. Supply from South Korea was disrupted by strike action and shortened work hours at the Hyundai and Kia plants. In South Africa, the national transport industry strike in the last week of September 2012 and first two weeks of October 2012 significantly curtailed our ability to service our South African transport customers.

In the Africa Logistics division, trading conditions in the South African market were challenging. The manufacturing sectors of the South African economy struggled to gain momentum, which impacted on a number of our businesses, and certain segments of the retail sector experienced pressure.

The consumer market across many other African countries continued to grow with the increase in the size of the emerging middle class, particularly in those sectors in which our African Logistics businesses have chosen to focus, namely FMCG and pharmaceutical products.

In Germany, we experienced tough market conditions due to the slowdown in the European economy. Transport volumes were depressed, although activity levels in the chemical industry and gas shipping market held up well. We also benefited from the German exports into growing markets outside Europe.

Competitive trading conditions persisted in the car rental market where rental rates remain under pressure. The impact of a change in revenue mix (increase in insurance replacement business), higher accident costs and hail storms during the year had an adverse impact on operating margins.

The autoparts industry is mature and competitive but stable. As a result, we experienced competitive pressures and a decline in consumer spending on discretionary products, like camping equipment and accessories, which impacted us negatively.

The current cycle in the motor industry favours our Financial Services pillar. New business growth was driven off the back of an increase in vehicle sales in a favourable new car market.

Insurance underwriting conditions in the short-term insurance industry were more challenging, with two large hailstorms having a negative impact during the year. The termination of certain loss-making books of business, however, contributed positively, resulting in underwriting margins being in line with the prior year. Equity markets were favourable and investment returns higher.

Vehicle sales

In South Africa, the group sold 123 737 new and 63 266 used vehicles in the year, respectively 2,9% and 7,9% more than the prior year. The national new vehicle market grew by 7,6% year on year for the 12-month period to June 2013, according to NAAMSA.

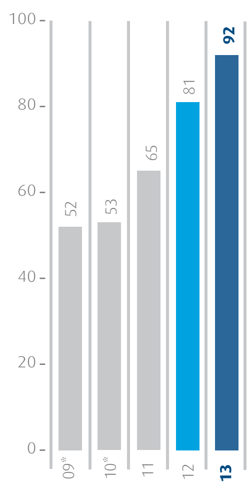
The Australian and United Kingdom operations sold 10 854 new vehicles, which was in line with the prior year, and 4 346 used vehicles which was 4,3% lower.

Overview of results

Summarised profit or loss

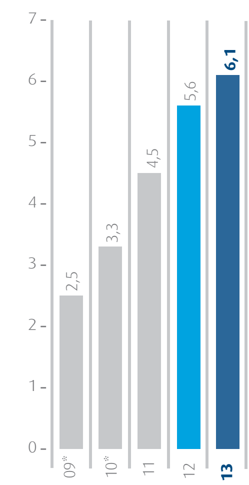
for the year ended 30 June	2013 Rm	2012 Rm	% change
Revenue	**92 382**	80 830	14
Operating profit	**6 087**	5 638	8
Recoupments from sale of properties net of impairments	**8**	(32)	
Amortisation of intangible assets arising on business combinations	**(254)**	(128)	
Foreign exchange gains/(losses) and forex derivatives	**24**	(10)	
Remeasurement of contingent considerations	**66**		
Realised gain on disposal of available-for-sale investment	**10**		
Business acquisition costs	**(15)**	(51)	
Exceptional items	**(178)**	(12)	
Net finance cost	**(744)**	(681)	9
Income from associate and joint ventures	**86**	46	87
Income tax expense	**(1 404)**	(1 382)	2
Net profit for the year	**3 686**	3 388	9
Attributable to owners of Imperial	**3 294**	2 980	11
Attributable to non-controlling interests	**392**	408	(4)

Revenue
(R billion)



* Continuing operations only.

Operating profit
(R billion)



* Continuing operations only.

Revenue was 14% higher at R92,4 billion and operating profit increased by 8% to R6,1 billion. Core EPS improved by 15%. The return on equity was 23%.

At a glance 1 – 9
Overview of Imperial 12 – 37
Management report 40 – 83
Financial reports and notices 86 – 136

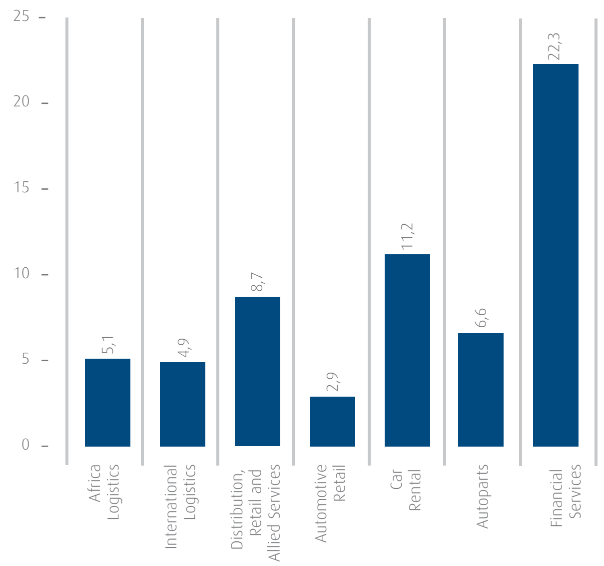
CEO and CFO's review continued

Divisional split of revenue and operating profit

for the year ended 30 June	2013 Rm	2012 Rm	% change
Revenue			
Logistics	**33 592**	27 704	21
Africa (including South Africa)	**18 018**	16 457	9
International	**15 574**	11 247	38
Automotive and Industrial	**57 577**	51 679	11
Distribution, Retail and Allied Services	**25 682**	22 797	13
Automotive Retail	**22 702**	19 560	16
Other Segments	**9 193**	9 322	(1)
Financial Services	**4 238**	3 999	6
Insurance	**3 287**	3 112	6
Other Financial Services	**951**	887	7
Head Office and Eliminations	**(3 025)**	(2 552)	
Group	**92 382**	80 830	14
Operating profit			
Logistics	**1 679**	1 508	11
Africa (including South Africa)	**920**	910	1
International	**759**	598	27
Automotive and Industrial	**3 578**	3 409	5
Distribution, Retail and Allied Services	**2 228**	2 121	5
Automotive Retail	**651**	573	14
Other Segments	**699**	715	(2)
Financial Services	**945**	775	22
Insurance	**510**	419	22
Other Financial Services	**435**	356	22
Head Office and Eliminations	**(115)**	(54)	
Group	**6 087**	5 638	8
Operating margin (%)			
Logistics	**5,0**	5,4	
Africa (including South Africa)	**5,1**	5,5	
International	**4,9**	5,3	
Automotive and Industrial	**6,2**	6,6	
Distribution, Retail and Allied Services	**8,7**	9,3	
Automotive Retail	**2,9**	2,9	
Other Segments	**7,6**	7,7	
Financial Services	**22,3**	19,4	
Insurance	**15,5**	13,5	
Other Financial Services	**45,7**	40,1	
Group	**6,6**	7,0	

Operating margin

(%)



The Logistics pillar had an excellent second half and revenue and operating profit increased by 21% and 11% respectively, for the year.

The newly named Africa Logistics division (which includes South Africa) was negatively impacted by the transport workers' strike during the first half of the year and a struggling South African economy, especially in the manufacturing sector. The Logistics businesses in the rest of Africa, which are involved in the distribution of FMCG and pharmaceutical products, performed well.

The International Logistics division had to contend with a slowing European economy during the year but was operationally well managed in an environment where activity levels in some of its core markets were under pressure. This business also benefits from exports from Germany into stronger markets outside Europe.

The Automotive and Industrial pillar performed satisfactorily and each division within this pillar delivering growth. Revenue and operating profit in this pillar were up 11% and 5%, respectively.

The Distribution, Retail and Allied Services division performed satisfactorily considering some of the challenges faced by it during the year. These include a weakening currency, lack of stock availability on certain products from our principals in South Korea and a more competitive market. Revenue and operating profit was up 13% and 5% respectively.

The Automotive Retail division, which represents products of locally based original equipment manufacturers (OEMs) and is therefore not involved in the importation of vehicles, had an excellent year, with revenue and operating profit up 16% and 14% respectively.

Other Segments are down on both revenue and operating profit which was impacted by NAC being sold during 2013.

The Car Rental business had a very good second half and achieved a satisfactory result for the year, despite tough trading conditions in the car rental industry. Revenue growth was encouraging as both revenue days and revenue per day grew. Utilisation also improved from the first half and Auto Pedigree had an excellent year. Revenue and operating profit were up 10% and 6% respectively.

The Autoparts business, which forms a valuable part of our motor value chain, includes Midas, Alert Engine Parts, Turbo Exchange and the newly acquired Afintapart. Midas performed satisfactorily in a sluggish and competitive market. Alert, the engine parts business, performed well, while Turbo exchange was negatively impacted by competitively priced imports. Revenue and operating profit were up 8% and 5% respectively.

The Financial Services pillar had an excellent year, achieving operating profit growth of 22%.

Revenue in the Insurance division improved by 6% and investment income was higher than in the prior year arising from more favourable equity markets. The underwriting margin was in line with the prior year at 7,9% and improved strongly in the second half to 8,6%. This performance was satisfactory considering the high claims (arising from hail damage) that affected the short-term insurance industry during the year. The life insurance unit grew premium income by 15% while the rest of Africa insurance businesses continue to show good growth.

Operating profit from the Other Financial Services division, which is mainly represented by LiquidCapital, grew by 22%. The growth was driven by the strong annuity income streams that flow from the service and maintenance plans, vehicle financing alliances and a growing range of value added financial products sold within this division.

The group operating margin reduced from 7,0% to 6,6%. This was caused by the reduced margins experienced in the Automotive and Industrial, and Logistics pillars. The Distribution, Retail and Allied Services division achieved an operating margin of 8,7% against 9,3% in the prior year. This decline was mainly caused by the aforementioned supply disruptions, the weakening of the Rand and a more competitive market. Automotive Retail maintained its margin at 2,9%. The margin in the Logistics pillar improved significantly in the second half but was lower than the prior year at 5,0% against 5,4%. This was primarily due to the transport workers' strike in South Africa during the first half and challenging trading conditions experienced in both the South African and International Logistics divisions during the year.

In aggregate, the group's operating profit grew by 8%, and core earnings per share (core EPS) increased by 15%.

At a glance 1 – 9
Overview of Imperial 12 – 37
Management report 40 – 83
Financial reports and notices 86 – 136

CEO and CFO's review continued

Net finance costs increased by 9% to R744 million on higher debt mainly incurred to fund the expansion of the group. Despite the higher net finance costs, interest covered by operating profit remains healthy at 8.2 times (2012: 8.3 times).

Income from associates showed an increase of 87%. Mix Telematics, in which Imperial holds a 29% interest, performed well and contributed R39 million (2012: R31 million). MDS Logistics plc, the Nigerian Logistics business, in which we acquired a 49% shareholding effective 26 April 2013, made a positive contribution for two months of this year. Ukhamba also performed better due to the reversal of an impairment in the current year of its investment in Distribution and Warehousing Network Limited (DAWN).

The group benefited from a lower effective tax rate of 28,1% compared to 29.3% in the prior year. This was mainly due to the saving of STC, which is no longer applicable.

Earnings attributable to non-controlling interests reduced from R408 million to R392 million. This was mainly due to the sale of businesses with minorities, the impact of the strike and an amount of R17 million that was reversed which had been provided for in the prior year.

The table below summarises the reconciliation from earnings to core earnings.

for the year ended 30 June	2013 Rm	2012 Rm	% change
Earning attributable to owners of Imperial	**3 294**	2 980	11
Profit on disposal of assets	**(41)**	(29)	
Impairment of assets	**27**	49	
Exceptional items	**164**	31	
Realised gain on disposal of available-for-sale investments	**(10)**	(19)	
Amortisation of intangible assets arising on business combinations	**254**	128	
Business acquisition costs	**15**	51	
Remeasurement of contingent considerations	**(66)**		
Headline earnings from discontinued operations		(34)	
Other adjustments	**6**	(2)	
Tax effects	**(59)**	(38)	
Core earnings	**3 584**	3 117	15

Financial position and cash flow

Summarised statement of financial position

at 30 June	2013 Rm	2012 Rm
ASSETS		
Goodwill and intangible assets	**5 206**	4 234
Investment in associates and joint ventures	**1 317**	889
Property, plant and equipment	**9 257**	8 080
Transport fleet and vehicles for hire	**7 091**	6 657
Non-current financial assets, investments and loans	**3 445**	2 675
Net working capital	**6 158**	4 607
Cash resources	**1 844**	3 545
Assets classified as held for sale	**94**	
	34 412	30 687
EQUITY AND LIABILITIES		
Capital and reserves		
Attributable to owners of Imperial	**16 413**	14 666
Non-controlling interests	**1 300**	1 223
Total equity	**17 713**	15 889
Liabilities		
Non-redeemable, non-participating preference shares	**441**	441
Retirement benefit obligations	**757**	590
Interest-bearing borrowings	**10 568**	9 747
Insurance, investment, maintenance and warranty contracts	**3 970**	3 222
Net deferred tax liabilities	**484**	177
Non-current financial liabilities	**419**	348
Net current tax liabilities	**14**	273
Liabilities directly associated with assets classified as held for sale	**46**	
	16 699	14 798
Equity and liabilities	**34 412**	30 687

Total assets increased due to acquisitions, translation effects of a weaker Rand, organic growth and expansion of existing businesses.

Goodwill and intangible assets rose to R5,2 billion from R4,2 billion mainly as a result of the RTT Health Sciences acquisition and translation effects of a weaker Rand.

Investment in associates increased to R1,3 billion (2012: R889 million) mainly due to the acquisition of 49% of MDS Logistics, a Nigerian Logistics business providing integrated supply chain and logistics solutions.

Property, plant and equipment increased by R1,2 billion due acquisition of land and buildings in the Logistics, Automotive Retail and Distribution, Retail and Allied Services divisions and the impact of foreign exchange translation.

Net working capital increased by 34% from the prior year due to acquisitions, foreign exchange translation differences and a much improved inventory position in the Distribution, Retail and Allied Services and Automotive Retail divisions compared to the prior year. We are now optimally stocked in these divisions. As a result, our net working capital turn reduced to 17,2 times from 20,6 times in the prior year.

Assets and liabilities held-for-sale are for the Tourism division.

Net debt to equity (excluding preference shares) at 49% was higher than the prior year (39%). This was mainly due to acquisitions, expansion of existing businesses and share buybacks amounting to R742 million during the year. Translation of our foreign debt due to a weaker Rand also impacted on our debt level at year-end. The net debt level is below the target gearing range of 60% to 80% and still leaves significant room for further expansion of the group.

The group's Euro bond (€236 million) matured and was partly refinanced during the year. A new bond (IPL 7) amounting to R750 million was issued in South Africa and a combination of cash and existing facilities was used to repay the balance of the Euro bond.

R5,0 billion of our total debt amounting to R10,6 billion matures in the next 12 months including IPL4 which is due to be repaid in March 2014. R2,3 billion is repayable between July 2014 and June 2017. R3,4 billion is repayable after five years. 56% of our total debt is at fixed interest rates. The group's liquidity position is strong with R5,9 billion in unutilised facilities.

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

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

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

New business written on service, maintenance and warranty contracts generated by the Financial Services division resulted in insurance, investment, maintenance and warranty contracts growing to R4,0 billion, up 23% from the prior year (2012: R3,2 billion).

Shareholders' equity increased due to higher retained income and the weakening of the Rand which resulted in gains on the foreign currency translation reserve of R731 million accounted for in the statement of comprehensive income. This was offset by dividends of R1 478 million and by R742 million utilised for the repurchase and cancellation of 4,0 million shares in the open market.

Summarised statement of cash flows

for the year ended 30 June	2013 Rm	2012 Rm	% change
Cash generated by operations before movements in net working capital	**8 795**	8 198	7
Movements in net working capital	**(1 604)**	(758)	
Cash generated by operation before capital expenditure on rental assets	**7 191**	7 440	(3)
Net finance cost and tax paid	**(2 138)**	(2 203)	(3)
Cash flows from operating activities before capital expenditure on rental assets	**5 053**	5 237	(4)
Dividend received from Ukhamba Holdings (Pty) Limited		387	
Net acquisition of subsidiaries and business	**(539)**	(1 868)	
Expansion capital expenditures – including rental assets	**(1 682)**	(1 125)	
Net replacement capital expenditure – including rental assets	**(1 395)**	(1 467)	
Net movement in other associates and joint ventures	**(321)**	(94)	
Net movement in equities and loans	**(771)**	(63)	
Ordinary share repurchase and cancelled	**(742)**		
Dividends paid	**(1 755)**	(1 350)	
Cash flows from financing activities	**(98)**	(282)	
Net increase in debt	**(2 250)**	(625)	
Free cash flow	**3 658**	3 770	
Free cash conversion to headline earnings (%)	**106**	125	

Cash generated by operations before capital expenditure on rental assets was 3% lower than the prior year at R7,2 billion. After financing costs and tax payments net cash flow from operating activities decreased to R5,1 billion, down R184 million when compared to the prior year. This was mainly due to a higher absorption of cash by working capital compared to the prior year, as our inventory position in the Distribution, Retail and Allied Services division increased as we secured more vehicle inventory from our South Korean suppliers.

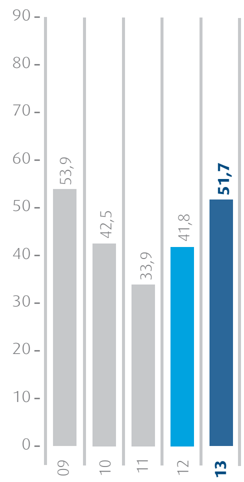
CEO and CFO's review continued

Net replacement and expansion capital expenditure excluding car rental vehicles, was 25% higher than the prior year facilitating the expansion of the group. A net R539 million was spent on acquisitions during the year, as detailed below. We made further investments in associates of R321 million, the major reason being the acquisition of 49% of MDS Logistics plc, a Nigerian Logistics business.

Cash flows from investing activities were impacted by our Insurance business increasing its exposure to equity markets and investing its cash into longer-term deposits which benefited the group through good investment returns.

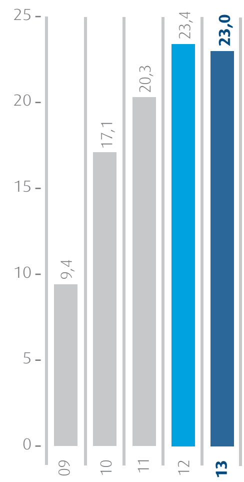
Under financing activities, the Euro bond matured and was replaced by a new bond (IPL 7) amounting to R750 million and other short-term debt. Four million Imperial shares worth R742 million were repurchased in the open market during the year and dividends paid increased from R1,4 billion to R1,8 billion.

Net debt/equity*
(%)



* Including preference shares.

Return on equity
(%)



Ordinary dividend

A final ordinary dividend of 440 cents per share (2012: 380 cents per share) has been declared. This brings the full dividend for the year to 820 cents per share (2012: 680 cents per share), which is up 21% compared to the prior year.

Acquisitions and disposals during the year

Acquisitions during the year consisted of:
- 100% of the pharmaceutical distribution and healthcare supply chain services business conducted by RTT Group (Pty) Limited was acquired, effective from January 2013. The business is now branded Imperial Health Sciences and is one of Africa's leading pharmaceutical distributors and healthcare supply chain service providers. Imperial Health Sciences specialises in multi-channel solutions for delivering essential medicines and consumer health products in South Africa as well as to developing markets across the African continent, including Namibia, Botswana, Mozambique, Zimbabwe, Zambia, Kenya, Tanzania, Malawi, Uganda, Ethiopia, Rwanda, Ghana, Cote d'Ivoire and Nigeria;
- 60% of LTS Kenzam (Pty) Limited, a Logistics business that distributes bituminous products throughout southern Africa to sites in South Africa and cross-border to Mozambique, Malawi, Zimbabwe, Zambia, Botswana, Democratic Republic of Congo, Lesotho, Swaziland and Namibia;
- 60% of KWS Carriers (Pty) Limited, a business focused on the movement of large volumes of bulk commodities from source to the end-users and export ports utilising mainly subcontracted vehicles;
- 49% of MDS Logistics plc, a Nigerian Logistics business, providing integrated supply chain and logistics solutions. It offers warehousing and distribution solutions primarily in the FMCG, pharmaceutical and telecommunications industries in Nigeria, through a network of 50 distribution centres;
- Midas acquired 80% of Afintapart SA (Pty) Limited, a commercial vehicle parts distributor;
- 100% of Orwell Trucks Limited in the UK, a Mercedes-Benz commercial vehicle dealer; and
- After the reporting date, the group acquired a further 11% shareholding in Renault SA, thereby increasing our shareholding from 49% to 60%. The transaction is still subject to Competition Commission approval.

The group continues to focus on the strategic fit and returns of its businesses. As a result, the following disposals were made:
- The group's 60% holding of Megafreight, a freight forwarding business;
- The group's 62% holding of NAC, the aircraft distributor and aviation services business, releasing R433 million of capital; and
- After the reporting date, the group disposed of its Tourism division, which had become sub-scale in the context of the group, to Cullinan Holdings Limited, subject to approval by the Competition Commission. The purchase price will be settled by the issue of 81 818 181 shares in Cullinan Holdings. The transaction will result in Imperial having a 10% shareholding in Cullinan Holdings.

Strategic intentions

Our overarching strategic objective is to achieve improving returns on capital, as this is the ultimate generator of value for our shareholders. To deliver on this objective, the group is continuously seeking capital-efficient growth opportunities in and adjacent to existing industries and geographies.

The main area of Imperial's future growth will be in the logistics industry and certain areas of product distribution. In Africa, outside of South Africa we will place specific focus on consumer-related logistics and distribution, while our European logistics operations will expand around existing themes, and if the correct opportunities arise, will follow its customers globally.

The group has developed significant expertise in the distribution of products which carry strong brands, particularly related to automotive and industrial products, and more recently subsequent to the acquisition of CIC, of consumer products in certain African countries. We will continue pursuing similar opportunities as they have proven to be value enhancing to our portfolio and the group's earnings.

Imperial's deep involvement in virtually all aspects of the automotive value chain provides us with a competitive advantage in this market while generating the cash needed to grow our operations in areas that offer good growth prospects and will maximise returns to our shareholders in future. We also continue to focus on further improving the returns of automotive businesses that are not achieving our target returns on invested capital, for example our car rental operations.

Our strategy is therefore centred on generating cash in the automotive business to grow the logistics operations, while still continually pursuing opportunities to enrich our involvement in the automotive value chain.

Performance against previous commitments

Management commitment	Performance
Deliver shareholder value through capital management, sustainable returns, cash generation and growth	— Return on equity = 23% — Return on invested capital = 16% — Core EPS growth = 15% — Free cash conversion ratio =106% — Dividend per share up 21% — Share buy backs of R742 million
Acquisitive growth in logistics in our core geographies	Africa Logistics acquired: — 100% of the pharmaceutical distribution and healthcare supply chain services business conducted by RTT Group (Pty) Limited (RTT Health Sciences) — 60% of LTS Kenzam (Pty) Limited, a Logistics business that distributes bituminous products throughout Southern Africa — 60% of KWS Carriers (Pty) Limited, a business focused on the movement of large volumes of bulk commodities — 49% of MDS Logistics plc, a Nigerian Logistics business, providing integrated supply chain and logistics solutions
Retain focus on becoming a more asset light returns focused organisation	— Disposed of our shareholding in NAC, the aircraft distributor and aviation services business — Disposed of our shareholding in Megafreight, a freight forwarding business — After the reporting date, disposed of the Tourism division, subject to approval by the Competition Commission
Expansion of our footprint in the African continent	— Acquired RTT Health Sciences, establishing our presence in the pharmaceutical supply chain industry in Africa — Acquired 49% of MDS Logistics plc, allowing us entry to the Nigerian logistics sector
Expand our Distributorships division into the distribution of products which carry strong brands in industrial markets	— Acquired Afintapart SA (Pty) Limited, a commercial vehicle parts distributor
Grow the annuity revenue streams that arise from a growing vehicle parc in the brands we exclusively distribute	— Revenue from the rendering of services in Distribution, Retail and Allied Services up 24%
Grow annuity earnings in Other Financial Services on the back of new business being placed on its book in the current strong vehicle sales cycle	— Operating profit in Other Financial Services up 22%
Invest in our people and their development	— Investment of R175 million in training and development (2012: R171 million) — Expanded our artisan and technician training centres to include two new facilities, which increases our annual training capacity to 1400 artisans — Our Car Rental division also opened its new state-of-the-art Europcar Learning Centre, which will continue hosting the training of its employees

At a glance 1 – 9
Overview of Imperial 12 – 37
Management report 40 – 83
Financial reports and notices 86 – 136

CEO and CFO's review continued

Management commitment	Performance
Ongoing focus on reducing our environmental impact	— Implemented a comprehensive group-wide system to measure non-financial sustainability information — We have installed waterless car wash facilities in our dealerships, which has significantly reduced the amount of water used to wash a car — We built the first solar powered Kia dealership in the world here in South Africa — We built an environmentally friendly state-of-the-art UD trucks dealership in Pretoria — A number of businesses continued to implement energy and water saving initiatives during the year, including the installation of energy efficient lighting, dust and noise pollution reduction measures and water treatment and recycling projects
Focus on road safety	— We have over 135 000 individuals committed to being part of a movement towards safer roads in South Africa by taking the IMPERIAL I-Pledge as part of our group's extensive road safety campaign — We continued to partner with toll concessionaires during the holiday season by putting at their disposal nine vehicles primarily to bolster route surveillance, patrol support and post-crash care activities — The Scholar Patrol Improvement Project is training educators and scholar patrollers, road markings are being refurbished and signage erected, and we donate scholar patrol equipment and high-visibility bibs and caps — Scholar patrol initiative has to date refurbished equipment for 215 school scholar patrols and reached over 142 000 primary school learners in road safety awareness

Non-financial performance at a glance

	2013	2012
People employed	**51 007**	47 699
Salaries paid (Rm)	**12 824**	10 703
Training expenditure (Rm)	**175**	171
Donations to social responsibility causes (Rm)	**42**	46
Distance travelled by our road fleet excluding rental vehicles (million kilometres)	**495**	487
Employee fatalities	**9**	10
Volume spillages (kilolitres)	**84,62**	115,43
Electricity purchased (million kW/h)	**209**	164
Fuel consumed (million litres)	**271**	271
Biofuel consumed (million litres)	**0,23**	0,25
CO_2 emissions (tonnes)	**1 182 534**	1 072 636

Building a robust skills pipeline

We recognise that skilled people offer the business a powerful competitive advantage, particularly in a global environment of critical skills shortages, and skills development is therefore a key business driver across Imperial's many diverse operations. We invested R175 million in various training initiatives during the year. These include our ongoing artisan and technician training programmes, which trained 770 apprentices within the marketplace during the year. We have by the expansion of our academies, increased our annual intake capacity to 1 400 apprentices. These are more apprentices than our businesses can absorb, but we have taken the long-term view that investment in the overall upliftment of the country's technical skills can only be good for the country and our business.

The Imperial Technical Training Academy (ITTA) brand is becoming a recognised and reliable service provider to the industry and is now acknowledged as an industry benchmark. ITTA promoted "The Year of the Artisan" in line with a call by Minister Blade Nzimande for closer collaboration between industry, education, Further Education and Training Colleges (FETs) and government. It established a number of critical initiatives signifying promising cooperation between the roleplayers.

We also continued to invest in management development programmes to grow young talent into management positions, in line with our transformation strategy and our approach to promoting from within the business. These programmes are working well in building a robust succession pipeline.

Investing in communities

The Imperial and Ukhamba Community Development Trust expanded its programme to 10 beneficiary schools during the year, with a focus on leveraging school libraries to enhance the literacy levels among learners in the foundation phase.

The Trust has a long history of establishing libraries at beneficiary schools but this year took the library programme a step further by training up librarians to permanently staff the school libraries. This has been coupled with intense reading programmes for learners and has increased utilisation of the libraries at all our schools. Some 10 000 learners now benefit from the Trust's programme.

Appreciation

The ongoing success of Imperial relies on the commitment, talent and energy of our people, to whom we would like to extend our gratitude on behalf of management and the board.

We are also grateful to our business partners, suppliers and customers for continuing to support us during the year.

We would like to extend a special note of thanks to Hafiz Mahomed who retired as director, effective 30 June 2013. Hafiz joined the group as financial manager in 1982 and was appointed to the board in March 1992. He has played an instrumental and key role in our success over 30 years of dedicated service and we wish him well in his retirement.

He will remain in the employ of the group until the end of 2013 in order to ensure a seamless handover of his responsibilities to his successor, Osman Arbee.

Prospects

Imperial's financial position remains strong despite significant organic and acquisitive growth and share buy-backs in the recent past.

In South Africa, we expect trading conditions in the logistics industry to remain challenging, driven by a weak economy especially in the manufacturing sector. As a result, the division underwent a strategic consolidation process, which positions it well to be more competitive and cost effective in a tough market. We expect the benefits of this process to be realised in the 2014 financial year. Prospects in the rest of Africa are good, as our expansion into the continent continues gaining momentum, especially in consumer markets. CIC together with the new acquisitions of RTT Health Sciences (now Imperial Health Services) and MDS Logistics plc Nigeria, provide the ideal platform to take advantage of growth opportunities in these markets.

Imperial Logistics International remains well positioned in attractive niches in the German logistics industry. Despite the tough economic conditions in Europe, we are positive about the division's prospects and its ability to show growth due to its positioning and the industries it serves. We will continue to follow our customers who are entering new markets and potential acquisitions will be a growth driver.

We anticipate tougher trading conditions in the new motor vehicle market during the year ahead. Reduced disposable income, a weaker currency and the high base created by strong volume gains in the last four years all present headwinds for growth. While our inventory position has improved, we expect the market to be more competitive as market conditions get tougher. The weaker local currency will impact new car margins, prices and ultimately demand. As a result of new vehicle price increases, the used car market should improve further and after-sales parts and service revenues will continue to benefit from the increase in the installed base of vehicles, especially in the brands we represent.

Conditions in the Car Rental business are expected to remain competitive. Auto Pedigree should continue benefiting from the improving used car market.

The Autoparts business is not affected directly by new vehicle sales and despite an increasingly competitive market we should continue to perform solidly as initiatives to expand its product range and geographic footprint bear fruit.

In the year ahead Regent will focus on improving its underwriting result, which will be supported by its recent exit from underperforming insurance product lines. Our investment portfolio will continue to be prudently managed and while we cannot predict the performance of investment markets and our investment returns, we are confident that our underwriting performance will improve in the year ahead.

The rate of growth in the underlying books of business in LiquidCapital will be impacted by slower growth in the new vehicle market. However, its financial performance will be underpinned by the strong annuity revenue streams that flow from the installed base of business it has generated in the last few years.

While it will be difficult to achieve meaningful growth under current market conditions in the 2014 financial year, the group is well positioned to take advantage of organic growth and acquisition opportunities.

Hubert Brody
Chief executive officer

Osman Arbee
Financial director

Five-year review

	Definitions	2013 Rm	2012 Rm	2011 Rm	2010 Rm	2009 Rm
Extracts from profit or loss						
Revenue		**92 382**	80 830	64 667	53 438	52 219
Operating profit		**6 087**	5 638	4 526	3 288	2 453
Net financing costs		**(744)**	(681)	(554)	(597)	(923)
Income from associates and joint ventures		**86**	46	34	174	107
Income tax expense		**(1 404)**	(1 382)	(1 272)	(911)	(502)
Tax rate (%)		**28,1**	29,3	30,7	31,0	32,1
Profits attributable to non-controlling interest		**(392)**	(408)	(346)	(241)	(160)
Headline earnings attributable to ordinary shareholders (excluding discontinued)		**3 456**	3 007	2 608	1 811	1 294
Headline earnings attributable to ordinary shareholders (including discontinued)		**3 456**	3 007	2 608	1 841	1 327
Extracts from cash flow statement						
Cash generated by operations (before capital expenditure on vehicles for hire, net interest paid and tax paid)		**7 191**	7 440	6 077	4 376	4 649
Cash flow from investing activities (including capital expenditure on vehicles for hire)		**(4 708)**	(4 230)	(1 931)	(1 883)	(1 276)
Net debt repaid/(raised) (including discontinued)		**(2 250)**	(625)	959	250	3 108
Free cash flow (including discontinued)	1.	**3 658**	3 770	3 452	2 190	3 016
Extracts from statement of financial position						
Total assets (including discontinued operations)		**51 636**	45 698	36 533	34 223	33 315
Total assets (excluding discontinued operations)		**51 636**	45 698	36 533	32 999	32 365
Operating assets	2.	**48 443**	41 575	32 815	29 506	28 677
Operating liabilities	3.	**20 917**	18 046	14 495	12 750	11 107
Net working capital	4.	**6 158**	4 606	3 245	2 882	2 693
Net interest-bearing debt	5.	**9 165**	6 642	4 418	5 075	5 580
Imperial owners' shareholders interest		**16 413**	14 666	11 974	11 140	9 774
Non-controlling interest		**1 300**	1 223	1 043	806	587
Contingent liabilities		**294**	46	61	201	256
Ratios						
Efficiency						
Revenue to average net operating assets (times)	6.	**3,6**	3,9	3,7	3,1	2,9
Revenue relating to sales of goods to average inventory (times)	7.	**5,1**	5,6	5,3	4,9	4,6
Revenue to average net working capital (times)		**17,2**	20,6	21,1	19,2	15,2
Profitability						
Operating profit to average net operating assets (%)	8.	**23,8**	26,9	25,8	19,2	13,7
Operating profit to average gross operating assets (%)		**13,5**	15,2	14,5	11,3	8,3
Operating margin (%)	9.	**6,6**	7,0	7,0	6,2	4,7
Return on average ordinary shareholders' interest (%)	10.	**21,2**	22,4	22,2	19,3	15,7
Return on average ordinary shareholders' interest (based on core earnings) (%)	11.	**23,0**	23,4	20,3	17,1	9,4
Return on invested capital (%)	12.	**16,2**	16,3	16,5	12,2	11,5
Weighted average cost of capital (%)	13.	**8,8**	9,7	10,1	10,5	10,9
Solvency						
Interest cover by operating profit (times)		**8,2**	8,3	8,2	5,5	2,7
Net debt to EBITDA (times) (including preference shares)		**1,1**	0,9	0,7	1,1	1,5
Total equity to total assets excluding discontinued (%)		**34,3**	34,8	35,6	34,9	32,0
Net interest-bearing debt as a % of total equity		**51,7**	41,8	33,9	42,5	53,9
Liquidity						
Free cash flow to net profit for the year (including discontinued) (times)		**0,99**	1,11	1,19	0,97	1,80
Free cash flow to headline earnings (including discontinued) (times)	14.	**1,06**	1,25	1,32	1,19	2,27
Unutilised facilities		**5 880**	6 045	8 000	6 358	10 209

	Definitions	2013 Rm	2012 Rm	2011 Rm	2010 Rm	2009 Rm
Investing in the future						
Cost of new acquisitions		**666**	1 886	943	389	351
Expansion capital expenditure		**1 682**	1 125	687	963	640
Net replacement capital expenditure		**1 395**	1 467	841	830	1 037
Staff training hours		**1 436 520**	1 306 135	1 379 615	935 945	325 943
Capital commitments		**935**	1 112	1 007	882	544
Statistics						
Total new and used vehicles and motorcycles sold		**206 462**	198 131	168 661	149 247	126 355
Number of transport fleet vehicles		**6 431**	6 312	6 030	6 559	6 774
Number of vehicles for hire (car rental only)		**17 602**	16 599	17 026	18 015	14 792
Number of employees		**51 007**	47 699	40 898	35 968	34 353
Staff costs		**12 824**	10 703	8 713	7 515	7 236
Wealth created per employee		**412**	380	360	339	320
Total taxes and levies paid	15.	**1 438**	1 572	1 543	1 054	706
Share performance						
Headline earnings per share (cents)		**1 804**	1 566	1 370	976	698
Core earnings per share (cents)		**1 871**	1 623	1 234	962	491
Dividends per share (cents)		**820**	680	480	350	200
Earnings yield (%)	16.	**8,6**	9,1	11,3	11,4	12,0
Price earnings ratio (times)	17.	**11,6**	11,0	8,9	8,8	8,4
Dividends yield (%)		**3,9**	4,0	4,0	4,1	3,4
Net asset value per share (cents)	18.	**8 413**	7 479	6 137	5 529	4 820
Market prices (cents)						
– closing		**20 968**	17 200	12 125	8 580	5 830
– high		**22 600**	17 729	13 245	10 750	6 700
– low		**17 150**	9 420	8 450	5 650	3 957
Total market capitalisation at closing prices	19.	**43 788**	36 093	25 320	18 095	12 367
Value of shares traded		**51 766**	30 099	26 937	22 964	14 258
Value traded as a percentage of average capitalisation (%)		**130**	98	124	151	121
Exchange rates used						
Rand to Euro						
– Average		**11,42909**	10,37628	9,49383	10,59240	12,34965
– Closing		**13,03760**	10,39350	9,55000	9,39390	10,87650
Rand to US Dollar						
– Average		**8,83540**	7,75379	7,06489	7,59948	9,05373
– Closing		**10,00580**	8,20000	6,70000	7,65850	7,73490
Rand to Botswana Pula						
– Average		**1,08803**	1,05177	1,07226	1,13700	1,24012
– Closing		**1,16266**	1,07170	1,03200	1,08329	1,14941
Rand to Australian Dollars						
– Average		**9,06051**	7,99178	6,80385	6,70843	6,66988
– Closing		**9,01180**	8,40150	6,56600	6,55590	6,34330

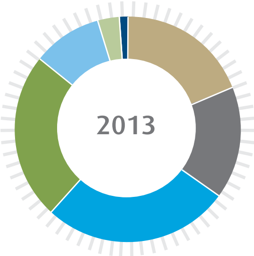
Definitions

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

At a glance 1 – 9
Overview of Imperial 12 – 37
Management report 40 – 83
Financial reports and notices 86 – 136

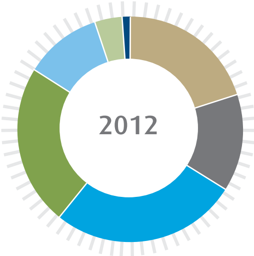
Divisional review

Revenue
June 2013



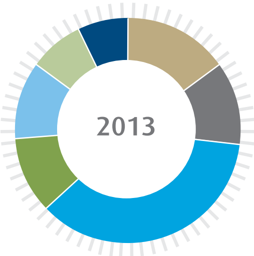
19% – Logistics – Africa
16% – Logistics – International
27% – Distribution, Retail and Allied Services
24% – Automotive Retail
10% – Other Segments
3% – Financial Services – Insurance
1% – Financial Services – Other

Revenue
June 2012



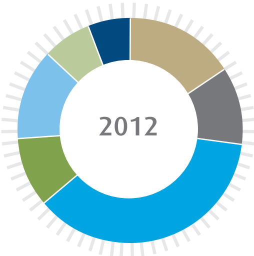
20% – Logistics – Africa
14% – Logistics – International
27% – Distribution, Retail and Allied Services
23% – Automotive Retail
11% – Other Segments
4% – Financial Services – Insurance
1% – Financial Services – Other

Operating profit
June 2013



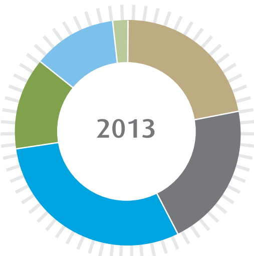
15% – Logistics – Africa
12% – Logistics – International
36% – Distribution, Retail and Allied Services
11% – Automotive Retail
11% – Other Segments
8% – Financial Services – Insurance
7% – Financial Services – Other

Operating profit
June 2012



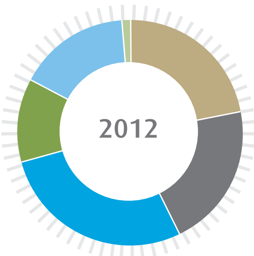
16% – Logistics – Africa
11% – Logistics – International
37% – Distribution, Retail and Allied Services
10% – Automotive Retail
13% – Other Segments
7% – Financial Services – Insurance
6% – Financial Services – Other

Net operating assets
June 2013

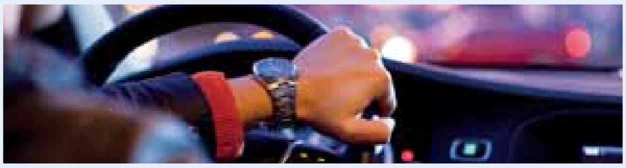


22% – Logistics – Africa
21% – Logistics – International
30% – Distribution, Retail and Allied Services
13% – Automotive Retail
12% – Other Segments
2% – Financial Services

Net operating assets
June 2012



22% – Logistics – Africa
21% – Logistics – International
28% – Distribution, Retail and Allied Services
12% – Automotive Retail
16% – Other Segments
1% – Financial Services



At a glance 1 – 9
Overview of Imperial 12 – 37
Management report 40 – 83
Financial reports and notices 86 – 136

Divisional review continued

Logistics pillar

The Logistics pillar operates in two key markets – Africa and Europe.

Imperial Africa Logistics is the leading third-party logistics and supply-chain management provider in South Africa, with extensive operations throughout Southern Africa and a growing footprint in the rest of the African continent.

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

Key data – Logistics

	2013 Rm	2012 Rm	% growth
Revenue	**33 592**	27 704	21
Profit from operations	**1 679**	1 508	11
Operating margin (%)	**5,0**	5,4	
Net operating assets	**12 201**	10 374	18
Revenue to average net operating assets (times)	**3,0**	3,2	
Weighted average invested capital	**10 622**	8 639	23
Return on invested capital (%)	**9,8**	10,6	
Return on invested capital (based on core earnings) (%)	**11,3**	12,4	
Weighted average cost of capital (%)	**8,6**	10,2	
Net capital expenditure	**1 124**	1 309	(14)
Number of transport fleet vehicles	**6 431**	6 312	2
Number of barges	**78**	78	
Number of ships	**87**	85	
Kilometres travelled by transport fleet (million kilometres)	**550**	522	
Fuel consumed (million litres)	**237**	235	
CO_2 emissions (tonnes)	**992 024**	853 466	
Number of employees	**30 433**	28 201	8
Africa Logistics			
– Road accidents	**175**	125	
– Number of road-related injuries (employees only)	**45**	66	
– Number of road-related fatalities (employees only)	**9**	9	
– Number of road-related fatalities (third-party only)	**63**	59	
– Number of non-road-related injuries	**151**	84	
– Number of non-road-related fatalities	**1**	2	

Africa Logistics (including South Africa)

Highlights

Established position as a key player in the African pharmaceutical supply chain through the acquisition of RTT Health Sciences.

Entered the Nigerian logistics sector with the acquisition of 49% of MDS Logistics, with a footprint of 50 warehouse locations in Africa's leading growth market.

Gained significant contracts across industries, most notably multi-national consumer brands, fuel distribution, consumer retail and automotive supply chain.

Ranked in Armstrong & Associates 2012 Top 50 Global 3PLs.

Named Corporate Educator of the Year by SAPICS and Graduate Employer of Choice in the Transport and Logistics Sector by the South African Graduate Recruiters Association.

CEO was presented with the Nedbank Capital Sustainability Leadership Award in recognition for his success in greening African supply chains.

Established an end-to-end route to market offering to leverage rapid consumerisation throughout Africa.

Consolidated various of our South African Logistics businesses to improve our client service offerings and to leverage scale, synergies and best practice.

Marius Swanepoel, *CEO of Africa Logistics*

Key stats

- 980 000 m^2 dedicated and multi-principal warehousing space, including cold storage and pharmaceutical facilities
- Over 2,6 million retail deliveries per annum
- R35 billion of retail goods delivered per annum
- 210 000 full truck load (palletised) deliveries in South Africa per annum
- 16 000 cross-border shipments per annum
- 159 000 tanker shipments per annum
- 11,3 million tonnes of bulk commodities handled per annum
- 20 specialised service companies in South Africa
- Eight consumer-focused distributorships in eight countries
- 23 500 employees, including 4 890 drivers, 6 290 warehouse staff and 3 650 merchandisers

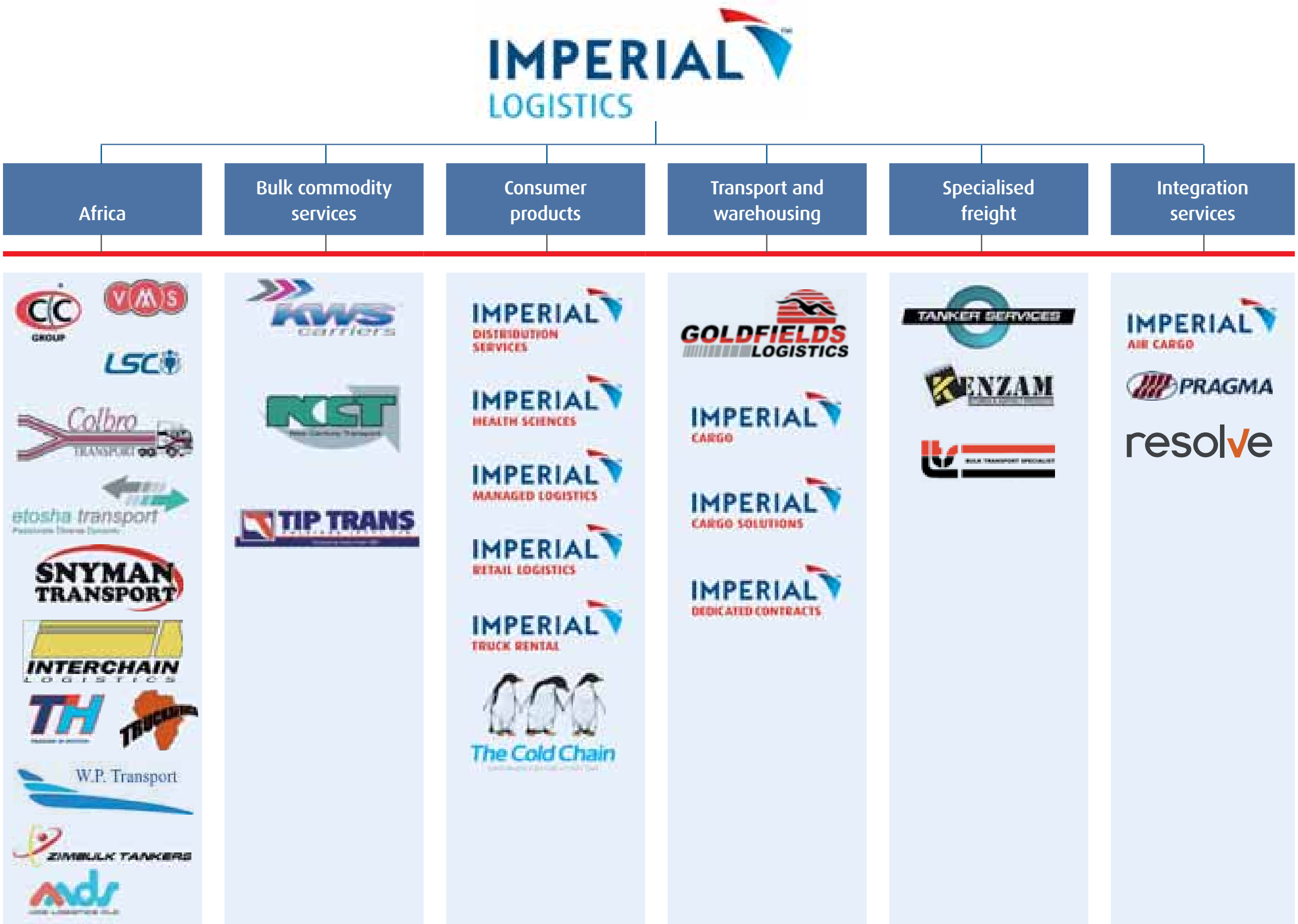
Key macro drivers

- GDP growth (SA and key African markets)
- Interest rates
- Exchange rates
- Consumer spending
- Manufacturing activity
- Infrastructure efficiency
- Fuel price

At a glance 1 – 9
Overview of Imperial 12 – 37
Management report 40 – 83
Financial reports and notices 86 – 136

Divisional review continued

Africa Logistics (including South Africa) continued



Divisional overview

With extensive operations throughout Africa, we are uniquely placed to partner companies in leveraging the value inherent in their supply chains. The division's differentiators lie in a combination of an extensive resource base of transportation, warehousing and distribution operations and best-of-breed integrative process and technology solutions.

In applying pre-eminent supply-chain management skills to manage operational processes across clients' end-to-end value chains, the division recognises that each client's requirements are unique and customise their service offerings accordingly.

With an impressive list of blue-chip customers in almost every industry in South Africa, we are well placed to leverage this powerful presence and extensive experience to pioneer new markets in Africa, and to follow existing clients into new territories as they expand their own African footprint.

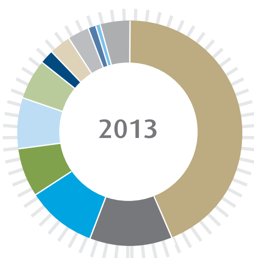
Expansion into Africa

With established markets largely saturated, the growth potential of emerging markets remains paramount and the development of a significant footprint in high-growth African economies remained a key strategic imperative during the year, and going forward. Imperial Africa Logistics has over 40 years' experience in the region and is well positioned to deliver on its strategy of targeting consumer opportunities and following its customer base on the continent. Our market position allows us to partner with customers not only in getting their products to African markets, but also in sales and building customer brands on the continent.

During the year, the division established a presence in the growing African pharmaceutical and healthcare industry through the R515 million acquisition of RTT Health Sciences. The business provides logistics, supply chain and distribution solutions to the pharmaceutical and fast-moving consumer health industries.

It also entered the logistics sector of the fast-growing Nigerian FMCG, telecommunications and pharmaceutical industries with the acquisition of 49% of MDS Logistics, a leading logistics provider in Nigeria.

Contribution to revenue by industry

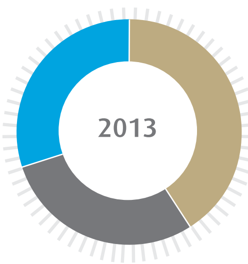


43% – Consumer goods/retail
12% – Chemicals
11% – Mining
7% – Fuel and gas
7% – Glass, cement and bricks
6% – Wood and paper
2% – Health and pharmaceutical
3% – Agriculture
3% – Steel and metals
1% – Automotive
1% – Courier
4% – Other

Operating units

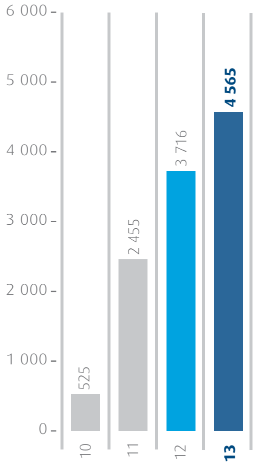
Africa	With operations across 18 African countries, the division transports goods across sub-Saharan Africa. CIC is involved in the distribution of FMCG goods through a network of 25 warehouses. The acquisition of RTT Health Sciences established the group as a key player in the African pharmaceutical supply-chain market, while the MDS Logistics acquisition has opened up the Nigerian logistics market.
Bulk commodity services	Operates in the mining industry, providing dedicated transport services and specialising in the movement of bulk commodities using own and subcontracted vehicles.
Consumer products	Offers integrated supply chain solutions to a wide range of FMCG, retail and agriculture businesses.
Transport and warehousing	Delivers full-spectrum logistics and supply chain services including long-haul and cross-border transport, distribution, cargo consolidation, warehousing and supply-chain management.
Specialised freight	With a large modern tanker fleet, the division provides specialised transport services to various industries throughout Africa. It is a leading player in the petrochemical, industrial chemical, cement, fuel, liquid petroleum gas and food-grade products industries.
Integration services	Consulting and advisory services across the entire supply chain that include expertise in procurement/sourcing, planning/scheduling, storage/handling and deliveries/returns. The unit contributes to the intellectual capital of the division, by assisting other units to expand and integrate client solutions and offer value added services to their customers.

Service offering by revenue

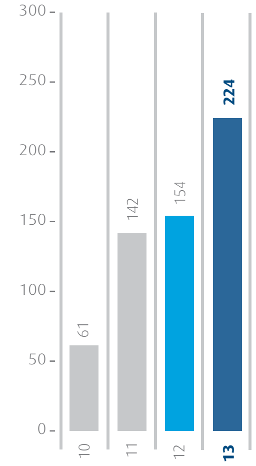


41% – Freight and transport
29% – Warehousing and distribution
30% – Supply chain management

Growth trend in rest of Africa
Revenue
(R million)



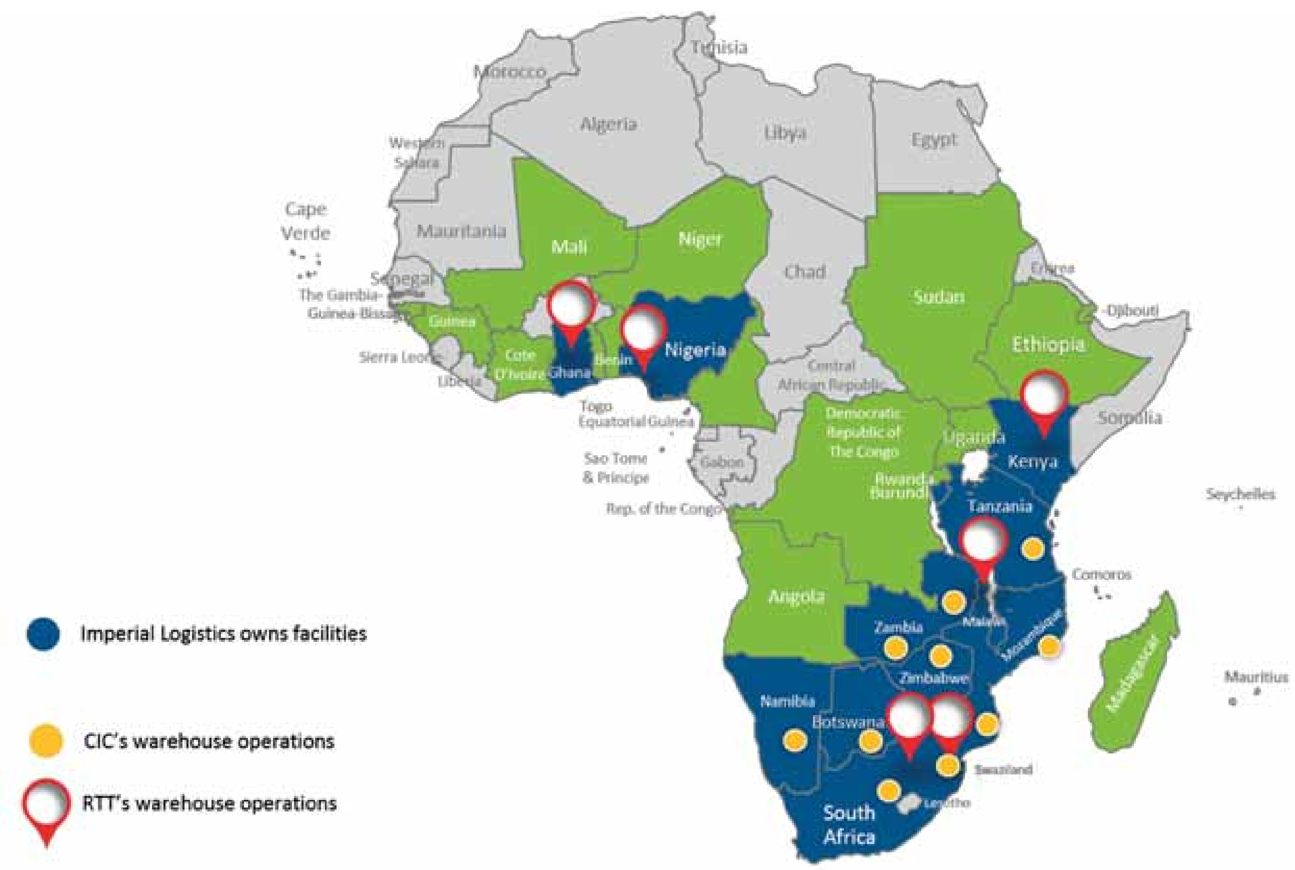
Growth trend in rest of Africa
Operating profit
(R million)



Divisional review continued

Africa Logistics (including South Africa) continued

African footprint



Risks, opportunities and performance drivers		
Risks	**Opportunities**	**Performance drivers**
Low economic growth	New business gains from existing clients	Cost control and efficiencies
Import substitution	New contract gains (trend to outsourcing)	Strict asset management/fleet utilisation
Lacklustre consumer demand	Acquisitions	Return on invested capital
Lack of infrastructure investment	Africa expansion	Working capital efficiency
Low levels of manufacturing activity	Rail opportunities	Integration of logistics services
		Broadening service offering to clients
		Leveraging synergies across business units

Market conditions

Trading conditions in the South African market remained tough during the year, with increased competition, rand volatility and labour unrest in a number of industries. The transport sector strike had an unavoidable impact on our business. The manufacturing industry struggled to gain momentum, which impacted on a number of our businesses, and the retail sector also experienced ongoing pressure.

In this environment of increased economic and competitive pressure, the division retained almost all transport and warehousing contracts with large industrial manufacturers at satisfactory returns and gained several new contracts in the consumer goods and fuel sectors.

The consumer market across many African countries continued to grow with the increase in the size of the emergent middle class. This bodes well for growth in the logistics market, particularly in those sectors in which we have chosen to focus, namely consumer products, tobacco, liquor and pharmaceuticals.

Results

R million	2013	2012	Change %	H2 2013	H2 2012	Change % on H2 2012	H1 2013	Change % on H1 2013
Revenue	**18 018**	16 457	9,5	**9 341**	8 146	14,7	**8 677**	**7,7**
Operating profit	**920**	910	1,1	**520**	397	31,0	**400**	**30,0**
Operating margin (%)	**5,1**	5,5		**5,6**	4,9		**4,6**	

	2013	2012
Return on invested capital (%)	**10,6**	11,5
Return on invested capital before amortisation of intangibles and acquisition cost (%)	**11,4**	11,8
WACC (%)	**8,5**	9,6

The Africa Logistics division had an excellent second half and despite a challenging trading environment which included a transport workers' strike during the first part of the year, the operating profit was in line with the prior year. The Africa business, including CIC, which is involved in the distribution of FMCG products into many African markets performed well while volumes and rates in our customer base in South Africa, especially those involved in manufacturing, were depressed. If the impact of the strike is eliminated, the division would have been able to improve its operating margin when compared to the prior period. Acquisitions also contributed positively to the performance.

During the year the division underwent a strategic consolidation process in South Africa. Similar expertise across various businesses was combined into a number of new units to leverage scale and synergies and drive cost savings and greater efficiency, the benefit of which should be realised in the new financial year.

The Transport and Warehousing business, which services the manufacturing, mining, commodities and construction industries, was under pressure as a result of industrial action and lower volumes in tough trading conditions. Volumes in the second half were more stable, although still depressed. The business benefited from management initiatives to right size the business to match market conditions.

Although also impacted by the transport workers' strike and labour unrest in its client base, the Bulk Commodity Services business performed well. A 60% shareholding was also acquired in KWS Carriers during the year, a business focused on the movement of bulk commodities from source to the end users and ports utilising mainly subcontracted vehicles.

The Specialised Freight business performed satisfactorily despite volume pressure in certain products, i.e. chemicals and food products. The business achieved significant new contract gains during the period. The LTS Kenzam Bulk Transport acquisition was concluded and the operation was integrated into this division with effect from 1 October 2012.

The Consumer Logistics business was negatively impacted by flat but depressed volumes, mainly in the manufacturing client base. This affected all businesses in the supply chain, including our warehousing and distribution operations. As a result, management focused on enhancing efficiencies and reducing costs to drive performance, the benefits of which should be realised in the new financial year. Despite a difficult trading environment, the business was successful in gaining significant new contracts and the integration of the FMCG and South African consumer healthcare components of the new Imperial Health Sciences business was successfully implemented. The Cold Chain continues to impact results negatively as difficult trading conditions persist. This business is being streamlined.

In the rest of Africa businesses, CIC continues to grow and perform well. Transport volumes were also better, especially in our Namibian businesses. The new Imperial Health Sciences business performed ahead of expectation and will lead to further opportunities to grow the business across the continent in the pharmaceutical industry. The logistics businesses in the rest of Africa increased turnover and operating profit by 23% and 45% respectively. The acquisition of 49% of MDS Logistics plc in Nigeria was effective from 26 April 2013 and is reported as an associate. This acquisition provides an excellent platform for further growth in the region and is consistent with our strategy of focusing on consumer opportunities in Africa and following our customer base on the continent while creating sustainable partnerships in certain markets. MDS Logistics has a quality customer base across a number of industries with a strong new business pipeline.

Within the Integration Services business, the expansion of their distribution management service capabilities delivered benefits both internally and for clients across consumer products and fuel retail distribution. The consolidation of Volition and e-Logis into the Resolve business will strengthen its ability to increase its top line and to create a more sustainable service offering. Megafreight, which was disposed of this year, was only included for two months versus twelve months in the prior year.

The net investment in the fleet is lower than the prior year, in line with the scheduled replacement cycle. We incurred gross capital expenditure of R1 043 million for the year.

At a glance 1 – 9
Overview of Imperial 12 – 37
Management report 40 – 83
Financial reports and notices 86 – 136

Divisional review continued

Africa Logistics (including South Africa) continued

Sustainability

Our people

Imperial Africa Logistics continues to invest in training and skills development initiatives and the division was named Corporate Educator of the Year by SAPICS and Graduate Employer of Choice in the Transport and Logistics Sector by the South African Graduate Recruiters Association. Extensive work continues to be done with regard to graduate development, internship and bursary programmes.

We are currently in the process of establishing the Imperial Logistics Academy, the focus of which will be to deliver customised training and development programmes aligned to national qualifications.

Our impact on the environment

Imperial Africa Logistics' business practice is based on the principles of environmental responsibility and triple bottom-line sustainability. With this ethos driven at the highest level, our CEO was presented with the Nedbank Capital Sustainability Leadership Award in recognition for his success in greening African supply chains.

During the year the division completed the first phase of its energy-efficiency project, which has delivered significant savings on energy costs at various locations. Phase II of the project is being rolled out to nine additional premises which are collectively expected to deliver an average energy saving of 1 368 400 kWh per annum. This equates to a carbon saving of approximately 580 tonnes GHG per annum.

The Specialised Freight Division received accreditation by the International Cyanide Management Institute (ICMI) during the year, making it the only accredited transporter in Southern Africa and one of only 12 accredited companies in Africa.

Commitment to our customers

Imperial Africa Logistics continues to focus on developing strategies to partner with customers so that they can achieve their strategic objectives. During the year the business underwent a strategic consolidation process. Similar expertise from across various businesses were pulled together into a number of new units to leverage scale and synergies to drive cost savings and greater efficiency. This further positioned the division to deliver a simplified, consolidated end-to-end logistics solutions to customers who can now benefit from the best the company has to offer in all areas.

The division continued to develop its intermodal transport strategy in direct response to customers' need to utilise rail transport to greater effectiveness. This focuses on increasing appropriate product movement on rail infrastructure, and converting existing road freight transport to rail freight transport in southern Africa.

The year also saw further development of Imperial Managed Logistics' integrated approach to supply-chain management which allows customers exceptional visibility along the logistics chain, enabling them to anticipate more exact delivery times and plan effectively and efficiently.

Outlook and strategic objectives

In the short term we expect trading conditions in the logistics industry to remain tough, driven by reduced consumer spending, muted retail sales and pressure on exports amid a fragile global economy. However, the outlook for the industry in the medium to long term remains positive as businesses increasingly follow the trend to outsource logistics functions to expert service providers.

In particular, promising growth opportunities exist across Africa as increased consumerism is driven by the emergence of a growing middle class.

Strategic objectives

- Leverage a strong position in existing markets to capitalise on growth opportunities presented to the logistics industry
- Continue to follow our clients into Africa and play a bigger role in other key trade corridors in Africa
- Take advantage of consumer growth opportunities in Africa, e.g. FMCG, pharmaceuticals
- Explore opportunities for our customers to benefit from intermodal transport
- Support customers in "route-to-market" solutions
- Actively target new industries where we are currently not active
- To achieve long-term return on invested capital; minimum of 4% above cost of capital

International Logistics

Highlights

Successful consolidation of businesses following Lehnkering acquisition in previous year.

Imperial Shipping Group received the Green Award for ecological standards in inland shipping.

Revenue and operating profit up 39% and 27% respectively, in South African Rand.

Establishing new offices in China and South America in line with our internationalisation strategy.

Gerhard Riemann, *CEO of International Logistics*

Key stats

- Biggest fleet of subcontracted inland water vessels in Europe
- Access to more than 700 inland vessels
- 2 000 000 m² of storage capacity
- 20 hazardous goods warehouses with 328 000 pallet places
- 100 million tonnes of handling volume per year
- Employs around 7 500 people

Key macro drivers

- Growth in Germany
- Import and export volume growth in and out of Germany
- International trade growth

Divisional overview

Imperial Logistics International occupies crucial industrial choke points in Europe's strongest economy, Germany. It is a leading logistics partner to the automobile, steel, aluminium, paper and chemical industries, as well as the mechanical and plant engineering sectors. In providing tailored logistics services it plays a key role in trade flows in and out of Germany and broader European economies.

The division offers holistic, industry-wide logistics solutions for its clients; from transport, storage and distribution to outsourced production services. It is a leading player in many of its niche markets and it makes a significant contribution to Germany's powerful manufacturing and export industries.

Imperial Logistics International operates through five divisions: Imperial Shipping Group, Lehnkering, Panopa, Neska and Brouwer.

Divisional review continued

International Logistics continued

Imperial Logistics International

Imperial Shipping Group	Lehnkering	Panopa	Neska	Brouwer (associate)
				

Operating units

Imperial Shipping Group

Europe's leading inland shipping company, with a range of transportation services.

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

24 locations in Europe.

Approximately 1 100 employees.

60 million tonnes a year transported.

More than 700 inland vessels.

Lehnkering

Experts in chemical logistics offering transport, warehousing distribution and extensive value added services such as manufacturing and packaging on behalf of its customers.

55 locations in Europe and one in the USA.

Transport capacity of more than 3 million tonnes a year.

Storage space of 300 000 m².

Panopa

A contract logistics specialist providing a broad range of services from the beginning to the end of the supply chain. Panopa services the steel, automotive and spare parts industries, offering consulting and planning, warehouse management, order picking and sequencing, partial processing and preliminary assembly, as well as transport and freight forwarding.

65 locations in Europe, one in China and one in the USA.

Handling of 6 million tonnes of steel and transports 1,6 million tonnes of truck freight a year.

Storage space of 700 000 m².

Neska

A specialist for intermodal shipments of diverse goods, Neska operates bulk and container terminals in the main industrial centres along Germany's inland waterways. It manages the transshipment of containers; paper and forestry products; refractory products; ferro alloys and minerals; aluminium; steel; coal; sand and gravel.

13 companies with 23 locations in Europe, six multi-modal terminals.

Cargo handling volume of 8 million tonnes of general and bulk cargo and 1,5 million container handlings a year.

Storage space of more than 1 million m².

Brouwer (associate)

Maritime transport specialists offering varied solutions and concepts for shipping bulk cargo. Activities include worldwide shipment of all bulk commodities; pipe, project and heavy-lift cargoes; arrangement of cargo handling services worldwide, including domestic transport; operating and handling of time charters; clearance and agency in all German ports.

Located in Hamburg.

Transport capacity of more than 25 million tonnes a year.

Market conditions

We experienced tough market conditions due to the slowdown in the European economy. Transport volumes were depressed, although activity levels in certain of our core markets like the chemical industry and gas shipping market held up well. We also benefited from exports out of Germany into markets outside Europe.

Results

€ million	2013	2012	Change %	H2 2013	H2 2012	Change % on H2 2012	H1 2013	Change % on H1 2013
Revenue	**1 363**	1 087	25,4	**694**	690	0,6	**669**	**3,7**
Operating profit	**66**	59	11,9	**37**	39	(5,1)	**29**	**27,6**
Operating margin (%)	**4,8**	5,4		**5,3**	5,7		**4,3**	

R million	2013	2012	Change %	H2 2013	H2 2012	Change % on H2 2012	H1 2013	Change % on H1 2013
Revenue	**15 574**	11 247	38,5	**8 363**	7 088	18,0	**7 211**	**16,0**
Operating profit	**759**	598	26,9	**452**	396	14,1	**307**	**47,2**
Operating margin (%)	**4,9**	5,3		**5,4**	5,6		**4,3**	

	2013	2012
Return on invested capital (%)	**8,9**	11,0
Return on invested capital before amortisation of intangibles and acquisition cost (%)	**11,2**	14,8
WACC (%)	**7,6**	11,9

The prior year is not directly comparable as the acquisition of Lehnkering was only included for six months. The division had a robust second half and performed satisfactorily for the year despite tougher trading conditions as a result of a slowing German economy. Transport volumes across the German inland shipping industry were down and freight rates have been under pressure. Activity levels in certain of our core markets held up well, namely the chemical industry and the gas shipping market. We also benefited from exports from Germany into markets outside Europe.

The group's shipping activities, including those of Lehnkering, have been integrated into one unit, namely the Imperial Shipping Group. The business performed well despite difficult trading conditions where volumes and freight rates were under pressure. To counter this, we gained business from existing and new customers, managed our costs better and optimised our fleet of contracted vessels.

Lehnkering, which after restructuring of our operations houses all our non-shipping chemical industry logistics activities, including warehousing, road transport and chemical manufacturing services, experienced normal seasonally low activity levels in the first half and performed much better in the second half, in line with expectations. The agrochemicals industry typically generates higher revenues in the second half of the financial year. Lehnkering was affected by once-off charges, mainly in the first half due to corrective action required in certain areas.

Panopa, which provides parts distribution and in-plant logistics services to the automotive, machinery, and steel manufacturers performed well despite a depressed steel market and the slowing European automotive industry. Contract gains and renewals were the main drivers of good performance. The integration of Lehnkering's steel and retail contract logistics divisions into Panopa was successfully completed and is performing in line with expectations.

Neska, the terminal operator, had a more challenging year. Its performance was affected by one client being placed under administration and another having a fire which disrupted operations at the container terminal in Krefeld. It is expected that the utilisation of the terminal will improve in the new financial year. The remaining terminals performed in line with expectations.

Gross capital expenditure of R441 million was incurred, up 28% when compared to the prior year, mainly due to the weaker Rand.

Divisional review continued

International Logistics continued

Risks, opportunities and performance drivers

Risks	Opportunities	Performance drivers
Change in transport flows	Drive for efficiency in the logistics supply chain	New contract gains
Exchange rates	Environmentally friendly logistics solutions	Broadening service offerings to clients
Decreasing foreign trade growth	Exposure to industries with good medium- to long-term growth prospects	Cost control and efficiencies
Worsening of European economic conditions	Trend to outsourcing	Strict asset management
Low levels of manufacturing activity	Following our customer base into other geographies	Return on invested capital

Sustainability

Our people

Qualified employees are very important to the success of the company and Imperial Logistics International invests extensively in apprenticeship programmes. Roughly 8% to 10% of the company's employees in Germany are apprentices participating in "Duales System" training programmes – a dual education system combining theory and practical training that culminates in a nationally recognised vocational qualification.

Imperial Logistics International continues to be successful in attracting a steady supply of apprentices for the approximately 360 apprenticeship training positions available. However, it regularly participates in career and recruitment events for students and graduates to proactively ensure it continues to attract qualified young people for apprenticeship training positions.

Recently, Imperial Logistics International started a management trainee programme for young, high-potential employees. Around 12 to 20 young managers will be selected annually and coached for their future career at Imperial Logistics International.

Quality, environment, health and safety

Issues of quality, environment, health and safety (QEHS) are high on the company's agenda and all divisions meet internationally recognised standards that include:

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

A comprehensive risk analysis process is in place to monitor adherence to these standards and measure QEHS performance.

On the environmental management front, Imperial International Logistics is recognised as a market leader and has received numerous awards. During the year a further two gas tankers from Imperial Shipping Group received the Green Award for ecological standards in inland shipping.

A number of businesses continued to implement energy and water-saving initiatives during the year, including the installation of energy-efficient lighting, dust and noise pollution reduction measures and water treatment and recycling projects.

Outlook and strategic objectives

Imperial Logistics International remains well positioned in attractive niches in the German logistics industry. Despite the tough conditions in Europe, we are positive about the division's prospects and its ability to show growth due to its positioning and the industries it serves. We will continue to follow our customers who are entering new markets and potential acquisitions will also be a further growth driver.

Strategic objectives

- Maximise position in current niches and segments
- Take advantage of trend to outsourcing in key industries we serve
- Pursue bolt-on acquisitions in areas we have expertise – through consolidation and diversification
- Follow our customers into new geographies, e.g. Eastern Europe, Russia, South America and China

Divisional review continued

Automotive and Industrial pillar

This pillar is focused on the full spectrum of automotive and industrial trading activities of the group, with the exception of Financial Services. It houses Imperial's Vehicle and Industrial Distribution, Retail and Allied Services; Automotive Retail; Car Rental and Autoparts activities.

The divisions included in this pillar are as follows:
– Distribution, Retail and Allied Services.
– Automotive Retail.
– Car Rental.
– Autoparts.

Key data – Automotive and Industrial

	2013 Rm	2012 Rm	% growth
Revenue	**57 577**	51 679	11
Profit from operations	**3 578**	3 409	5
Operating margin (%)	**6,2**	6,6	
Net operating assets	**15 144**	13 117	15
Revenue to average net operating assets (times)	**4,1**	4,4	
Revenue relating to sales of goods to average inventory (times)	**5,1**	5,5	
Weighted average invested capital	**14 849**	12 765	16
Return on invested capital (%)	**14,5**	14,5	
Return on invested capital (PPA/acquired cost adjusted) (%)	**14,5**	14,5	
Weighted average cost of capital (%)	**8,7**	9,6	
Net capital expenditure	**1 857**	1 212	53
Number of new and used vehicles and motorcycles sold	**206 462**	198 131	
Number of new vehicles sold in South Africa	**123 737**	120 218	
Number of new vehicles sold in Australia and the United Kingdom	**10 854**	10 846	
Number of used vehicles sold in South Africa	**63 266**	58 608	
Number of used vehicles sold in Australia and the United Kingdom	**4 346**	4 540	
Number of motorcycles sold	**4 259**	3 919	
Number of vehicles for hire	**17 602**	16 599	
Number of employees	**19 336**	18 305	6
Number of new vehicle dealerships	**243**	228	

Highlights

Car parc of vehicle brands distributed now exceeds 800 000.

Sold 123 737 new and 63 266 used vehicles during the year in South Africa.

Kia received distributor of the year award from Kia Motors Company, Korea.

Kia and Hyundai both received marketing awards in 2012.

Lindsay Saker wins VW Group of the year award.

Toyota Kempton Park wins dealer of the year.

Mercurius Polokwane (Mercedes-Benz) wins dealer of the year.

Acquired Orwell Truck Limited in the UK, a Mercedes-Benz commercial dealership.

Europcar was voted Africa's leading car hire company at the 2012 World Travel Awards for the seventh consecutive year.

Autoparts expanded into the commercial parts market and commenced African expansion initiatives.

Key stats

- Represent virtually every motor brand in South Africa
- Over 240 new car dealerships
- Over 100 used car dealerships branded as Auto Pedigree and Imperial Select
- Vehicles in car rental fleet peaking at 20 000
- Leading aftermarket vehicle parts distributor in South Africa with 20 owned stores and 419 franchised stores and workshops and 46 in the Rest of Africa
- Distributor for key brands in industrial products including Crown, Doosan, Tenant and Genie

Key macro drivers

- Economic growth
- Bank credit extension
- Interest rates
- Emerging middle class
- Ageing car parc
- Exchange rates
- Disposable income of consumers

Overview

The divisions included in this pillar are as follows:
- Distribution, Retail and Allied Services.
- Automotive Retail.
- Car Rental.
- Autoparts.

We disposed of NAC during the year, thereby exiting aviation distribution. Subsequent to the year-end, the division also disposed of its tourism operations, subject to Competition Commission approval. This is in line with our strategy of exiting sub-scale businesses and focusing on our core industries; namely, logistics, automotive and industrial distribution and financial services.

At a glance 1 – 9
Overview of Imperial 12 – 37
Management report 40 – 83
Financial reports and notices 86 – 136

Divisional review continued

Automotive and Industrial pillar continued

Operating units

Distribution, Retail and Allied Services

Vehicle Distribution and Allied Services	This unit comprises a number of individual businesses that import and distribute a range of passenger and light commercial vehicles and motorcycles on behalf of our principals.
Industrial Distribution	This unit is aligned to Imperial's strategy of growing its business in industries that complement its existing distribution expertise. It distributes forklift trucks, industrial cleaning equipment, access equipment, golf carts, compact equipment and other products with an industrial application.

Automotive Retail

Automotive Retail	The Automotive Retail division comprises commercial, passenger and light commercial dealerships in South Africa, commercial and van dealerships in the United Kingdom, and outdoor and leisure products which include Beekman Canopies, Jurgens Caravans and Safari Centre. Franchise dealerships represent virtually every major OEM brand.

Other

Car Rental	The Car Rental Division comprises three business units: Car Rental, Used Car Sales (under the Auto Pedigree brand) and Panel repair centres. The car rental brands are Europcar, Europcar Van Rental and Tempest.
Autoparts	Autoparts acts as an importer, wholesaler and distributor of parts and accessories for motor vehicles that are outside manufacturer warranty and service plans. The division includes Midas, Alert Engine Parts, Turbo Exchange and the newly acquired Afintapart.

Market conditions

The new vehicle market was favourable during the year with the market in South Africa, growing by 7,6% for the year. Good credit availability, affordability and continued low interest rates underpinned the growth in the market. The used car market also improved during the year as a result of new vehicle price increases. The commercial vehicle market in the UK remained depressed.

Trading conditions in the industrial distribution market were strong, driven by an increase in the need for warehousing and distribution solutions.

Competitive trading conditions persisted in the car rental market which has seen rental rates under pressure in recent years. The impact of higher accident rates and unusual hail storms during the year had an adverse impact on operating margins. The market for used vehicles improved during the year.

The autoparts industry is mature but stable as it is represented by a large car parc of approximately 10 million vehicles with an average age of approximately 12 years. During the year, reduced consumer demand was experienced on discretionary products like camping equipment and accessories.

Sustainability

Our people

The development of key technical skills and a robust pipeline of management skills are two critical people-related focus areas across the Automotive and Industrial pillar. The Imperial Technical Training Academy offers a range of SETA-accredited programmes for apprentices and other technical skills, at the three diesel and petrol apprentice training facilities. We have in excess of 771 registered apprentices in this business.

The empowerment of women is a key priority in the car rental businesses and women hold more than 45% of the management positions across Europcar and Tempest. A learning academy was also opened in August and to date 3,5 training days per individual staff member has been achieved with an annual target of 5,5 days.

Our impact on the environment

Across the various business units, waterless car wash bays were installed. The eco-friendly wash bays reduce the amount of water used to wash a single car from around 2,7 litres to less than 1 litre. Several dealerships have also installed rain harvesting systems and new facilities are built according to sustainable building practices. Among these is the Weltevreden Park Kia dealership, which is the first solar-powered Kia dealership in the world. The car rental business has installed water recycling systems at its wash bays.

By changing the fleet mix Europcar has reduced its carbon emissions by an average of 3% across all vehicle groups.

Our commitment to customers

OEMs measure the customer satisfaction rating of our dealerships in line with international standards. High performance on these indices is an absolute imperative to these business.

Customer experience remains a key focus area in the car rental business and is one of the few differentiators in this highly competitive industry. To ensure that the highest standards are met, Europcar has adopted and implemented the Net Promoter Score, a globally tried and tested world-class tool, to benchmark their service levels against international operators.

Strategic objectives

- Target best in industry ROIC and operating margins
- Increase market share
- Grow annuity-type income from parts, service and after-sales activity
- Grow private vehicle leasing business
- Add more industrial brands to current distribution network
- Identify acquisition opportunities in new areas of distribution and services related to existing activities and new areas
- Expansion of parts and vehicle distribution into Africa

Outlook

We anticipate tougher trading conditions in the new motor vehicle market during the year ahead. Reduced disposable income, a weaker currency and the high base created by strong volume gains in the last four years all present headwinds for growth. While our inventory position has improved, we expect the market to be more competitive as market conditions get tougher. As a result of new vehicle price increases, the used car market should improve further and after-sales parts and service revenues will continue benefiting from the increase in the installed base of vehicles in the brands we import.

Conditions in the Car Rental business are expected to remain competitive. The used vehicle market is expected to improve.

The autoparts business should continue to perform solidly as initiatives to expand its product range and geographic footprint bear fruit despite the increasingly competitive market.

Divisional review continued

Distribution, Retail and Allied Services

Manny da Canha
CEO of Distribution, Retail and Allied Services

Distribution, Retail and Allied Services

Vehicle distribution, retail and allied services	Industrial distribution	Associates and joint ventures	Australian dealerships
– Hyundai – Kia Motors – Daihatsu – Bentley – Lamborghini – Lotus – Mitsubishi Motors		– Renault – TATA – Cherry	

Overview of operating units

Distribution, Retail and Allied Services

Vehicle Distribution and Allied Services

This unit imports and distributes a number of motor vehicle and motor cycle brands to a dealer network through approximately 117 owned and a number of independent dealers across South Africa. Motor vehicle brands include Hyundai, Kia, Daihatsu, Mitsubishi, Tata, Lamborghini, Bentley, Lotus and Proton. A well-established retail network facilitates a comprehensive after-sales service that includes financial services, vehicle services, parts supply and accessories. The division also imports Kawasaki, Aprilla and Triumph motorcycles and related accessories.

Datadot installs micro dots used in the detection of motor vehicle theft and are also used to identify and protect motor cycles, trailers, marine craft, home, business and personal assets.

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

We have invested in electronic and technology support services to support the enhancement of the dealership business into the future.

Industrial Distribution

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

Bobcat, a leading supplier of compact equipment into the construction, mining and agricultural sectors complements our existing offering of quality products and after-sales service.

Segway imports and distributes electric personal transporters.

E-Z-GO, a distributor of golf carts, is also housed in this division. Its market includes golf courses and estates, on 40% of which its carts are currently used, as well as the healthcare and hospitality industries.

Associates and joint ventures

Through agreements with Renault SAS France, we distribute Renault motor vehicles with the Bidvest Group, we distribute Chery/Foton motor vehicles.

Australian Dealerships

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

Risks, opportunities and performance drivers		
Risks	**Opportunities**	**Performance drivers**
Sustained Rand weakness	Expansion of parts and vehicle distribution into Africa	Vehicle sales
Interest rate increases	After-sales parts and service revenue streams flowing from the brands we represent	Market share
Availability of consumer credit	Optimise positioning in motor value chain	Overhead absorption rates
Increased competition	Growth in the private vehicle leasing market	Contribution in revenue from sales parts and service capital management
Reliance on key distribution relationships		
Regulatory constraints and impact on business		

Results

R million	2013	2012	Change %	H2 2013	H2 2012	Change % on H2 2012	H1 2013	Change % on H1 2013
Revenue	**25 682**	22 797	12,7	**12 654**	11 986	5,6	**13 028**	**(2,9)**
Operating profit	**2 228**	2 121	5,0	**1 079**	1 124	(4,0)	**1 149**	**(6,1)**
Operating margin (%)	**8,7**	9,3		**8,5**	9,4		**8,8**	

	2013	2012
Return on invested capital (%)	**21,5**	19,8
WACC	**9,0**	10,1

The division performed satisfactorily considering some of the challenges faced by it during the year. These include a weakening currency, lack of stock availability from our principals in South Korea and a more competitive market. Excluding the Australian operation, new vehicle registrations as reported to NAAMSA by Associated Motor Holdings (AMH), Amalgamated Automobile Distributors (AAD), TATA and Mitsubishi were 1,2% higher, compared to a market increase of 7,6%. Strong growth was experienced in used car sales and annuity revenue streams generated from after-sales parts and service. Revenue from rendering of services was up 24% for the year. The growing vehicle parc of our imported brands is securing good levels of after-market activity for its dealerships, which are performing better.

Vehicle distribution margins declined as a result of a weaker Rand, stock shortages and more competition. Forward exchange contracts and price increases enabled us to manage the impact of the volatile currency throughout the year. The strong growth in used car sales and after-sales parts and service also provided a valuable underpin to the division's operating margin and profit.

The Goscor Group which distributes industrial products, had an excellent year with strong growth experienced in the forklift and access equipment businesses. The cleaning equipment business performed satisfactorily while Bobcat, which supplies compact equipment into the construction, mining and agricultural sectors had a challenging year.

The businesses that complement and are allied to our motor-related activities which include Car Find, Bid 4 Cars and Datadot, continue to perform well.

In Australia, new and used retail unit sales were down 5% and 11% respectively. The dealerships in Australia had to realign their business to focus on selling more vehicles to retail customers and less to rental companies, which impacted volumes negatively. Ford has a strong line-up of vehicles in Australia and the business is expected to improve.

At a glance 1 – 9
Overview of Imperial 12 – 37
Management report 40 – 83
Financial reports and notices 86 – 136

Divisional review continued

Automotive Retail

Philip Michaux
CEO of Automotive Retail

IMPERIAL AUTOMOTIVE RETAIL

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

Risks, opportunities and performance drivers

Risks	Opportunities	Performance drivers
Interest rate increases	Growing South African middle class	Volume growth
Declining consumer spending and credit appetite	Opportunity for Jurgens Ci in the Australian market	Return on invested capital
Lack of availability of credit	Growth in supply of vehicles to full maintenance lease business	Sale of value-added products per car
	Growing parts and service revenues contributed from increase in motor vehicle car parc	Overhead absorption rates
		Contribution per employee
		Customer service index

Overview of operating units

Automotive Retail

South African Dealerships

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

UK Dealerships

In the United Kingdom, the Automotive Retail division is involved exclusively in the commercial vehicle market, from light commercial to medium, heavy and extra-heavy commercial vehicles. It sells new and used vehicles and vans as well as related financial services, parts and servicing. There are 30 franchised dealerships representing major brands that include DAF, Mercedes Benz, Volkswagen, Isuzu, Nissan, Fiat, Ford, Hino and MAN.

Non-OEM products

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

Beekman Canopies is a major canopy manufacturer in South Africa. Facilities located in the Western Cape and North West Province manufacturing over 100 models of fibreglass canopies and related accessories. The business has a 30-year track record as a leader in its industry.

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

Jurgens Ci houses major brands including Jurgens, Jurgens Safari, Sprite Gypsey, Howling Moon, WJ Motor Homes and Campworld. Prestige Safari Centre, which has 10 retail stores and fitment centres round the country, offering a one-stop shop for 4x4 accessories and outdoor equipment.

Jurgens is active in the manufacture of canvas products, road and off-road trailers, canopies and truck bodies. Jurgens Ci and Beekmans employ a combined 1 655 staff in manufacturing in the Western Cape, KwaZulu-Natal and at its plants in Brits in the North-West province.

Results

R million	2013	2012	Change %	H2 2013	H2 2012	Change % on H2 2012	H1 2013	Change % on H1 2013
Revenue	**22 702**	19 560	16,1	**11 776**	9 683	21,6	**10 926**	**7,8**
Operating profit	**651**	573	13,6	**352**	312	12,8	**299**	**17,7**
Operating margin (%)	**2,9**	2,9		**3,0**	3,2		**2,7**	

	2013	2012
Return on invested capital (%)	**13,4**	12,0
WACC	**8,7**	9,8

The division produced a pleasing set of results for the year. Growth in new vehicle retail sales units from South African operations was 10% ahead of industry growth. Used vehicle sales also improved by 7,5% compared to the prior year.

Passenger car volumes were strong and were up 9,7% due to a well-balanced franchise mix that benefited from a good new model lineup and growth in the entry-level segment.

Commercial unit vehicle sales (including light commercial) was up 10,7% across all brands in South Africa.

Growth in after-sales service revenue was satisfactory, while parts revenue grew encouragingly as we continue to focus on growing revenue streams from after-sales activities. The significant increase in new car sales over the last few years bode well for the future after-sales parts and services revenue for the division.

In the UK, the division continues to produce good results in a depressed market. The benefit of multi-franchising a number of sites with light commercial vehicles has paid off well and the recent acquisitions of Watts (a DAF dealer) and Orwell (a Mercedes-Benz commercial vehicle dealer) also contributed positively.

Beekman Canopies continues to perform well and successfully expanded its distribution network during the year. Jurgens Ci was impacted by industrial action in the first half of the financial year and produced a mixed set of results. The caravan market also remains muted due to lower consumer spending on leisure activities in South Africa. The Australian caravan assembly and distribution operations however, performed better.

Divisional review continued

Other segments

Car Rental

Philip Michaux
CEO of Car Rental

IMPERIAL CAR RENTAL, TOURISM & PARTS

Car rental	Used car sales	Panel shops
Europcar; Chauffeur Service; Europcar Van Rental; Gage Car Hire; Tempest Car Hire; holiday autos	Auto Pedigree; Imperial Auto Auctions; Imperial Auto Wholesale	Imperial Autobody; Danmar Autobody

Operating units

Car Rental

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

The car rental business also includes a number of niche rental brands. These include Europcar Van Rental; Europcar Chauffeur Drive; Holidayautos (associate), which specialises in local and international outbound leisure car rentals; and Gage Car Hire, which specialises in the insurance vehicle replacement market.

Used Car Sales

Imperial's strategy is to dispose of the majority of its car rental fleet into the retail market by offering consumers affordable, low-mileage vehicles and a range of value-adding services including finance (via joint ventures with financial institutions) and insurance. This is done primarily through Auto Pedigree, the largest used car dealer network in South Africa with 62 branches. Complementary businesses in the used car sales entity include Imperial Auto Auctions which specialises in motor vehicle auctions.

Panel shops

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

Risks, opportunities and performance drivers		
Risks	**Opportunities**	**Performance drivers**
Low barriers to entry	Growth of international tourists to South Africa	Cost control, fleet utilisation and efficiencies
Increased competition	Grow new source markets	Return on invested capital
Improved public transport	Leverage of Europcar international network	New contract gains
Weakness in local and international travel	Rental of commercial vehicles	Revenue per day
Weakening currency/increased costs	Take advantage of our scale in the market	Volume growth
Deteriorating accident rates		

Overview

The car rental brands are Europcar, Europcar Van Rental, Tempest Car Hire and a number of niche offerings, including Europcar Chauffeur Drive and two car rental broking businesses – Gage Car Hire, which specialises in insurance replacement market, and an associated company Holidayautos, which services the local leisure and outbound car rental markets.

Imperial disposes of the majority of its car rental fleet into the wholesale and retail market through Auto Pedigree and Imperial Auto Auctions. It also offers a range of value-adding services including finance (via joint ventures with financial institutions) and insurance.

The panel repair centres include Imperial Auto Body and Danmar Autobody, which collectively service the car rental fleet, other motor vehicle businesses within the Imperial group, the consumer market and leading insurance companies.

This model helps to optimise our position in the motor value chain and enhances our returns.

Results

R million	2013	2012	Change %	H2 2013	H2 2012	Change % on H2 2012	H1 2013	Change % on H1 2013
Revenue	**3 608**	3 282	9,9	**1 902**	1 658	14,7	**1 706**	**11,5**
Operating profit	**405**	383	5,7	**214**	185	15,7	**191**	**12,0**
Operating margin (%)	**11,2**	11,7		**11,3**	11,2		**11,2**	

	2013	2012
Return on invested capital (%)	**12,6**	10,2
WACC	**8,2**	8,6

The tourism businesses were disposed of after the reporting period and are reported on page 77. The above table does not include the tourism results.

The business had a very good second half and achieved a satisfactory result for the year despite tough trading conditions in the car rental industry. Revenue growth was encouraging in the car rental business as revenue days and revenue per day increased by 3% and 1% respectively. The revenue per day was impacted by the change in mix due to the growth in the replacement business. Revenue per day grew by 3% if the replacement business is excluded.

Utilisation improved from the first half and was in line with the prior year at 70%. This was achieved despite the increase in the number of vehicles at the panelshops following the damage caused by hail storms during the year. The average rental fleet size was 3% higher than the prior year.

Operating margin showed a slight improvement in the second half of the year but was still lower than the prior year as costs increased ahead of revenue. Accident costs were significantly higher in the car rental business when compared to the prior year.

Auto Pedigree had an excellent year as retail unit sales were higher and the business improved its performance significantly from the prior year.

The panel business improved its performance from the prior year but further corrective actions are being taken by management to strengthen the business.

At a glance 1 – 9
Overview of Imperial 12 – 37
Management report 40 – 83
Financial reports and notices 86 – 136

Divisional review continued

Other segments continued

Autoparts

Osman Arbee
Chairman of Autoparts

Operating units

Autoparts

Autoparts is involved in wholesaling and distributing vehicle parts and accessories for motor vehicles that are generally outside manufacturer warranty and service plans. The division includes Midas, which sells parts and accessories through 20 owned stores and 419 franchised stores and workshops in South Africa and 46 in the rest of Africa.

Alert Engine Parts is one of the largest distributors of engine components. Its range spans top-quality house brands and those from original equipment manufacturers, and services the southern African automotive after-sales market.

Turbo Exchange is a highly specialised and leading distributor and refurbisher of turbochargers. In line with the group's strategy to extend into other areas of parts distribution, 80% of Afintapart SA, a commercial vehicle parts distributor, was acquired by Midas during the period. This acquisition has strengthened the group's positioning in the distribution of aftermarket parts in the commercial vehicles market. The division forms a valuable part of our motor value chain.

Risks, opportunities and performance drivers

Risks	Opportunities	Performance drivers
Increased competition	Growth potential in the African market	Return on invested capital
Disintermediation by manufacturers	Commercial vehicles aftermarket parts industry	Revenue growth
Rapid technological change	Increase the number of value brands	Cost management
OEMs entering the aftermarket	Targeting the workshop market	Working capital management

Results

R million	2013	2012	Change %	H2 2013	H2 2012	Change % on H2 2012	H1 2013	Change % on H1 2013
Revenue	4 473	4 134	8,2	2 209	2 043	8,1	2 264	(2,4)
Operating profit	293	278	5,4	149	138	8,0	144	3,5
Operating margin (%)	6,6	6,7		6,7	6,8		6,4	

	2013	2012
Return on invested capital (%)	24,0	29,9
Return on invested capital before amortisation of intangibles and acquisition cost (%)	24,2	29,9
WACC	9,2	9,7

The Autoparts business is being reported separately for the first time.

Midas performed satisfactorily in a sluggish and competitive market. The industry is mature but stable as it is represented by a large national car parc of approximately 10 million vehicles with an average age of approximately 12 years. During the year, some pressure was also experienced on discretionary products like camping equipment and accessories.

Alert Engine Parts performed well while Turbo Exchange was negatively impacted by competitively priced imports.

Geriban, our 30% held associate in Zimbabwe traded well during the year, while NGK in which we own a 25% shareholding performed in line with the prior year.

NAC and Tourism

R million	2013	2012
Revenue	1 112	1 906
Operating profit	1	54

Included in the Other segment result is NAC, the aircraft distributor and aviation services business and the tourism businesses.

The group disposed of its 62% shareholding in NAC at the end of January 2013.

After the reporting date the group disposed of its tourism division, which had been subscale in the context of the group. This transaction is still subject to the approval of the Competition Commission.

Divisional review continued

Financial Services pillar

The Financial Services division provides customers with a broad range of financial services and products, including vehicle financing (via alliances), insurance and maintenance plans, it leverages off Imperial's strong distribution and retail network capability in the motor vehicle industry. It also provides niche life and short-term insurance products selectively through channels outside Imperial. It operates in South Africa, Botswana and Lesotho.

Key data – Financial Services

	2013 Rm	2012 Rm	% Growth
Insurance			
Revenue	**3 287**	3 112	6
Operating profit	**510**	419	22
Adjusted investment income	**251**	175	43
Adjusted underwriting result	**259**	244	6
Operating margin (%)	**15,5**	13,5	
Underwriting margin (%)	**7,9**	7,8	
Other financial services			
Revenue	**951**	887	7
Operating profit	**435**	356	22
Operating margin (%)	**45,7**	40,1	
Total financial services			
Revenue	**4 238**	3 999	6
Operating profit	**945**	775	22
Operating margin (%)	**22,3**	19,4	
Weighted average invested capital	**2 143**	1 809	18
Return on invested capital (%)	**32,0**	31,4	
Weighted average cost of capital (%)	**10,5**	12,2	
Return on embedded value – life assurance (%)	**21,5**	18,8	
Solvency ratio – short term (%)	**46,2**	43,7	
Capital adequacy ratio – life assurance	**3,4**	4,4	
Net capital (proceeds)/expenditure	**(237)**	307	
Number of employees	**1 122**	1 090	3
Number of policies sold			
– Short-term policies	**302 628**	283 949	
– Life policies	**94 557**	93 249	
Number of maintenance, warranty and service contracts sold	**151 265**	129 217	
Maintenance, warranty and service funds	**2 592**	2 074	

Highlights

Operating profit up 22%.

Regent policy sales reached over 30 000 per month on average in 2013.

Funds under management in LiquidCapital have grown 26%.

Policies under administration in LiquidCapital have grown by 17%.

Regent sharpened its focus by exiting unprofitable lines of insurance.

Key stats

- Now represents 16% of group operating profit
- Products include comprehensive insurance, value-added products for the motor industry, maintenance plans, service plans and warranty products

Insurance

- Approximately 1 million policies under management
- Servicing over 950 dealer outlets throughout southern Africa

Other financial services

- Over 440 000 active customers
- Approximately 760 000 service, maintenance and manufacturer extended warranty plans under management
- Servicing over 830 dealer outlets throughout southern Africa

Key macro drivers

- Economic growth
- Interest rates
- Motor vehicle sales
- Regulatory landscape
- Disposable income
- Underwriting cycles

Overview

Separated into the businesses that fall under Regent Insurance, and those that are grouped under Other Financial Services (mainly represented by LiquidCapital), it is central to Imperial's strategy of optimising its position in the vehicle sales value chain and provides the group with valuable annuity income streams.

The division also includes Imperial Fleet Management, an alliance with WesBank, through which we offer full maintenance leasing (FML) solutions to corporate clients and Ariva, an alliance with the JD Group which has a similar offering for the private individual.

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

Market conditions

The current cycle in the motor industry favours our Financial Services division. However new business growth was not only driven by an increase in vehicle sales but also by increased sales penetration and retention. Product development and innovation in line with customer demand for "care products" such as service and maintenance plans also contributed to growth.

Insurance underwriting conditions in the short-term industry were more challenging, with two severe hailstorms having a negative impact. This affected the motor portfolio and contributed to a flat underwriting margin. Equity markets were more favourable than the prior year.

Divisional review continued

Financial Services pillar continued

Risks, opportunities and performance drivers

Risks	Opportunities	Performance drivers
Volatile investment markets	Leverage further synergies between group companies	Distribution channels and client retention
Soft short-term underwriting market	Continue to launch innovative new products in the motor value chain	Customer satisfaction and service levels
Increased costs from regulation	Growing relationships with business partners including banks	Maximising return on capital
Higher policy lapse rates from increased consumer indebtedness	Continued expansion into lower- and middle-income groups	Product innovation
Slowdown in vehicle sales	Growth of Ariva and alternative vehicle financing opportunities	Penetration levels
Deterioration of credit markets	Growth in the fleet business	Underwriting and claims management
	Growth of life business through new affinity channels	

Sustainability

Our people

Regent's people development focus is on growing management and leadership capability. During the year, 113 managers participated in training programmes that target the development of a robust leadership and succession pipeline. These programmes also target the achievement of transformation objectives.

LiquidCapital delivered training in various areas of development, including product, sales, administration support, technical skills, legislation and executive training. The business dedicated 17 884 man hours to training employees during the year, which equates to 67 hours per person per annum.

Our impact on the environment

The financial services industry has an inherently low environmental impact. However, businesses within the division are engaged in energy-efficiency, water-saving and waste-recycling initiatives to reduce their footprint wherever possible.

During the year Regent built a dedicated waste management area and launched a programme to encourage a greater culture of recycling among employees. It fitted energy-efficient lighting and invested in an eco-waterless car wash system at various premises.

LiquidCapital runs a paper recycling project and in the year ahead will add plastic, glass and other materials to its waste recycling streams. It should also be noted that well-maintained vehicles, which are serviced regularly are generally more fuel efficient and that the increasing sales of service and maintenance plans are expected to have an indirect but positive impact on the environment.

Commitment to our customers

In the year under review Regent invested significantly in programmes that underpin the Treating Customers Fairly (TCF) programme. Key components include change to product design and ensuring customer service excellence. The programme has delivered tangible improvements in complaints handling, call centre abandonment rates and customer engagement.

LiquidCapital ensures compliance with all legislative requirements through customer call validation, quarterly sales script reviews, daily live auditing on all sales calls, independent outsourced quality audits and annual compliance reports submitted to the Financial Services Board.

Customer privacy is key to both businesses, which have invested in various initiatives to ensure compliance with the new Protection of Private Information Act. These include data warehousing and outsourced data security audits.

Outlook and strategic objectives

In the year ahead Regent will focus on improving loss ratios, which will be supported by the business' recent exit from certain underperforming books of business. While we cannot predict the performance of investment markets and our investment returns, we expect our underwriting performance to improve.

The growth in the underlying books of business in LiquidCapital is expected to be impacted slightly by the slower growth in the new vehicle market. However, its financial performance will be underpinned by the strong annuity revenue streams that flow from the installed base of business it has generated in the last few years. Policy growth is expected to continue through increased penetration and retention rates as well as growth through channel development particularly in the business to consumer space.

Strategic objectives

- Increase market share in motor and non-motor-related insurance by leveraging off the Imperial dealer network
- Continue to grow our life insurance business in the emerging market
- Seek new strategic partnerships where we can leverage off respective skills sets
- Expand product ranges and improve market penetration
- Continue to investigate alternative motor vehicle financing opportunities
- Treating Customers Fairly is now integrated into the core strategy of the Financial Services division

Divisional review continued

Insurance

Jurie Strydom, *CEO of Regent Insurance*

Regent Insurance Company Limited

Regent Life Assurance Company Limited

Operating units

Insurance

Regent is a leading insurer of motor-related value-added insurance products through dealer and vehicle-finance channels. This includes Imperial dealerships as well as a significant contribution from independent dealers. Its products include extended warranties, credit insurance and paint protection.

Regent is also a leading insurer of commercial vehicles, including goods in transit cover, as well as comprehensive passenger car cover sourced though dealerships, OEM partnerships and direct call centres.

Regent's life business specialises in products for individuals and groups in the emerging market. This includes credit life, funeral cover, underwritten risk cover and savings products, sold primarily through brokers but also increasingly through affinity schemes.

Regent has leading positions in the Botswana and Lesotho markets, with both short-term and life licences in each jurisdiction.

Results

R million	2013	2012	Change %	H2 2013	H2 2012	Change % on H2 2012	H1 2013	Change % on H1 2013
Revenue	**3 287**	3 112	5,6	**1 628**	1 631	(0,2)	**1 659**	**(1,9)**
Operating profit	**510**	419	21,7	**240**	206	16,5	**270**	**(11,1)**
Adjusted investment income	**251**	175	43,4	**100**	95	5,3	**151**	**(33,8)**
Adjusted underwriting result	**259**	244	6,1	**140**	111	26,1	**119**	**17,6**
Operating margin (%)	**15,5**	13,5		**14,7**	12,6		**16,3**	
Underwriting margin (%)	**7,9**	7,8		**8,6**	6,8		**7,2**	

Note: Adjusted underwriting in the above table reflects a reallocation of policyholder investment returns from investment income to the underwriting result.

The insurance underwriting performance was much improved in the second half and despite a deteriorating claims experience in the short-term motor class, it was up 6% on the prior year and generated an adjusted underwriting margin of 7,9% for the year. As part of its strategy to focus on its core markets and distribution channels, Regent exited certain non-performing classes of business which were not generating adequate returns for some time. These made up less than 10% of its revenue but had a significant negative impact on underwriting performance. Regent's other significant product lines in the short-term insurance business delivered excellent results and showed healthy growth from the prior year.

Regent Life performed well, with gross written premiums up 15% for the year, although it was negatively impacted by economic assumption changes, which impacted the underwriting result negatively in the second half.

Investment returns were higher than the prior year as a result of a larger exposure to equity markets, which performed favourably when compared to the prior year. The second half was however more challenging as equity markets were more volatile.

Botswana and Lesotho continue to grow and the exposure to other African countries is becoming a more meaningful contributor to the division.

Other Financial Services

David Smith, *CEO of LiquidCapital*

Other Financial Services

LIQUIDCAPITAL · ariva · HYUNDAI Financial Services · KIA MOTORS Financial Services · IMPERIAL FLEET MANAGEMENT · TATA Financial Services · DAIHATSU Financial Services · 360°

Operating units

Other Financial Services

LiquidCapital is positioned as a one-stop shop for motor-related financial services and products, providing a full suite of value-added financial products and vehicle financing solutions.

LiquidCapital is also selling its products through some of Regent's distribution channels.

The LiquidCapital call centres act as a secondary sales channel for its products and provide an important sales channel for Regent's products.

The business specialises in contract maintenance, road-side assistance, service plans and vehicle maintenance products which it develops and administers in-house.

Ariva, an initiative with JD Group, provides a long-term vehicle leasing product to the private individual.

Imperial Fleet Management (IFM), a joint venture with WesBank, provides FML and other fleet management solutions to corporate and SMME clients.

MiX Telematics is a listed associate company specialising in vehicle fleet telematics and stolen vehicle recovery systems.

Results

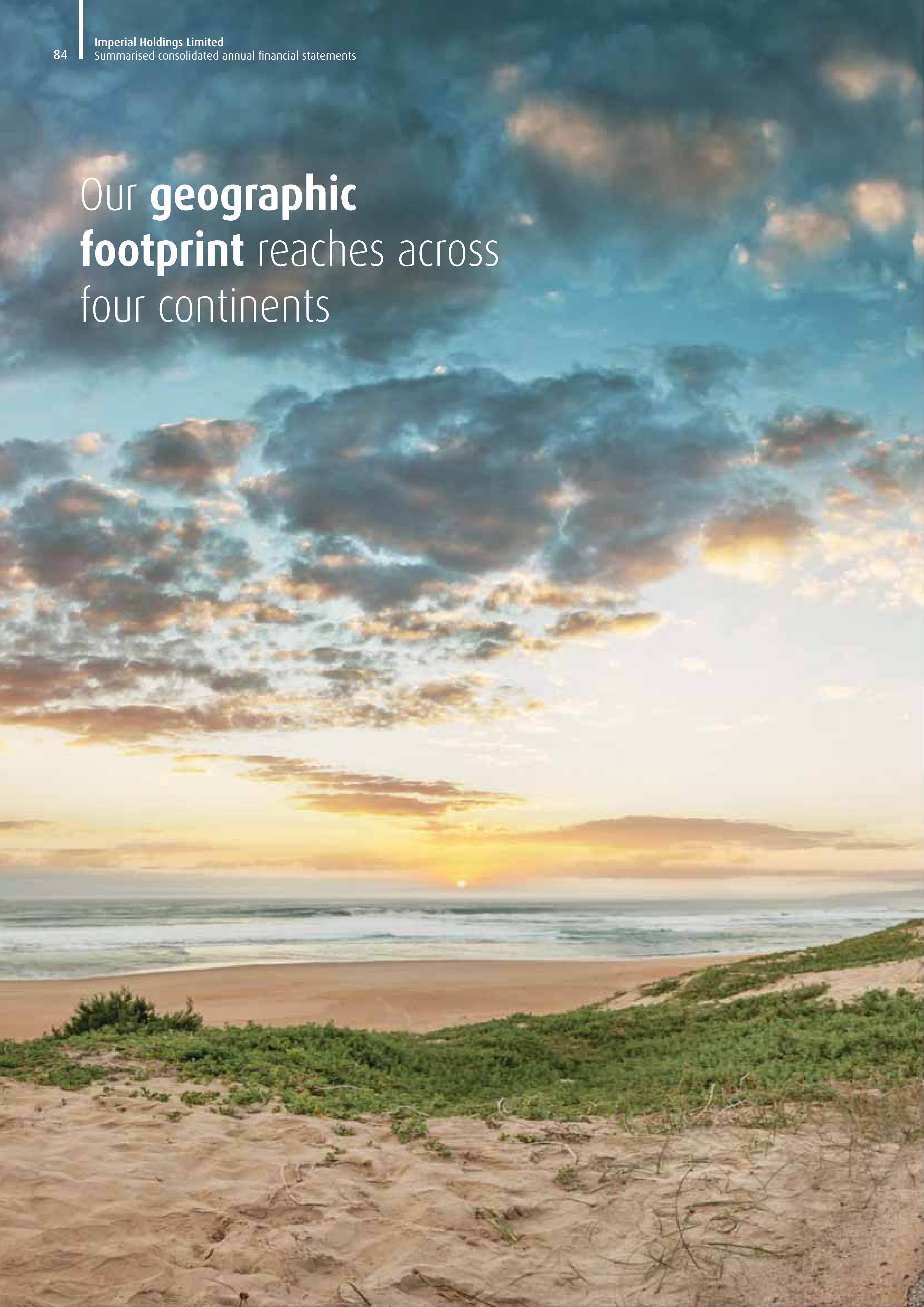
R million	2013	2012	Change %	H2 2013	H2 2012	Change % on H2 2012	H1 2013	Change % on H1 2013
Revenue	951	887	7,2	445	535	(16,8)	506	(12,1)
Operating profit	435	356	22,2	214	225	(4,9)	221	(3,2)
Operating margin (%)	45,7	40,1		48,1	42,1		43,7	

Other Financial Services, mainly represented by LiquidCapital, performed well. The operating margin has the benefit of increasing investment income which was up by 32%, helping to improve the operating margin to 45,7%. The margin also benefits from a number of profit share arrangements including banking alliances where we recognise profit for which there is no corresponding revenue.

The joint venture profits with financial institutions were however, negatively impacted by more conservative impairment assumptions in the second half, in line with expectations and current market conditions. The advances book generated through these joint ventures has however grown encouragingly, as have the funds held under service, maintenance plans, warranties and roadside assistance. Innovation of new products, improving customer retention and good penetration rates in our sales channels also contributed positively to the growth in these businesses. This business provides a valuable annuity earnings underpin to the group's future profits.

Volumes in Imperial Fleet Management continue improving as we gain new contracts. Ariva, a personal leasing alliance with JD Group is performing in line with expectations and presents growth potential in a largely untapped market.

Our **geographic footprint** reaches across four continents



Summarised consolidated annual financial statements

Contents

Directors' responsibility for financial reporting

for the year ended 30 June 2013

The directors of the company are responsible for the maintenance of adequate accounting records and the preparation and integrity of the consolidated annual financial statements and related information. The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations adopted by the International Accounting Standards Board in issue and effective for the group at 30 June 2013 and the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and financial reporting pronouncements as issued by the Financial Reporting Standards Council, and the requirements of the South African Companies Act, 2008. The group's independent external auditors, Deloitte & Touche, have audited the consolidated annual financial statements and their unmodified report appears on page 88.

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

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

The summarised consolidated annual financial statements which have been prepared using information required by IAS 34 *Interim Financial Reporting*, set out on pages 89 to 125, are an extract of the audited consolidated annual financial statements. The consolidated and separate annual financial statements are electronically available on the compact disc attached and on the group website at www.imperial.co.za.

The group's independent external auditors, Deloitte & Touche, have confirmed that the summarised consolidated annual financial statements are derived from the consolidated annual financial statements and their unmodified report appears on page 88.

The summarised consolidated annual financial statements were approved by the board of directors on 20 August 2013 and are signed on their behalf by:

TS Gcabashe
Chairman

HR Brody
Chief executive

OS Arbee
Financial director

Preparer of summarised consolidated annual financial statements

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

R Mumford
General manager group finance

20 August 2013

Report of the independent auditor on the summarised consolidated annual financial statements

To the shareholders of Imperial Holdings Limited

The summarised consolidated annual financial statements of Imperial Holdings Limited, contained in the accompanying summarised report, which comprise the summarised consolidated statement of financial position as at 30 June 2013, the summarised consolidated statement of profit and loss, the summarised consolidated statement of comprehensive income, summarised consolidated statement of changes in equity and summarised consolidated statement of cash flows for the year then ended, and related notes, are derived from the audited consolidated annual financial statements of Imperial Holdings Limited for the year ended 30 June 2013. We expressed an unmodified audit opinion on those consolidated annual financial statements in our report dated 20 August 2013. Our auditor's report on the audited consolidated annual financial statements contained an Other Matter paragraph titled "Other reports required by the Companies Act" (included below).

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

The Listings Requirements require summarised reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*.

Auditor's responsibility

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

Opinion

In our opinion the summarised consolidated annual financial statements derived from the audited consolidated annual financial statements of Imperial Holdings Limited for the year ended 30 June 2013 are consistent, in all material respects, with those audited consolidated annual financial statements, in accordance with the requirements of the JSE Limited Listings Requirements for summarised reports, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

Other reports required by the Companies Act

The "other reports required by the Companies Act" paragraph in our audit report dated 20 August 2013 states that as part of our audit of the consolidated annual financial statements for the year ended 30 June 2013, we have read the directors' report, audit committee's report and the company secretary's certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated annual financial statements. These reports are the responsibility of the respective preparers. The paragraph also states that, based on reading these reports, we have not identified material inconsistencies between these reports and the audited consolidated annual financial statements. The paragraph furthermore states that we have not audited these reports and accordingly do not express an opinion on these reports. The paragraph does not have an effect on the summarised consolidated annual financial statements or our opinion thereon.

Deloitte & Touche

Deloitte & Touche
Registered Auditors

Per AF Mackie
Partner

20 August 2013

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

Report of the audit committee

for the year ended 30 June 2013

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

Members of the audit committee and attendance at meetings

The audit committee consists of the non-executive directors listed below and meets at least four times per annum in accordance with its charter. All members act independently as described in the Act. The members of the committee in respect of the year ended 30 June 2013 comprised Mr MJ Leeming (Chairman), Ms P Langeni, Mr RJA Sparks and Mr Y Waja (the committee), all of whom are independent non-executive directors of the company and whose appointments were approved by shareholders at the AGM held on 31 October 2012.

The same members are being recommended by the board for appointment for the financial year ending 30 June 2014, and their appointments are being submitted to shareholders for approval at the next AGM on 7 November 2013. The abridged curricula vitae of the members are included on pages 26 to 27 of the integrated report.

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

Member	Number of meetings attended
MJ Leeming (Chairman) (Member since 2002)	4
P Langeni (Member since 2005)	4
RJA Sparks (Member since 2006)	4
Y Waja (Member since 2008)	4

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

Role of the audit committee

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

The committee:

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

Execution of functions during the year

The committee is satisfied that, for the 2013 financial year, it has performed all the functions required to be performed by an audit committee as set out in the Act and the committee's terms of reference.

Report of the audit committee continued

for the year ended 30 June 2013

The audit committee discharged its functions in terms of the charter ascribed to it in terms of the Act during the year under review as follows:

Financial statements

The committee among other matters:

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

External audit

The committee among other matters:

- nominated Deloitte & Touche and Mr AF Mackie as the external auditor and designated auditor respectively to shareholders for appointment as auditor for the financial year ended 30 June 2013, and ensured that the appointment complied with all applicable legal and regulatory requirements for the appointment of an auditor;
- approved the external audit engagement letter, the plan and the budgeted audit fees payable to the external auditor;
- reviewed the audit effectiveness and evaluated the external auditor's internal quality control procedures;
- obtained an annual confirmation from the auditor that its independence was not impaired;
- obtained assurances from the external auditor that adequate accounting records were being maintained by the company and its subsidiaries;
- maintained a policy setting out the categories of non-audit services that the external auditor may and may not provide, split between permitted, permissible and prohibited services;
- approved non-audit services with Deloitte & Touche in accordance with its policy;
- considered whether any reportable irregularities were identified and reported by the external auditor in terms of the Auditing Profession Act No 26 of 2005, and determined that there were none; and
- nominated the external auditor and the designated auditor for each subsidiary company for re-appointment in 2014.

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

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

Internal audit

The audit committee:

- reviewed and approved the internal audit charter and annual audit plan and evaluated the independence, effectiveness and performance of the internal audit department and compliance with its charter;
- considered the reports of the internal auditor and external auditor on the group's systems of internal control including financial controls, business risk management and maintenance of effective internal control systems;
- received assurance that proper and adequate accounting records were maintained and that the systems safeguarded the assets against unauthorised use or disposal thereof;
- reviewed significant issues raised by the internal audit processes and the adequacy of corrective action in response to significant internal audit findings; and
- based on the above, the committee formed the opinion that there had been no material breakdowns in internal control, including financial controls, business risk management and the maintenance of effective material control systems.

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

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

Risk management and information technology (IT) governance

The committee:

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

Legal and regulatory requirements

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

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

Expertise and experience of financial director and the finance function

As required by 3.84(h) of the Johannesburg Stock Exchange (JSE) Listings Requirements, the audit committee has satisfied itself that the new group financial director, Mr OS Arbee, has the appropriate expertise and experience.

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

Subsidiary companies

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

Integrated report

Following the review by the committee of the annual financial statements of Imperial Holdings Limited for the year ended 30 June 2013, the committee is of the view that in all material respects they comply with the relevant provisions of the Act and International Financial Reporting Standards, and fairly present the consolidated and separate financial position at that date and the results of operations and cash flows for the year then ended. The committee has also satisfied itself of the integrity of the integrated report and the sustainability information reported therein.

Having achieved its objectives, the committee has recommended the annual financial statements and the integrated report for the year ended 30 June 2013 for approval to the board. The board has subsequently approved the reports, which will be open for discussion at the forthcoming annual general meeting.

MJ Leeming
Chairman
20 August 2013

At a glance 1 – 9
Overview of Imperial 12 – 37
Management report 40 – 83
Financial reports and notices 86 – 136

Remuneration committee report

for the year ended 30 June 2013

Chairman's message

South Africa experienced a challenging year and the economic and social pressures in our society and the world have placed the spotlight firmly on remuneration and related remuneration practices in business. Imperial is not immune to these pressures which highlights the need for a balanced remuneration policy which remunerates executives and employees fairly, without losing sight of the changes in the market and the social circumstances in the countries in which we operate.

We have taken cognisance of stakeholder feedback and have this year endeavoured to further improve on the disclosure in our previous remuneration report. We have also taken note of the need by various stakeholders in JSE-listed companies for greater transparency in communicating the drivers of remuneration levels.

Our reports in past years aimed to give stakeholders a transparent view of executive remuneration in our group and we will continue doing so. We trust that this report will provide adequate and relevant information and invite stakeholders to interact with us if the disclosures contained in this report can be further enhanced to provide meaningful insight.

RJA Sparks
Chairman of the committee
20 August 2013

Governance

Role of the committee

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

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

Membership of the committee

The members of the committee during the year were RJA Sparks (Chairman), SL Botha, TS Gcabashe, P Langeni and A Tugendhaft, all of whom are non-executive directors. The board reconsidered the position of chairman of the committee, which was in the past chaired by the board chairman, and decided to appoint Roddy Sparks as chairman from 28 February 2013 in light of the recommendation in the King Code of Corporate Governance (King III) that the remuneration committee should have a chairman who is not also the board chairman. Thulani Gcabashe remains as a member of the committee.

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 and performance are discussed. No director is able to decide his or her own remuneration.

The committee had three meetings during the past financial year.

The table below details attendance of committee meetings during the year:

Member	Number of meetings attended
RJA Sparks* (Chairman)	3
SL Botha*#	2
TS Gcabashe*	3
P Langeni*	2
A Tugendhaft	3

** Independent.*
 # Resigned 5 September 2013.

Our remuneration policy

Our remuneration policy was approved by shareholders at the annual general meeting held on 31 October 2012 and is again being submitted to shareholders at the annual general meeting to be held on 7 November 2013 for approval by non-binding advisory vote.

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

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

Elements of executive remuneration

Executives' remuneration comprises the following principal elements:

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

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

Fixed remuneration

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

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

Incentive bonuses

All executives are eligible to receive a performance-related annual bonus. The bonus is non-contractual and not pensionable. The committee reviews bonuses annually and determines the level of each bonus based on performance criteria set at the start of the performance period. The criteria differ depending on the position of each executive and the division in which each operates and include:

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

In respect of certain key individuals, long-term retention arrangements have been entered into, linked to individual and business performance. The last of these arrangements, payable to RL Hiemstra, matured in September 2012. The retention bonus paid to RL Hiemstra was subject to him remaining in the continuous employ of the group until 2 July 2011.

Long-term incentive schemes

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

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

Remuneration committee report continued

for the year ended 30 June 2013

Allocation model

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

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

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

No participant may hold more than 1% of the allocated rights.

The Share Appreciation Rights Scheme (SAR)

Selected participants receive annual grants of SARs, which are conditional rights to receive Imperial shares equal to the value of the difference between the exercise price and the grant price. Vesting of rights is subject to performance conditions being met and remaining employed with the group for the vesting period. The performance conditions and performance period are determined by the board on an annual basis in respect of each new grant of rights. The SAR vest after three years and must be exercised within four years from vesting.

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

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

Core EPS condition

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

ROIC condition

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

**The minimum EPS and ROIC target thresholds are set at a level which takes into account performance of the group but also the important objective of retention of key staff during times when business conditions are challenging.*

***The target percentage of ROIC is expressed as WACC plus 4% for the SAR allocated in 2013.*

The targets and measuring terms relating to each issue are detailed in a letter of grant. After vesting, the rights may be exercised by a participant within a predetermined period and upon exercise by a participant, the relevant employer company will settle the value of the difference between the exercise price and the grant price by delivering Imperial shares that will be purchased on the open market, alternatively, as a fall-back provision only, by the issue of new shares or lastly by settling the value in cash.

The Conditional Share Plan (CSP)

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

No allocations have been made in terms of this scheme to date.

The Deferred Bonus Plan (DBP)

Qualifying senior employees are permitted to use a portion of the after-tax component of their annual bonus to acquire Imperial shares (bonus shares). On the condition that the participant remains in the employ of the group and retains the bonus shares over a fixed three-year period a matching award of Imperial shares is made on vesting. A participant remains the owner of the bonus shares for the duration of the three-year period and enjoys all shareholder rights in respect of the bonus shares. Bonus shares can be disposed of by the participant at any stage, but the matching award is not made to the extent that the bonus shares are sold during the period. Bonus shares are matched by delivering an equal number of matching Imperial shares that will be purchased on the open market, alternatively, as a fall-back provision only, by the issue of new shares or lastly by settling the value in cash.

Cash Retention Plan (CRP)

Selected participants receive grants of CRP rights, which are conditional rights to receive a cash payment. Vesting of rights is subject to performance conditions being met. The performance conditions and performance period are determined by the board in respect of each new grant of rights and these are specifically tailored to drive divisional profitability.

The performance targets employed in the CRP issued in 2011 and 2012 are the achievement of specified divisional and group targets relating to growth in profit before interest and tax (PBIT), relative to a performance period target and return on invested capital (ROIC) of the participant's division compared to its weighted average cost of capital of the particular business unit, over a three-year performance period. For each grant of CRP, 50% of the awards are subject to the achievement of the PBIT performance condition and 50% of the awards are subject to the achievement of the ROIC performance condition. The extent to which each performance condition has been met is determined on the vesting date, and linear vesting takes place between nil and 100%. The targets and measuring terms relating to each issue are detailed in a letter of grant and are independently verified prior to vesting.

No allocations were made under the CRP this year.

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 long-term incentive schemes. Non-executive directors may not be awarded rights in any of the incentive schemes.

A total of 11 216 355 share appreciation rights remain unexercised in terms of the SAR scheme at an average price of R148,05 per share. A total of 432 234 DBP rights have been taken up and remain unvested and a further 119 363 have been allocated this year and remain unexercised. No rights have been allocated in terms of the CSP.

Hedge

The group hedges its exposure to deliver shares in terms of share-based long-term incentive schemes by taking out hedges or buying back shares to avoid dilution associated with the issue of shares. All past awards have been fully hedged through the purchase of call options. In respect of the 2009 award, Imperial bought back shares which were then utilised in respect of shares that had to be delivered in the past financial year.

Retirement schemes

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

Other benefits

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

Succession policy and plans

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

External appointments

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

Remuneration committee report continued

for the year ended 30 June 2013

Directors' and prescribed officers' service contracts

Directors' and prescribed officers' contracts are all terminable with between one and three months' notice, with the exception of that of GW Riemann and MP de Canha who are employed on fixed-term contracts that both terminate at the earliest on 30 June 2014.

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

Directors' remuneration

Non-executive directors' fees

Fees payable to non-executive directors are proposed by the executive committee, reviewed by the remuneration and nomination committee and recommended to the board, which in turn makes recommendations to shareholders after consideration of the fees paid by comparable companies, responsibilities taken by the non-executive directors and considerations relating to the retention and attraction of high-calibre individuals. The group has decided to maintain a structure where directors' fees are not split between membership and attendance fees, as the group has not had significant instances of non-attendance of meetings.

Directors' fees for the past year

For the past financial year, each of the non-executive directors received directors' fees and fees for services on committees as follows:

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

Paid in addition to a member's fee.

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

Directors' fees for the next year

At the annual general meeting to be held on 7 November 2013, members will be requested to approve the following increases in non-executive directors' remuneration by special resolution in terms of section 66(9) of the Companies Act, 2008, as amended, granting authority to pay fees for services as directors, which shall be valid with effect from 1 July 2013 until the next annual general meeting of the company as follows:

– Chairman*	from	R394 000	to	R742 000
– Deputy chairman*	from	R198 000	to	R371 000
– Board member	from	R198 000	to	R212 000
– Assets and liabilities committee chairman*	from	R104 000	to	R135 000
– Assets and liabilities committee member	from	R69 500	to	R90 000
– Audit committee chairman*	from	R227 000	to	R280 000
– Audit committee member	from	R114 000	to	R140 000
– Risk committee chairman*	from	R107 000	to	R135 000
– Risk committee member	from	R72 000	to	R90 000
– Remuneration and nomination committee chairman*	from	R104 000	to	R135 000
– Remuneration and nomination committee member	from	R69 500	to	R90 000
– Social, ethics and sustainability committee chairman *	from	R104 000	to	R135 000
– Social, ethics and sustainability committee member	from	R69 500	to	R90 000

Paid in addition to a 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 increased legal and governance requirements. An extensive review of comparative fees paid to chairmen and deputy chairmen of peer companies revealed a substantial discrepancy between the fees paid by Imperial compared to peer companies. In order to remain competitive the board therefore decided to recommend that the chairman's fee and deputy chairman's fee be increased to the 50th percentile of the fees paid by peer companies. In determining the peer group used for this comparison, dual listed companies were excluded. Non-SA-based directors were also excluded from the comparison. Similarly, in light of the increased responsibilities of committees and the growth in size and complexity of the group, it is proposed to increase committee fees at a rate higher than inflation.

Non-executive directors also receive fees for services on divisional boards and financial and risk review committees.

Executive directors' and prescribed officers' remuneration

The table below provides an analysis of the emoluments paid to executive and non-executive directors and prescribed officers of the company for the year ended 30 June 2013:

	Salary R'000	Bonus R'000	Retirement and medical contributions R'000	Other benefits (Note 1) R'000	Directors' fees R'000	Subsidiary/associate and sub-committee fees R'000	2013 Total R'000	2012 Total R'000	Expected value of long-term incentive awards made in 2013 R'000 (Note 2)	Expected value of long-term incentive awards made in 2012 R'000 (Note 2)
Non-executive directors										
SL Botha					198	123	321	186		
ST Dingaan (Note 3)					198	439	637	595		
S Engelbrecht					198	118	316	252		
TS Gcabashe					592	208	800	780		
RL Hiemstra (Note 4)					198	28	226			
P Langeni					198	219	417	439		
MJ Leeming					198	542	740	691		
V Moosa					198	174	372	347		
RJA Sparks					198	497	695	559		
A Tugendhaft					396	139	535	499		
Y Waja					198	622	820	765		
Total					2 770	3 109	5 879	5 113		
Executive directors										
OS Arbee	3 628	4 200	597	360			8 785	8 128	3 531	2 752
HR Brody	5 802	5 315	928				12 045	10 716	4 814	3 796
MP de Canha	4 113	4 900	628	159			9 800	14 171	3 322	3 093
RL Hiemstra (Note 4)	1 286		208	4 034			5 528	8 098		
AH Mahomed (Retired 30 June 2013)	5 194	5 246	836				11 276	10 187		3 596
GW Riemann (Note 5)	5 486	12 450	1 502	1 143		331	20 912	16 353		
M Swanepoel	3 675	3 500	730	180			8 085	7 787	3 118	2 655
Total	29 184	35 611	5 429	5 876		331	76 431	75 440	14 785	15 892
Total all directors	29 184	35 611	5 429	5 876	2 770	3 440	82 310		14 785	
Total all directors June 2012	28 896	33 875	5 497	6 868	2 340	3 077		80 553		15 892
Prescribed officers (Note 6)										
DD Gnodde								7 855		
PB Michaux	2 433	3 015	521	197			6 166	5 525	2 475	1 938
JJ Strydom	2 735	2 500	275				5 510	4 410	2 203	1 727
Total prescribed officers	5 168	5 515	796	197			11 676	17 790	4 678	3 665
Total prescribed officers June 2012	6 535	4 975	1 035	5 245				17 790		3 665
Total June 2013	34 352	41 126	6 225	6 073	2 770	3 440	93 986	98 343	19 463	19 557

1. *Other benefits – These include the fringe benefit value of company cars and motor car allowances and long-term performance-based retention payments.*
2. *This represents the expected value of all long-term incentive awards made in the reporting year, which expected value is calculated using a Black-Scholes valuation model and assuming that 50% of the HEPS performance target and 62,5% of the ROIC performance target will be reached.*
3. *R438 726 is paid by Ukhamba Holdings in respect of its chairman's fees.*
4. *RL Hiemstra served as an executive director until 30 September 2012 and part of his reported remuneration relates to that period.*
5. *Overseas based – GW Riemann is employed in Germany and his salary is paid in Euro, based on the market conditions in that country.*
6. *Disclosure for prescribed officers in terms of the Companies Act, 2008, for the full financial year. Prescribed officers are persons, not being directors, who either alone or with others exercise executive control and management of the whole or a significant portion of the business of the company. Although King III recommends that the remuneration of the top three earners who are not directors should be disclosed, this recommendation has substantially been incorporated in the Act by the prescribed officer disclosure and for this reason no further disclosure has been made in addition to that prescribed in the Act.*

At a glance 1 – 9
Overview of Imperial 12 – 37
Management report 40 – 83
Financial reports and notices 86 – 136

Remuneration committee report continued

for the year ended 30 June 2013

Incentive schemes

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

Participation in the Share Appreciation Rights Scheme

	Commencement date	Price on commencement date (R)	Number of rights*	Number of rights exercised	Number of rights remaining	Vesting date
Executive directors						
OS Arbee	18 June 2009	55,32	91 507	91 507		
	2 June 2010	96,71	56 333		56 333	16 September 2013
	14 June 2011	116,59	23 377		23 377	7 September 2014
	13 June 2012	170,57	44 743		44 743	26 August 2015
	11 June 2013	195,20	77 582		77 582	15 September 2016
HR Brody	18 June 2009	55,32	154 700	154 700		
	2 June 2010	96,71	92 540		92 540	16 September 2013
	14 June 2011	116,59	35 750		35 750	7 September 2014
	13 June 2012	170,57	66 936		66 936	26 August 2015
	11 June 2013	195,20	101 869		101 869	15 September 2016
MP de Canha	18 June 2009	55,32	100 186	100 186		
	2 June 2010	96,71	60 275		60 275	16 September 2013
	14 June 2011	116,59	25 011		25 011	7 September 2014
	13 June 2012	170,57	47 876		47 876	26 August 2015
	11 June 2013	195,20	68 215		68 215	15 September 2016
AH Mahomed	5 June 2008	49,46	456 850		456 850+	
	18 June 2009	55,32	143 761		143 761++	
	2 June 2010	96,71	85 996		85 996	16 September 2013
	14 June 2011	116,59	33 223		33 223	7 September 2014
	13 June 2012	170,57	62 203		62 203	26 August 2015
M Swanepoel	18 June 2009	55,32	83 578	83 578		
	2 June 2010	96,71	53 323		53 323	16 September 2013
	14 June 2011	116,59	23 377		23 377	7 September 2014
	13 June 2012	170,57	44 743		44 743	26 August 2015
	11 June 2013	195,20	68 641		68 641	15 September 2016
Non-executive director						
RL Hiemstra**	18 June 2009	55,32	93 590	93 590		15 September 2012
	2 June 2010	96,71	56 306		56 306	16 September 2013
	14 June 2011	116,59	23 377		23 377	7 September 2014
Prescribed officers						
PB Michaux	18 June 2009	55,32	49 915	49 915		
	2 June 2010	96,71	30 750		30 750	16 September 2013
	14 June 2011	116,59	12 200		12 200	7 September 2014
	13 June 2012	170,57	31 241		31 241	26 August 2015
	11 June 2013	195,20	51 092		51 092	15 September 2016
JJ Strydom	18 June 2009	55,32	75 744	75 744		
	2 June 2010	96,71	25 264		25 264	16 September 2013
	14 June 2011	116,59	9 384		9 384	7 September 2014
	13 June 2012	170,57	29 342		29 342	26 August 2015
	11 June 2013	195,20	50 000		50 000	15 September 2016

* *The number of rights that will eventually vest is subject to the achievement of performance conditions linked to core EPS targets relative to a peer group of 20 JSE-listed companies and ROIC targets relative to weighted cost of capital, and could be fewer than the number granted.*
** *Received allocations before retirement as an executive director.*
\+ *Lapses 15 May 2015.*
++ *Lapses 18 June 2016.*

Participation in the Deferred Bonus Plan

	Allocation date	Number of rights allocated	Number of shares committed to the plan+	Balance available to be taken up	Vested during the year	Balance remaining	Vesting date
Executive directors							
OS Arbee	5 June 2008	5 977	2 219		2 219		
			7 758			7 758	15 September 2013
	18 June 2009	10 545	10 545		10 545		
	2 June 2010	6 961	6 961			6 961	16 September 2013
	14 June 2011	10 406	10 406			10 406	7 September 2014
	13 June 2012	9 044	6 727			6 727	26 August 2015
	11 June 2013	5 872		5 872			15 September 2016
HR Brody	5 June 2008	18 072	8 106		8 106		
			9 966			9 966	15 September 2013
	18 June 2009	15 280	15 280		15 280		
	2 June 2010	9 858	9 858			9 858	16 September 2013
	14 June 2011	12 089	12 089			12 089	7 September 2014
	13 June 2012	12 798	8 064			8 064	26 August 2015
	11 June 2013	7 449		7 449			15 September 2016
MP de Canha	5 June 2008	14 714	2 788		2 788		
			11 926			11 926	15 September 2013
	18 June 2009	11 545	11 545		11 545		
	2 June 2010	7 448	7 448			7 448	16 September 2013
	14 June 2011	12 486	10 712			10 712	7 September 2014
	13 June 2012	9 677	8 064			8 064	26 August 2015
	11 June 2013	6 276		6 276			15 September 2016
AH Mahomed	5 June 2008	21 979	8 243		8 243		
			13 736			13 736	15 September 2013
	18 June 2009	14 200	14 200		14 200		
	2 June 2010	9 161	9 161			9 161	16 September 2013
	14 June 2011	11 783	11 783			11 783	7 September 2014
	13 June 2012	8 003	8 003			8 003	26 August 2015
M Swanepoel	5 June 2008	9 959	6 636		6 636		
			3 323			3 323	15 September 2013
	18 June 2009	9 631	9 631		9 631		
	2 June 2010	6 589	6 589			6 589	16 September 2013
	14 June 2011	9 641	9 641			9 641	7 September 2014
	13 June 2012	6 156	6 156			6 156	26 August 2015
	11 June 2013	5 164		5 164			15 September 2016
Non-executive director**							
RL Hiemstra	5 June 2008	17 066	8 074		8 074		
			8 902			8 902	15 September 2013
	18 June 2009	10 785	10 785		10 785		
	2 June 2010	6 958	6 958			6 958	16 September 2013
	14 June 2011	10 406	10 406			10 406	7 September 2014

*** Received allocations before retirement as an executive director.*

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

Remuneration committee report continued

for the year ended 30 June 2013

Participation in the Deferred Bonus Plan continued

	Allocation date	Number of rights allocated	Number of shares committed to the plan+	Balance available to be taken up	Vested during the year	Balance remaining	Vesting date
Prescribed officers							
PB Michaux	5 June 2008	11 911	3 680		3 680		
			8 231			8 231	15 September 2013
	18 June 2009	4 867	4 867		4 867		
	2 June 2010	3 167	3 167			3 167	16 September 2013
	14 June 2011	5 251	5 251			5 251	7 September 2014
	13 June 2012	4 793	4 793			4 793	26 August 2015
	11 June 2013	4 634		4 634			15 September 2016
JJ Strydom	5 June 2008	1 364	1 364			1 364	15 September 2013
	2 June 2010	2 602	2 602			2 602	16 September 2013
	14 June 2011	4 039	4 039			4 039	7 September 2014
	13 June 2012	3 957	3 957			3 957	26 August 2015
	11 June 2013	3 689		3 689			15 September 2016

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

Gains by directors and prescribed officers on DBP and SAR exercised during the year

	2013 R'000	2012 R'000
Executive directors		
OS Arbee	**15 791**	35 098
HR Brody	**26 037**	39 542
MP de Canha	**16 522**	22 763
RL Hiemstra#	**16 485**	41 483
AH Mahomed	**4 264**	5 565
M Swanepoel	**14 468**	26 021
Prescribed officers		
DD Gnodde		10 083
PB Michaux	**8 047**	11 387
JJ Strydom	**10 256**	7 780

#*Non-executive from 1 October 2012.*

Directors' and prescribed officers' interests in shares

Director/prescribed officer	2013 Beneficial number of shares	2013 Non-beneficial number of shares	2012 Beneficial number of shares	2012 Non-beneficial number of shares
Non-executive directors				
SL Botha	5 000			
RL Hiemstra	33 820		45 135	
MJ Leeming		4 928		4 928
RJA Sparks	40 000		40 000	
Y Waja	927		927	
	79 747	4 928	86 062	4 928
Executive directors				
OS Arbee	74 842		119 052	
HR Brody	91 709		191 203	
MP de Canha	1 627 775		1 512 160	
AH Mahomed	69 878		74 869	
M Swanepoel	26 160		53 744	
	1 890 364		1 951 028	
Prescribed officers				
PB Michaux	26 442		32 269	
JJ Strydom	43 776		28 476	
	70 218		60 745	
Total	2 040 329	4 928	2 097 835	4 928

Approval

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

Summarised consolidated statement of financial position

at 30 June 2013

	Notes	2013 Rm	2012 Rm
ASSETS			
Goodwill and intangible assets	2	**5 206**	4 234
Investment in associates and joint ventures	3	**1 317**	889
Property, plant and equipment	4	**9 257**	8 080
Transport fleet	5	**4 626**	4 336
Vehicles for hire	6	**2 465**	2 321
Deferred tax assets		**1 014**	930
Investments and loans	7	**3 218**	2 433
Non-current financial assets	8	**227**	242
Inventories	9	**11 492**	9 218
Tax in advance		**439**	195
Trade and other receivables	10	**10 437**	9 275
Cash resources		**1 844**	3 545
Assets classified as held for sale	11	**94**	
Total assets		**51 636**	45 698
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and share premium	12	**382**	22
Shares repurchased	13	**(220)**	(220)
Other reserves		**1 032**	503
Retained earnings		**15 219**	14 361
Attributable to owners of Imperial		**16 413**	14 666
Non-controlling interests		**1 300**	1 223
Total equity		**17 713**	15 889
Liabilities			
Non-redeemable, non-participating preference shares	14	**441**	441
Retirement benefit obligations		**757**	590
Interest-bearing borrowings	15	**5 573**	6 098
Insurance, investment, maintenance and warranty contracts	16	**3 970**	3 222
Deferred tax liabilities		**1 498**	1 107
Non-current financial liabilities	17	**419**	348
Provisions for liabilities and other charges	18	**1 689**	1 652
Trade and other payables	19	**14 082**	12 234
Current tax liabilities		**453**	468
Current portion of interest-bearing borrowings	15	**4 995**	3 649
Liabilities directly associated with assets classified as held for sale	11	**46**	
Total liabilities		**33 923**	29 809
Total equity and liabilities		**51 636**	45 698

Summarised consolidated statement of profit or loss

for the year ended 30 June 2013

	Notes	2013 Rm	2012 Rm
Revenue		**92 382**	80 830
Net operating expenses		**(84 225)**	(73 402)
Profit from operations before depreciation and recoupments		**8 157**	7 428
Depreciation, amortisation, impairments and recoupments		**(2 070)**	(1 790)
Operating profit		**6 087**	5 638
Recoupments from sale of properties, net of impairments		**8**	(32)
Amortisation of intangible assets arising on business combinations		**(254)**	(128)
Foreign exchange gains and losses		**103**	16
Fair value gains and losses on foreign exchange derivatives		**(79)**	(26)
Remeasurement of contingent considerations		**66**	
Realised gain on disposal of available-for-sale investment		**10**	
Business acquisition costs		**(15)**	(51)
Exceptional items	20	**(178)**	(12)
Profit before net financing costs		**5 748**	5 405
Finance cost including fair value gains and losses	21	**(840)**	(736)
Finance income	21	**96**	55
Income from associates and joint ventures		**86**	46
Profit before tax		**5 090**	4 770
Income tax expense	22	**(1 404)**	(1 382)
Net profit for the year		**3 686**	3 388
Net profit attributable to:			
Owners of Imperial		**3 294**	2 980
Non-controlling interests		**392**	408
		3 686	3 388
Earnings per share (cents)	23		
– Basic		**1 719**	1 552
– Diluted		**1 650**	1 474

Summarised consolidated statement of comprehensive income

for the year ended 30 June 2013

	2013 Rm	2012 Rm
Net profit for the year	**3 686**	3 388
Other comprehensive income – to be subsequently reclassified to profit or loss	**708**	653
Exchange gains arising on translation of foreign operations	**731**	210
– Movement in translation reserve	**720**	210
– Share of associates' and joint ventures movement in translation reserve	**11**	
Movement in valuation reserve		
– Fair value gain on available-for-sale investments	**10**	19
– Reclassification of gain on disposal of available-for-sale investment	**(10)**	
– Realisation of available-for-sale investment by associate		(19)
Movement in hedge accounting reserve	**(23)**	443
– Movement in hedge accounting reserve	**(21)**	409
– Share of associates' and joint ventures movement in hedge accounting reserve		18
– Income tax relating to hedge accounting reserve movements	**(2)**	16
Total comprehensive income for the year	**4 394**	4 041
Total comprehensive income attributable to:		
Owners of Imperial	**3 969**	3 578
Non-controlling interests	**425**	463
	4 394	4 041

Summarised consolidated statement of cash flows

for the year ended 30 June 2013

	Notes	2013 Rm	Restated 2012 Rm
Cash flows from operating activities			
Cash receipts from customers		**91 916**	81 248
Cash paid to suppliers and employees		**(84 725)**	(73 808)
Cash generated by operations before capital expenditure on rental assets	24.1	**7 191**	7 440
Expansion capital expenditure – rental assets		**(332)**	(352)
Net replacement capital expenditure – rental assets		**(584)**	(505)
– Expenditure		**(2 330)**	(2 120)
– Proceeds		**1 746**	1 615
Cash generated by operations		**6 275**	6 583
Interest paid		**(840)**	(736)
Interest received		**96**	55
Tax paid		**(1 394)**	(1 522)
		4 137	4 380
Cash flows from investing activities			
Acquisition of subsidiaries and businesses		**(666)**	(1 886)
Disposal of subsidiaries and businesses		**127**	18
Expansion capital expenditure – excluding rental assets		**(1 350)**	(773)
– Property		**(996)**	(406)
– Transport fleet		**(354)**	(367)
Net replacement capital expenditure – excluding rental assets	24.2	**(811)**	(962)
– Intangible assets		**(109)**	(83)
– Plant and equipment		**(465)**	(502)
– Transport fleet		**(237)**	(377)
Dividend received from Ukhamba Holdings (Pty) Ltd			387
Net movement in other associates and joint ventures		**(321)**	(94)
Net movement in investments, loans and non-current financial instruments		**(771)**	(63)
		(3 792)	(3 373)
Cash flows from financing activities*			
Hedge cost premium paid		**(117)**	(105)
Ordinary shares repurchased and cancelled		**(742)**	
Dividends paid		**(1 755)**	(1 350)
Change in non-controlling interests		**(9)**	(177)
Capital raised from non-controlling interests		**28**	
Repayment of IC 02 corporate bond			(522)
Proceeds on the Euro syndicated bank term loan raised			2 482
Repayment of Eurobond		**(2 690)**	
Proceeds on the issue of IPL 7 corporate bond		**750**	
Net increase (decrease) in other interest-bearing borrowings		**672**	(1 534)
		(3 863)	(1 206)
Net decrease in cash and cash equivalents		**(3 518)**	(199)
Effects of exchange rate changes on cash resources in a foreign currency		**209**	102
Cash and cash equivalents at beginning of year		**2 829**	2 926
Cash and cash equivalents at end of year	24.3	**(480)**	2 829

* *There has been no cash flow for the shares issued relating to the share schemes settlements.*

At a glance 1 – 9
Overview of Imperial 12 – 37
Management report 40 – 83
Financial reports and notices 86 – 136

Summarised consolidated statement of changes in equity

for the year ended 30 June 2013

	Share capital and share premium Rm	Shares repurchased Rm	Share-based payment reserve Rm	Hedge accounting reserve Rm
Balance at 30 June 2011	9	(220)	(122)	(50)
Net attributable profit for the year				
Total other comprehensive income				393
Transfer of reserves on disposal of assets				
Total comprehensive income for the year				393
Dividends declared by Ukhamba Holdings (Pty) Ltd in excess of its carrying value				
115 060 ordinary shares issued at premium	13			
Movement in statutory reserve				
Share-based equity reserve charged to profit or loss			107	
Share-based equity reserve transferred to retained earnings on vesting			39	
Share-based equity reserve hedging cost utilisation			(136)	
Dividend of 260 cents per ordinary share in September 2011				
Dividend of 300 cents per ordinary share in March 2012				
Non-controlling interests arising on acquisition of businesses, net of disposals				
Net decrease in non-controlling interests				
Non-controlling interest share of dividends				
Balance at 30 June 2012	**22**	**(220)**	**(112)**	**343**
Net attributable profit for the year				
Total other comprehensive income				**(26)**
Transfer of reserves on disposal of assets				
Total comprehensive income for the year				**(26)**
Movements in statutory reserve				
Repurchase and cancellation of 4 003 074 ordinary shares from open market at an average price of R185,29				
1 861 850 ordinary shares issued in settlement of share incentive scheme obligations	**360**		**(271)**	
Share-based equity reserve charged to profit or loss			**113**	
Share-based equity reserve transferred to retained earnings on vesting			**196**	
Share-based equity reserve hedging cost utilisation			**(193)**	
Dividend of 380 cents per ordinary share in October 2012				
Dividend of 380 cents per ordinary share in April 2013				
Realisation on disposal of subsidiaries				
Non-controlling interests disposed, net of acquisitions and shares issued				
Net increase in non-controlling interests				
Non-controlling interest share of dividends				
Balance at 30 June 2013	**382**	**(220)**	**(267)**	**317**

Other reserves							
Statutory reserve Rm	Foreign currency translation reserve Rm	Premium paid on purchase of non-controlling interests Rm	Valuation reserve Rm	Retained earnings Rm	Attributable to owners of Imperial Rm	Non-controlling interests Rm	Total equity Rm
285	54	(62)	6	12 073	11 973	1 043	13 016
				2 980	2 980	408	3 388
	205		19		617	55	672
			(19)		(19)		(19)
	205			2 980	3 578	463	4 041
				305	305		305
					13		13
(133)				133			
					107	5	112
				(39)			
					(136)	(2)	(138)
				(506)	(506)		(506)
				(585)	(585)		(585)
						36	36
		(83)			(83)	(63)	(146)
						(259)	(259)
152	**259**	**(145)**	**6**	**14 361**	**14 666**	**1 223**	**15 889**
				3 294	**3 294**	**392**	**3 686**
	701		**10**		**685**	**33**	**718**
			(10)		**(10)**		**(10)**
	701			**3 294**	**3 969**	**425**	**4 394**
21				**(21)**			
				(742)	**(742)**		**(742)**
					89	**(14)**	**75**
					113	**3**	**116**
				(196)			
					(193)	**2**	**(191)**
				(743)	**(743)**		**(743)**
				(735)	**(735)**		**(735)**
		(1)		**1**			
						(64)	**(64)**
		(11)			**(11)**	**2**	**(9)**
						(277)	**(277)**
173	**960**	**(157)**	**6**	**15 219**	**16 413**	**1 300**	**17 713**

Segment financial position#

at 30 June

	Group 2013 Rm	Group 2012 Rm	LOGISTICS Africa (including South Africa) 2013 Rm	Africa (including South Africa) 2012 Rm	International 2013 Rm	International 2012 Rm
Business segmentation						
Assets						
Goodwill and intangible assets	**5 206**	4 234	**1 261**	882	**3 174**	2 720
Investments, associates and joint ventures	**4 009**	2 786	**407**	53	**124**	83
Property, plant and equipment	**9 257**	8 080	**1 440**	1 264	**2 057**	1 709
Transport fleet	**4 626**	4 336	**3 330**	3 303	**1 339**	1 078
Vehicles for hire	**2 465**	2 321				
Non-current financial assets	**227**	242				
Inventories	**11 492**	9 218	**343**	294	**178**	120
Trade and other receivables	**10 437**	9 275	**3 842**	3 356	**2 818**	2 275
Cash resources in financial services businesses	**724**	1 083				
Operating assets	**48 443**	41 575	**10 623**	9 152	**9 690**	7 985
Deferred tax assets	**1 014**	930				
Loans to associates and other investments	**526**	536				
Tax in advance	**439**	195				
Cash resources	**1 120**	2 462				
Assets classified as held for sale	**94**					
Total assets per statement of financial position	**51 636**	45 698				
Liabilities						
Retirement benefit obligations	**757**	590			**757**	590
Insurance, investment, maintenance and warranty contracts	**3 970**	3 222				
Trade and other payables and provisions	**15 771**	13 886	**4 229**	3 656	**2 901**	2 394
Non-current financial liabilities	**419**	348	**203**	102	**22**	21
Operating liabilities	**20 917**	18 046	**4 432**	3 758	**3 680**	3 005
Non-redeemable, non-participating preference shares	**441**	441				
Interest-bearing borrowings	**10 568**	9 747				
Deferred tax liabilities	**1 498**	1 107				
Current tax liabilities	**453**	468				
Liabilities directly associated with assets classified as held for sale	**46**					
Total liabilities per statement of financial position	**33 923**	29 809				
Geographic segmentation						
Operating assets	**48 443**	41 575	**10 623**	9 152	**9 690**	7 985
– South Africa	**32 180**	28 662	**8 177**	7 354		
– Rest of Africa	**3 726**	2 866	**2 445**	1 798		
– Rest of world	**12 537**	10 047	**1**		**9 690**	7 985
Operating liabilities	**20 917**	18 046	**4 432**	3 758	**3 680**	3 005
– South Africa	**14 457**	13 191	**3 664**	3 221		
– Rest of Africa	**1 494**	1 178	**768**	537		
– Rest of world	**4 966**	3 677			**3 680**	3 005
Interest-bearing borrowings	**10 568**	9 747	**3 175**	2 485	**3 735**	3 731
– South Africa	**5 650**	3 503	**2 423**	2 013		
– Rest of Africa	**993**	632	**756**	471		
– Rest of world	**3 925**	5 612	**(4)**	1	**3 735**	3 731
Gross capital expenditure	**5 331**	4 913	**1 043**	1 287	**441**	344
– South Africa	**4 667**	4 315	**939**	1 110		
– Rest of Africa	**152**	209	**104**	177		
– Rest of world	**512**	389			**441**	344
Gross capital expenditure	**5 331**	4 913	**1 043**	1 287	**441**	344
Less: Proceeds on disposal	**(2 254)**	(2 252)	**(319)**	(290)	**(41)**	(32)
Net capital expenditure	**3 077**	2 661	**724**	997	**400**	312

** Other Segments includes Car Rental and Autoparts. The comparatives also include NAC and Tourism.*
 # The segment information has been restated (refer to note 1.9).

	AUTOMOTIVE AND INDUSTRIAL						FINANCIAL SERVICES					
	Distribution, Retail and Allied Services		Automotive Retail		Other Segments*		Insurance		Other Financial Services		Head Office and Eliminations	
	2013 Rm	2012 Rm	2013 Rm	2012 Rm	2013 Rm	2012 Rm	2013 Rm	2012 Rm	2013 Rm	2012 Rm	2013 Rm	2012 Rm
	163	168	**242**	129	**341**	303	**53**	30	**4**	2	**(32)**	
	97	61	**52**	7	**64**	72	**2 906**	2 208	**386**		**(27)**	302
	2 789	2 307	**2 079**	1 704	**566**	764	**135**	139	**7**	4	**184**	189
											(43)	(45)
	595	402			**1 725**	1 783			**305**	665	**(160)**	(529)
							227	242				
	6 556	5 130	**3 117**	2 357	**984**	1 120			**395**	346	**(81)**	(149)
	1 718	1 402	**977**	856	**737**	858	**243**	241	**324**	216	**(222)**	71
							724	1 083				
	11 918	9 470	**6 467**	5 053	**4 417**	4 900	**4 288**	3 943	**1 421**	1 233	**(381)**	(161)
	95	82					**1 283**	1 066	**2 592**	2 074		
	3 507	2 744	**2 883**	2 297	**1 140**	1 166	**1 152**	1 242	**231**	490	**(272)**	(103)
	9	4		1	**24**	12					**161**	208
	3 611	2 830	**2 883**	2 298	**1 164**	1 178	**2 435**	2 308	**2 823**	2 564	**(111)**	105
	11 918	9 470	**6 467**	5 053	**4 417**	4 900	**4 288**	3 943	**1 421**	1 233	**(381)**	(161)
	10 620	8 414	**5 067**	4 363	**4 376**	4 849	**3 241**	3 008	**1 421**	1 233	**(722)**	(559)
	186	83	**7**		**41**	50	**1 047**	935				
	1 112	973	**1 393**	690		1					**341**	398
	3 611	2 830	**2 883**	2 298	**1 164**	1 178	**2 435**	2 308	**2 823**	2 564	**(111)**	105
	3 384	2 652	**1 955**	1 850	**1 154**	1 152	**1 792**	1 736	**2 823**	2 564	**(315)**	16
	72	46	**2**		**10**	25	**643**	572			**(1)**	(2)
	155	132	**926**	448		1					**205**	91
	3 998	2 317	**1 459**	858	**1 285**	1 795	**201**		**(2 056)**	(1 314)	**(1 229)**	(125)
	3 378	1 562	**1 173**	739	**1 239**	1 757	**201**		**(2 056)**	(1 314)	**(708)**	(1 254)
	185	123	**6**		**46**	38						
	435	632	**280**	119							**(521)**	1 129
	1 054	445	**518**	321	**1 494**	1 696	**26**	35	**421**	796	**334**	(11)
	1 012	425	**468**	295	**1 470**	1 667	**24**	34	**421**	796	**333**	(12)
	21	1			**24**	29	**2**	1			**1**	1
	21	19	**50**	26								
	1 054	445	**518**	321	**1 494**	1 696	**26**	35	**421**	796	**334**	(11)
	(210)	(145)	**(85)**	(93)	**(915)**	(1 012)	**(1)**	(9)	**(683)**	(515)		(156)
	844	300	**433**	228	**579**	684	**25**	26	**(262)**	281	**334**	(167)

At a glance 1 – 9
Overview of Imperial 12 – 37
Management report 40 – 83
Financial reports and notices 86 – 136

Segment profit or loss#

for the year ended 30 June

	Group	Group	LOGISTICS Africa (including South Africa)		LOGISTICS International	
	2013 Rm	2012 Rm	**2013 Rm**	2012 Rm	**2013 Rm**	2012 Rm
Business segmentation						
Revenue						
– Sale of goods	**52 544**	46 881	**3 770**	3 362		
– Rendering of services	**36 665**	30 953	**14 153**	13 012	**15 426**	11 128
– Gross premiums received	**3 049**	2 875				
– Other	**124**	121			**121**	119
	92 382	80 830	**17 923**	16 374	**15 547**	11 247
Inter-segment revenue			**95**	83	**27**	
	92 382	80 830	**18 018**	16 457	**15 574**	11 247
Operating expenses including cost of sales	**(84 588)**	(73 671)	**(16 446)**	(14 980)	**(14 340)**	(10 320)
Investment income	**192**	186				
Fair value gains on investments	**171**	83				
Depreciation, amortisation and impairments	**(2 089)**	(1 806)	**(655)**	(576)	**(494)**	(334)
Recoupments (excluding properties)	**19**	16	**3**	9	**19**	5
Operating profit	**6 087**	5 638	**920**	910	**759**	598
Recoupments from sale of properties, net of impairments	**8**	(32)	**3**	6		2
Amortisation of intangible assets arising on business combinations	**(254)**	(128)	**(55)**	(29)	**(185)**	(96)
Foreign exchange gains and losses	**103**	16	**3**	1	**(2)**	(1)
Fair value gains and losses on foreign exchange derivatives	**(79)**	(26)		1		1
Remeasurement of contingent considerations	**66**		**64**		**(4)**	
Realised gain on disposal of available-for-sale investment	**10**				**10**	
Business acquisition costs	**(15)**	(51)	**(13)**			(47)
Profit before net finance cost and exceptional items	**5 926**	5 417	**922**	889	**578**	457
Net finance cost including fair value gains and losses	**(744)**	(681)	**(275)**	(229)	**(179)**	(93)
Income from associates and joint ventures	**86**	46	**11**	12	**25**	17
Profit before tax and exceptional items	**5 268**	4 782	**658**	672	**424**	381
Exceptional items	**(178)**	(12)				
Profit before tax	**5 090**	4 770				
Geographic segmentation						
Revenue	**92 382**	80 830	**18 018**	16 457	**15 574**	11 247
– South Africa	**64 413**	59 311	**13 444**	12 741		
– Rest of Africa	**5 608**	4 656	**4 565**	3 716		
– Rest of world	**22 361**	16 863	**9**		**15 574**	11 247
Operating profit	**6 087**	5 638	**920**	910	**759**	598
– South Africa	**4 827**	4 669	**698**	756		
– Rest of Africa	**397**	298	**224**	154		
– Rest of world	**863**	671	**(2)**		**759**	598
Net finance cost including fair value gains and losses	**744**	681	**275**	229	**179**	93
– South Africa	**476**	489	**236**	205		
– Rest of Africa	**58**	33	**39**	24		
– Rest of world	**210**	159			**179**	93

** Other Segments includes Car Rental, Autoparts, NAC and Tourism.*
 # The segment information has been restated (refer to note 1.9).

Operational segment reporting

For management purposes, the group is organised into seven segments making up the three major operating pillars – Logistics, Automotive and Industrial, and Financial Services. These pillars are the basis on which the group reports its primary segment information.

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

Logistics

— Africa (including South Africa) – Provides complete logistics solutions including transportation, warehousing, container handling and related value-added services within Africa.

— International – Provides complete logistics solutions including transportation, warehousing, inland waterway shipping, container handling, manufacturing and packaging of materials and related value-added services within Europe.

AUTOMOTIVE AND INDUSTRIAL						FINANCIAL SERVICES					
Distribution, Retail and Allied Services		Automotive Retail		Other Segments*		Insurance		Other Financial Services		Head Office and Eliminations	
2013 Rm	2012 Rm	2013 Rm	2012 Rm	2013 Rm	2012 Rm	2013 Rm	2012 Rm	2013 Rm	2012 Rm	2013 Rm	2012 Rm
22 465	20 214	20 143	17 193	6 149	6 082					17	30
1 879	1 513	1 905	1 749	2 750	3 032	125	93	418	391	9	35
						3 049	2 875				
						3	2				
24 344	21 727	22 048	18 942	8 899	9 114	3 177	2 970	418	391	26	65
1 338	1 070	654	618	294	208	110	142	533	496	(3 051)	(2 617)
25 682	22 797	22 702	19 560	9 193	9 322	3 287	3 112	951	887	(3 025)	(2 552)
(23 256)	(20 543)	(21 959)	(18 888)	(7 950)	(8 066)	(3 080)	(2 903)	(571)	(528)	3 014	2 557
						166	160	147	111	(121)	(85)
						171	83				
(192)	(136)	(93)	(98)	(545)	(541)	(34)	(33)	(92)	(114)	16	26
(6)	3	1	(1)	1						1	
2 228	2 121	651	573	699	715	510	419	435	356	(115)	(54)
(1)	(43)		(22)	20			6			(14)	19
(4)	(4)	(7)		(2)						(1)	1
12	(31)		2	7	13					83	32
6	2			1	3					(86)	(33)
3				3							
	(1)	(2)							(2)		(1)
2 244	2 044	642	553	728	731	510	425	435	354	(133)	(36)
(191)	(153)	(122)	(111)	(153)	(194)	(13)		(1)	(1)	190	100
7	9			22	21	(1)	2	39	30	(17)	(45)
2 060	1 900	520	442	597	558	496	427	473	383	40	19
25 682	22 797	22 702	19 560	9 193	9 322	3 287	3 112	951	887	(3 025)	(2 552)
22 116	19 479	19 231	17 017	9 038	9 140	2 677	2 607	951	887	(3 044)	(2 560)
327	313	10		96	122	610	505				
3 239	3 005	3 461	2 543	59	60					19	8
2 228	2 121	651	573	699	715	510	419	435	356	(115)	(54)
2 189	2 074	585	538	685	704	352	290	435	356	(117)	(49)
1	4			14	11	158	129				
38	43	66	35							2	(5)
191	153	122	111	153	194	13		1	1	(190)	(100)
154	117	113	104	147	192	13		1	1	(188)	(130)
13	7			6	2						
24	29	9	7							(2)	30

Automotive and Industrial

- Distribution, Retail and Allied Services – This segment imports and distributes a range of passenger, commercial vehicles, industrial equipment and motorcycles and includes vehicle dealerships in South Africa and Australia.
- Automotive Retail – Consists of a large network of motor vehicle and commercial vehicle dealerships in South Africa and represents most of the major original equipment manufacturers (OEMs) and commercial vehicle dealerships in the United Kingdom. It also manufactures and sells caravans and canopies.
- Other Segments – The Car Rental business consists of vehicle rental operations spanning the domestic corporate sector, domestic and international leisure sectors, with extensive support services. This segment also includes the sale of pre-owned vehicles. The Autoparts business is involved in wholesaling and distributing vehicle parts and accessories.

Financial Services

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

At a glance 1 – 9
Overview of Imperial 12 – 37
Management report 40 – 83
Financial reports and notices 86 – 136

Notes to the summarised consolidated annual financial statements

for the year ended 30 June 2013

1.1 Basis of preparation

The summarised consolidated annual financial statements have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB) in issue and effective for the group at 30 June 2013 and the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and financial reporting pronouncements as issued by the Financial Reporting Council. The summarised consolidated information has been prepared using the information required by IAS 34 – *Interim Financial Reporting*, and complies with the Listings Requirements of the JSE Limited and the Companies Act of South Africa, 2008.

These summarised consolidated annual financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the audited consolidated annual financial statements as at and for the year ended 30 June 2013 as published in the attached compact disc and on www.imperial.co.za.

These summarised consolidated annual financial statements were approved by the board of directors on 20 August 2013.

1.2 Accounting policies

The accounting policies adopted and methods of computation used in the preparation of the summarised consolidated annual financial statements are in accordance with IFRS and are consistent with those of the audited consolidated annual financial statements for the previous year except where the group has adopted new or revised accounting standards.

1.3 Revised accounting standards and circulars

The group adopted amendments to the following accounting standards and interpretations that became applicable during the financial year.

IAS 1 – *Presentation of Financial Statements* – Amendments to the presentation of other comprehensive income.
IAS 12 – *Income Taxes* – Deferred tax: recovery of underlying assets.
IAS 34 – *Interim Financial Reporting* – Disclosure of significant events and transactions.

IAS 1 introduced new terminology for the statement of comprehensive income and the income statement. As a result the group's income statement has been named the statement of profit or loss.

The group also adopted Circular 3/2012 – Headline Earnings as issued by the South African Institute of Chartered Accountants (SAICA).

These amendments had no significant impact on the group's accounting policies and methods of computation.

1.4 Standards and interpretations issued but not yet effective

For a list and the impact of other standards and interpretations that will become applicable to the group in future reporting periods refer to note 3 of the consolidated annual financial statements as at and for the year ended 30 June 2013.

1.5 Core earnings

Core earnings is a non-IFRS measure and excludes the impact of certain non-operational income and expense items from reported headline earnings. It is included to provide an additional basis on which to measure the group's normalised earnings performance.

1.6 Changes to the composition of the group

Acquisitions

For details about the acquisitions refer to the business combination section in Annexure A on page 124.

Disposals

The group disposed of its 60% interest in Megafreight (Pty) Limited for R80 million in September 2012 and its 62% interest in NAC for R62 million in February 2013.

Disposal group

The disposal of the Tourism division became highly probable in June 2013. As a result assets of R94 million and liabilities of R46 million are classified as held for sale on the statement of financial position.

1.7 Foreign exchange rates

The following major rates of exchange were used in the translation of the groups foreign operations:

Foreign exchange rates	June 2013	June 2012
The following major rates of exchange were used in the translation of the groups foreign operations:		
SA Rand:Euro		
– closing	**13,04**	10,39
– 12-month average	**11,43**	10,38
SA Rand:US Dollar		
– closing	**10,01**	8,20
– 12-month average	**8,84**	7,75

1.8 Subsequent events

In terms of the Ukhamba black economic empowerment transaction, 1 122 377 deferred ordinary shares have converted to ordinary shares with effect from 1 July 2013. These shares will be listed on the Johannesburg Securities Exchange.

1.9 Restatement and representation of comparative information

Restatement of the consolidated statement of cash flows

Net financing cost paid

Net financing cost paid in the prior year has been restated to distinguish between interest paid and interest received.

The restatement had no impact on cash flows from operating activities.

Currency adjustments on cash resources

In the prior year the effects of exchange rate changes on cash resources held in a foreign currency were included in the repayment of interest-bearing borrowings. The effects of exchange rate changes on cash resources held in a foreign currency are now shown separately on the statement of cash flows.

The result of the restatement is as follows:

	2012 Rm
Decrease in interest-bearing borrowings as originally stated	(1 432)
Effects of exchange rate changes on cash resources in a foreign currency	(102)
Decrease in interest-bearing borrowings – restated	(1 534)

Representation of the segment report

The executive committee, being the chief operating decision-making body, has changed the basis in which the various businesses within the group are now being reported because of the changes to the executive management of the group. As a result 'Logistics Africa (including South Africa)', 'Logistics International', 'Distribution, Retail and Allied Services', 'Insurance' and 'Other Financial Services' are now reported as separate segments. Autoparts and NAC are reclassified out of Distributorships and shown with Car Rental and Tourism in 'Other Segments'. Automotive Retail remained unchanged.

The restatement had no impact on the group's financial position or results and there is no requirement to present a third statement of financial position.

The effect of the restatements is as follows:

	Operating assets 2012 Rm	Operating liabilities 2012 Rm
Segment financial position		
LOGISTICS		
Now disclosed separately as Africa (Including South Africa) Logistics	9 152	3 758
Now disclosed separately as International Logistics	7 985	3 005
Total as originally reported for Logistics in 2012	17 137	6 763
AUTOMOTIVE AND INDUSTRIAL		
As reported originally in Distributorships in 2012	11 561	3 628
Autoparts reclassified to Other Segments	(1 423)	(568)
NAC reclassified to Other Segments	(668)	(230)
Total now remaining in Distribution, Retail and Allied Services	9 470	2 830
Autoparts reclassified from Distributorships	1 423	568
NAC reclassified from Distributorships	668	230
Car Rental and Tourism reclassified in total	2 809	380
Total now reported in Other Segments	4 900	1 178
FINANCIAL SERVICES		
Now disclosed separately as Insurance	3 943	2 308
Now disclosed separately as Other Financial Services	1 233	2 564
Total as originally reported for Financial Services in 2012	5 176	4 872

At a glance 1 – 9
Overview of Imperial 12 – 37
Management report 40 – 83
Financial reports and notices 86 – 136

Notes to the summarised consolidated annual financial statements continued

for the year ended 30 June 2013

1.9 Restatement and representation of comparative information continued

Restatement of the segment report continued

	Revenue 2012 Rm	Operating profit 2012 Rm	Profit before tax and exceptional items 2012 Rm
Segment profit or loss			
LOGISTICS			
Now disclosed separately as Africa (Including South Africa) Logistics	16 457	910	672
Now disclosed separately as International Logistics	11 247	598	381
Total as originally reported for Logistics in 2012	27 704	1 508	1 053
AUTOMOTIVE AND INDUSTRIAL			
As reported originally in Distributorships in 2012	28 318	2 456	2 211
Autoparts reclassified to Other Segments	(4 134)	(278)	(277)
NAC reclassified to Other Segments	(1 387)	(57)	(34)
Total now remaining in Distribution, Retail and Allied Services	22 797	2 121	1 900
Autoparts reclassified from Distributorships	4 134	278	277
NAC reclassified from Distributorships	1 387	57	34
Car Rental and Tourism reclassified in total	3 801	380	247
Total now reported in Other Segments	9 322	715	558
FINANCIAL SERVICES			
Now disclosed separately as Insurance	3 112	419	427
Now disclosed separately as Other Financial Services	887	356	383
Total as originally reported for Financial Services in 2012	3 999	775	810

2. Goodwill and intangible assets

	Cost Rm	Accumulated amortisation and impairment Rm	Net book value Rm
At 30 June 2013			
– Goodwill	**4 747**	**821**	**3 926**
– Computer software	**497**	**341**	**156**
– Customer lists and contracts	**1 509**	**454**	**1 055**
– Other intangibles	**124**	**55**	**69**
	6 877	**1 671**	**5 206**
At 30 June 2012			
– Goodwill	3 920	682	3 238
– Computer software	385	290	95
– Customer lists and contracts	942	143	799
– Other intangibles	145	43	102
	5 392	1 158	4 234

Expenditure on acquired patents, trademarks, licences, customer lists and computer software is amortised on a straight-line basis over the assets estimated useful lives between 2 to 10 years. Goodwill is not amortised.

Goodwill impairments

During the current year the group impaired goodwill amounting to R139 million in the following segments:
- Africa (Including South Africa) Logistics – R107 million of goodwill was impaired as a result of contracts lost, warranty profits not being achieved and CGUs not making sufficient profits.
- Other Segments – R32 million of goodwill relating to warranty profits not being achieved and the recoverability of goodwill relating to the businesses being sold.

	2013 Rm	2012 Rm
3. Investment in associates and joint ventures		
Listed shares at cost	221	207
Unlisted shares at cost	529	223
Share of post-acquisition reserves (net of impairments)	222	126
Carrying value of shares	972	556
Indebtedness by associates and joint ventures	345	333
	1 317	889
Valuation of shares		
Listed shares at fair value	664	487

The group's share of deferred tax relating to estimated tax losses not recognised due to the unpredictability of future profit streams amount to R74 million (2012: R83 million).

	Cost Rm	Accumulated amortisation and impairment Rm	Net book value Rm
4. Property, plant and equipment			
At 30 June 2013			
– Land, buildings and leasehold improvements	8 819	1 394	7 425
– Equipment and furniture	4 508	2 923	1 585
– Motor vehicles	451	204	247
	13 778	4 521	9 257
At 30 June 2012			
– Land, buildings and leasehold improvements	7 360	1 100	6 260
– Equipment and furniture	3 846	2 404	1 442
– Motor vehicles	445	189	256
– Aircraft	160	38	122
	11 811	3 731	8 080

Depreciation is calculated on a 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
Aircraft	20 years

Notes to the summarised consolidated annual financial statements continued

for the year ended 30 June 2013

		2013 Rm	2012 Rm
5.	**Transport fleet**		
	Cost	9 808	8 659
	Accumulated depreciation and impairment	5 182	4 323
		4 626	4 336
	Depreciation is calculated on a straight-line basis to write off the cost of each component of the transport asset to its residual value over its estimated useful life between 3 to 12 years.		
6.	**Vehicles for hire**		
	Cost	3 130	2 995
	Accumulated depreciation and impairment	665	674
		2 465	2 321
	Depreciation is calculated on a straight-line basis to write off the cost of each component of the vehicle to its residual value over its estimated useful life between 2 to 5 years.		
7.	**Investments and loans**		
	Investments		
	Listed at fair value	2 194	1 816
	Unlisted at fair value	843	413
		3 037	2 229
	Loans – at amortised cost	181	204
		3 218	2 433
8.	**Non-current financial assets**		
	Reinsurance receivables – held at amortised cost	227	242
9.	**Inventories**		
	New vehicles	6 183	4 349
	Used vehicles	3 215	2 886
	Spares, accessories and finished goods	1 436	1 343
	New and used aircraft		82
	Fast moving consumer goods	266	217
	Fuel and oil	90	69
	Merchandise	191	155
	Work in progress	111	117
		11 492	9 218
10.	**Trade and other receivables**		
	Trade receivables	9 519	8 640
	– Gross receivables	9 856	8 985
	– Provision for doubtful debts	(337)	(345)
	Prepayments and other receivables	607	465
	Derivative financial instruments – hedging instruments	311	170
		10 437	9 275

	2013 Rm	2012 Rm
11. Assets classified as held for sale		
Tourism disposal group		
The tourism division had become subscale in the context of Imperial and consequently the group has disposed of its travel, tourism and coach charter businesses subject to approval by the Competition Commission of South Africa.		
The major classes of assets and liabilities classified as held for sale at 30 June 2013 are as follows:		
Assets		
Intangible assets	1	
Property, plant and equipment	3	
Vehicles for hire	54	
Deferred tax assets	1	
Tax in advance	1	
Trade and other receivables	30	
Cash resources	4	
Assets classified as held for sale	94	
Liabilities		
Trade and other payables and provisions	46	
Liabilities held for sale	46	
12. Share capital and share premium		
Authorised share capital		
394 999 000 (2012: 394 999 000) ordinary shares of 4 cents each	15	15
50 000 000 (2012: 50 000 000) deferred ordinary shares of 4 cents each	2	2
15 000 000 (2012: 15 000 000) preferred ordinary shares of 4 cents each	1	1
1 000 (2012: 1 000) redeemable preference shares of 4 cents each		
40 000 000 (2012: 40 000 000) non-redeemable, non-participating preference shares of 4 cents each*	2	2
	20	20
Issued and fully paid share capital		
208 833 715 (2012: 209 843 029) ordinary shares of 4 cents each	8	8
12 979 082 (2012: 14 110 992) deferred ordinary shares of 4 cents each	1	1
	9	9
Share premium		
Balance at beginning of year	13	
Ordinary shares issued during the year	360	13
	373	13
Share capital and premium	382	22

**For non-redeemable, non-participating preference shares in issue refer to note 14.*

Directors' authority to issue ordinary shares and non-redeemable preference shares

The directors have been given general authority until the next annual general meeting to issue:
— not more than five percent of the issued ordinary share capital at 30 June 2012;
— not more than five million of the non-redeemable, non-participating preference shares.

Group share schemes

	Number of rights	
Total rights authorised and currently allocated in terms of group share schemes	**2013**	2012
Share Appreciation Rights Scheme	11 216 355	11 631 363
Deferred Bonus Plan	119 363	111 930
Total rights currently allocated in terms of group share schemes	11 335 718	11 743 293

Directors' and prescribed officers' interests in issued share capital

At year-end the aggregate shareholdings of the directors and prescribed officers in the issued ordinary share capital of the company are outlined in the remuneration committee report on page 101.

At a glance 1 – 9
Overview of Imperial 12 – 37
Management report 40 – 83
Financial reports and notices 86 – 136

Notes to the summarised consolidated annual financial statements continued

for the year ended 30 June 2013

	2013 Rm	2012 Rm
13. Shares repurchased		
7 864 456 (2012: 7 864 456) ordinary shares	**445**	445
Consolidation of 5 864 944 (2012: 5 864 944) Imperial shares held by Lereko as shares repurchased	**(665)**	(665)
13 729 400 (2012: 13 729 400) ordinary shares	**(220)**	(220)
14. Non-redeemable, non-participating preference shares		
Non-redeemable, non-participating preference shares at cost	**441**	441

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

These shares are entitled to a preference dividend being 82,5% of the prime interest rate. The company is obligated to pay any arrear dividends within five years from the proceeds raised by issuing new ordinary shares within six months prior to such payment. Because of the cumulative nature of these preference shares they are classified as debt with no repayment terms.

The coupon is payable semi-annually on 1 April and 1 October and annually this amounts to R32 million (2012: R32 million), which is included as part of finance cost in profit or loss.

	2013 Rm	2012 Rm
15. Interest-bearing borrowings		
Long term		
– Loans secured by mortgage bonds over fixed property	**93**	86
– Liabilities under capitalised finance leases	**173**	174
– Instalment sale creditors secured by assets	**50**	105
– Corporate bonds	**4 330**	6 069
Listed on the Bond Exchange of South Africa		
– Held at amortised cost – IPL 4 – maturing in March 2014	**1 533**	1 532
– Held at amortised cost – IPL 5 – maturing in September 2015	**500**	500
– Held at amortised cost – IPL 6 – maturing in September 2017	**1 536**	1 536
– Held at amortised cost – IPL 7 – maturing in April 2018	**761**	
Listed on the gilt-edged and fixed-interest market of the London Stock Exchange		
– Held at amortised cost – Eurobond – matured		877
– Held at fair value – Eurobond – matured		1 624
– Syndicated bank term loan	**3 257**	2 482
– Unsecured loans	**337**	115
	8 240	9 031
Short term		
– Unsecured loans, call borrowings and bank overdrafts	**1 633**	716
– Commercial paper	**695**	
Total borrowings	**10 568**	9 747
Less: Current portion of interest-bearing borrowings	**4 995**	3 649
Long-term borrowings	**5 573**	6 098

15. Interest-bearing borrowings continued

Summary of long-term borrowings by currency and year of redemption or repayment	2018 and onwards Rm	2017 Rm	2016 Rm	2015 Rm	2014 Rm	2013 Rm	2012 Rm
SA Rand	2 429	1	506	162	3 235	6 333	3 966
British Pound					176	176	67
Euro	879	402	407	754	1 083	3 525	5 248
Australian Dollar					452	452	377
Other	1	6	8	18	49	82	89
	3 309	409	921	934	4 995	10 568	9 747

The syndicated bank term loan which commenced in September 2012 has repayments of 6,25% every six months and 50% on maturity in September 2016.

The 1% increase or decrease in interest rates represents management's assessment of the reasonably possible changes in interest risk. The impact of a 1% increase in interest rates will have an annualised R12 million (2012: R18 million) effect on after tax profit and equity.

	2013 Rm	2012 Rm
16. Insurance, investment, maintenance and warranty contracts		
Long-term insurance funds	713	585
Short-term insurance funds	570	481
Maintenance and warranty contracts	2 687	2 156
	3 970	3 222
17. Non-current financial liabilities		
Cross currency and interest-rate swap liabilities	172	270
Contingent consideration	214	73
Loans payable	33	5
	419	348
18. Provisions for liabilities and other charges		
Leave pay	426	367
Bonuses	288	301
Warranty and after sales		75
Insurance claims	194	216
Long service payments	118	98
Dismantling and environmental risk	397	367
Other	266	228
	1 689	1 652

Notes to the summarised consolidated annual financial statements continued

for the year ended 30 June 2013

		2013 Rm	2012 Rm
19.	**Trade and other payables**		
	Trade payables and other accruals	**14 001**	12 102
	Deferred income	**81**	68
	Derivative financial instruments		64
		14 082	12 234
20.	**Exceptional items**		
	Impairment of goodwill	**(139)**	(123)
	Net loss on disposal and rationalisation of investments in associates and joint ventures	**(7)**	(11)
	Net loss on disposal and rationalisation of subsidiaries	**(32)**	10
	Fair value adjustments on discontinued operations		112
	Gross exceptional items	**(178)**	(12)
	Tax expense	**(8)**	(3)
	Net exceptional items	**(186)**	(15)
	Attributable to non-controlling interests		11
	Attributable to owners of Imperial	**(186)**	(4)
21.	**Financing cost**		
	Interest paid on financial liabilities not at fair value through profit or loss	**769**	622
	Interest paid on financial liabilities designated as fair value through profit or loss	**71**	114
	Foreign exchange loss on monetary items	**254**	88
	Fair value gains arising from interest-bearing borrowings and interest-rate swap instruments	**(254)**	(88)
	Finance cost including fair value gains and losses	**840**	736
	Finance income on financial assets not fair valued through profit or loss	**(96)**	(55)
		744	681
22.	**Income tax expense**		
	Reconciliation of tax rates:	**%**	%
	Profit before tax, excluding income from associates and joint ventures – effective tax rate	**28,1**	29,3
	Income tax effect of:		
	– Foreign tax differential	**0,2**	0,1
	– Tax assets not recognised and deferred tax impairments	**(2,0)**	(1,6)
	– Disallowable charges and capital losses	**(6,8)**	(2,6)
	– Exempt and capital income	**8,4**	4,7
	– Withholding and secondary taxes	**(0,2)**	(1,9)
	– Capital gains tax	**(0,7)**	(0,3)
	– Tax rate adjustment		(1,0)
	– Prior year net overprovisions	**1,0**	1,3
		28,0	28,0

The decrease in the effective tax rate was caused primarily by the abolition of secondary tax on companies (STC).

Based on its interpretation of tax law and prior experience the group believes that its accrual for tax liabilities are adequate for all open tax years.

	2013 Rm	2012 Rm
23. Earnings per share		
Ordinary shares		
Net profit attributable to owners of Imperial – basic earnings	**3 294**	2 980
Saving of finance costs by associate on potential sale of Imperial shares	**43**	21
Diluted earnings	**3 337**	3 001
Weighted average number of ordinary shares in issue (million)	**191,6**	192,0
Basic earnings per share (cents)	**1 719**	1 552
Weighted average number of ordinary shares (million)	**191,6**	192,0
Adjusted for weighted average potential ordinary shares resulting from:		
– Conversion of deferred ordinary shares to ordinary shares (million)	**5,9**	7,5
– Potential disposal of shares held by an associate (million)	**4,6**	2,8
– Potential ordinary shares to be delivered in terms of share schemes (million)	**0,1**	1,3
Weighted average number of ordinary shares for diluted earnings (million)	**202,2**	203,6
Diluted earnings per share (cents)	**1 650**	1 474
Headline earnings and diluted headline earnings per share is calculated as follows:		
Diluted earnings	**3 337**	3 001
Impairment of property, plant and equipment (IAS 36)	**24**	49
Impairment of intangible assets (IAS 36)	**3**	
Profit on disposal of property, plant and equipment (IAS 16)	**(38)**	(29)
Profit on disposal of intangible assets (IAS 38)	**(3)**	
Exceptional items	**178**	12
Exceptional items included in income from associates and joint ventures	**(14)**	19
Realised gain on disposal of available-for-sale investments (IAS 39)	**(10)**	
Realised gain on disposal of available-for-sale investments, included in income from associates and joint ventures (IAS 39)		(19)
Other headline earnings adjustments included in income from associates and joint ventures	**1**	
Tax effects on remeasurements	**18**	9
– Exceptional items	**8**	3
– Profit on disposal of property, plant and equipment	**9**	7
– Profit on disposal of intangible assets	**1**	
– Realised gain on disposal of available-for-sale investments	**3**	
– Impairment charge of property, plant and equipment	**(2)**	(1)
– Impairment charge of intangible assets	**(1)**	
Non-controlling interests in remeasurements	**3**	(14)
– Exceptional items		(11)
– Impairment charge of property, plant and equipment	**(1)**	(5)
– Impairment charge of intangible assets		
– Profit on disposal of property, plant and equipment	**4**	2
Headline earnings – diluted	**3 499**	3 028
Saving of finance costs by associate on potential sale of Imperial shares	**(43)**	(21)
Headline earnings – basic	**3 456**	3 007
Weighted average number of ordinary shares in issue (million)	**191,6**	192,0
Basic headline earnings per share (cents)	**1 804**	1 566
Weighted average number of ordinary shares for diluted earnings (million)	**202,2**	203,6
Diluted headline earnings per share (cents)	**1 730**	1 487

Notes to the summarised consolidated annual financial statements continued

for the year ended 30 June 2013

	2013 Rm	2012 Rm
23. Earnings per share continued		
Core earnings reconciliation		
Headline earnings – basic	**3 456**	3 007
Saving of finance costs by associate on potential sale of Imperial shares	**43**	21
Headline earnings – diluted	**3 499**	3 028
Amortisation of intangible assets arising on business combinations	**254**	128
Business acquisition costs	**15**	51
Remeasurement of contingent considerations	**(66)**	
Headline earnings from discontinued operations		(34)
Capital gains tax on post-acquisition earnings of associates disposed		2
Core earnings adjustments included in income from associates and joint ventures	**3**	
Tax effects of core earnings adjustments	**(77)**	(47)
– Amortisation of intangible assets arising on business combinations	**(77)**	(38)
– Business acquisition costs		(9)
Non-controlling interests in core earnings adjustments	**(1)**	10
– Amortisation of intangible assets arising on business combinations	**(1)**	(1)
– Business acquisition costs		(1)
– Headline earnings from discontinued operations		12
Core earnings – diluted	**3 627**	3 138
Saving of finance costs by associate on potential sale of Imperial shares	**(43)**	(21)
Core earnings – basic	**3 584**	3 117
Weighted average number of ordinary shares in issue (million)	**191,6**	192,0
Basic core earnings per share (cents)	**1 871**	1 623
Weighted average number of ordinary shares for diluted earnings (million)	**202,2**	203,6
Diluted core earnings per share (cents)	**1 794**	1 541
24. Notes to the summarised consolidated statement of cash flows		
24.1 Cash generated by operations before capital expenditure on rental assets		
Profit before net financing costs	**5 748**	5 405
Amortisation of intangible assets, net of recoupments	**62**	176
Amortisation of intangible assets arising on business combinations	**254**	
Depreciation of property, plant and equipment	**634**	507
Depreciation of transport fleet, net of recoupments	**684**	593
Depreciation of vehicles for hire, net of recoupments	**680**	643
Profit on disposal of property, plant and equipment	**(25)**	(18)
Impairment of assets	**27**	49
Exceptional items	**178**	17
Fair value gains on investments	**(171)**	(83)
Foreign exchange gains	**(92)**	(44)
Fair value gains	**118**	25
Impairment of non-current financial assets		3
Gain on disposal of available-for-sale financial assets	**(10)**	
Recognition of share-based costs	**116**	112
Net movement in insurance, investments, maintenance and warranty contracts	**622**	757
Remeasurement of contingent considerations	**(66)**	
Business acquisition costs	**15**	51
Increase in retirement benefit obligations	**21**	5
Cash generated by operations before changes in working capital	**8 795**	8 198
Working capital movements		
Increase in inventories	**(2 289)**	(893)
(Increase) decrease in trade and other receivables	**(448)**	352
Increase (decrease) in trade and other payables and provisions	**1 133**	(217)
	7 191	7 440

	2013 Rm	2012 Rm
24. Notes to the summarised consolidated statement of cash flows continued		
24.2 Net replacement capital expenditure – excluding rental assets		
Expenditure		
– Intangible assets	**(116)**	(84)
– Plant and equipment	**(608)**	(792)
– Transport fleet	**(537)**	(609)
	(1 261)	(1 485)
Proceeds on disposals		
– Intangible assets	**7**	1
– Plant and equipment	**143**	290
– Transport fleet	**300**	232
	450	523
Net expenditure		
– Intangible assets	**(109)**	(83)
– Plant and equipment	**(465)**	(502)
– Transport fleet	**(237)**	(377)
	(811)	(962)
24.3 Cash and cash equivalents		
Cash resources	**1 844**	3 545
Cash resources included in assets classified as held for sale	**4**	
Short-term loans and overdrafts	**(2 328)**	(716)
	(480)	2 829

25. Dividends

Ordinary shares

Interim

– In the current year a dividend of 380 cents per share was paid on 2 April 2013

– In the prior year a dividend of 300 cents per share was paid on 26 March 2012

Final

– A dividend of 440 cents per share is payable on 30 September 2013

– In the prior year a dividend of 380 cents per share was paid on 1 October 2012

Dividends are reflected gross of tax.

26. Commitments and contingent liabilities

	2013 Rm	2012 Rm
Capital commitments	**935**	1 112
Contingent liabilities	**294**	46

At a glance 1 – 9
Overview of Imperial 12 – 37
Management report 40 – 83
Financial reports and notices 86 – 136

Annexure A

New business combinations

Subsidiaries and businesses acquired	Nature of business	Operational segment	Date acquired	Interest acquired (%)	Purchase consideration transferred Rm
RTT Health Sciences	Supply chain services	Logistics – Africa (including South Africa)	January 2013	100	515
Orwell Trucks Limited	Vehicle sales and services	Automotive Retail	February 2013	100	118
KWS Carriers (Pty) Ltd	Commodities transport	Logistics – Africa (including South Africa)	April 2013	60	48
Individually immaterial business combinations					95
Total purchase consideration transferred					**776**

Reason for the acquisitions

- RTT Health Sciences, one of Africa's leading pharmaceutical and healthcare supply chain service providers, was acquired to complement our logistics business within South Africa to extend our footprint in Africa.
- Orwell Trucks Limited was acquired to expand our Automotive Retail business in the United Kingdom and complement our truck franchise.
- KWS Carriers (Pty) Ltd was acquired to expand the commodity's transportation business within our Logistics division in South Africa.

Fair value of assets acquired and liabilities assumed at date of acquisition:	Total Rm	RTT Health Sciences Rm	Orwell Trucks Limited Rm	KWS Carriers (Pty) Ltd Rm	Individually immaterial acquisitions Rm
Assets					
Intangible assets	**323**	220	35	41	27
Property, plant and equipment	**95**	55	14	6	20
Transport fleet	**72**			53	19
Deferred tax assets	**1**				1
Inventories	**151**	14	113	1	23
Trade and other receivables	**442**	264	51	62	65
Cash resources	**49**	15	27		7
	1 133	568	240	163	162
Liabilities					
Deferred tax liabilities	**71**	36	8	15	12
Interest-bearing borrowings	**73**		22	29	22
Non-current financial liabilities	**8**				8
Trade and other payables and provisions	**510**	234	137	80	59
Current tax liabilities	**5**	1	2		2
	667	271	169	124	103
Acquirees' carrying amount at acquisition	**466**	297	71	39	59
Less: Non-controlling interests	**(21)**			(4)	(17)
Net assets acquired	**445**	297	71	35	42
Purchase consideration transferred	**776**	515	118	48	95
– Cash	**700**	515	110	12	63
– Contingent consideration	**75**		8	36	31
– Fair value of previously held interest	**1**				1
Excess of purchase consideration over net assets acquired	**331**	218	47	13	53

Trade and other receivables acquired had gross contractual amounts of R452 million of which R10 million was doubtful. None of the goodwill is expected to be deductible for tax purposes. Non-controlling interests have been calculated based on their proportionate share of net assets.

Details of contingent consideration

The contingent consideration requires the group to pay the vendors an additional total amount of R75 million over three years if the acquired businesses' net profit exceeds certain earnings targets.

Acquisition costs

Acquisition costs for acquisitions concluded during the year amounted to R7 million and have been recognised as expenses in profit or loss within business acquisition costs.

Impact of the acquisitions on the results of the group	Total Rm	RTT Health Sciences Rm	Orwell Trucks Limited Rm	KWS Carriers (Pty) Ltd Rm	Individually immaterial acquisitions Rm
From the dates of acquisition, the acquired businesses contributed:					
Revenue	**1 514**	697	324	246	247
Net profit as reported by entity	**67**	31	6	9	21
Funding costs and amortisation of intangible assets arising on the business combinations	**(34)**	(22)	(7)	(3)	(2)
Net profit	**33**	9	(1)	6	19

Had all the acquisitions been consolidated from 1 July 2012, the group's revenue and net profit would have been R94 240 million and R3 710 million respectively, with the new acquisitions contributing additional revenue of R1 858 million and net profit of R24 million. The net profit of R24 million has been reduced by the funding costs of R3 million on the cash consideration and by the amortisation of intangible assets arising on the business combinations of R30 million.

Annexure B

Summary of employment equity report

Summary of global workforce	2013	2012
South African (including foreign nationals)	39 259	37 186
Non-South African	11 748	10 513
Total workforce	**51 007**	47 699

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

Occupational levels	Male A	Male C	Male I	Male W	Female A	Female C	Female I	Female W	Foreign nationals M	Foreign nationals F	Total 2013	Total 2012
Permanent staff												
Top management	4	1	8	129	5	3	4	11	2		167	221
Senior management	20	12	40	363	8	2	24	103	4		576	646
Professionally qualified and experienced specialists and mid-management	254	173	275	1 409	132	95	134	804	5	1	3 282	3 054
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	2 800	1 092	794	2 704	998	425	271	1 524	32	3	10 643	9 486
Semi-skilled and discretionary decision-making	8 943	1 713	579	930	2 061	755	300	1 295	28	7	16 611	16 639
Unskilled and defined decision-making	4 159	624	78	79	1 022	154	8	22	8		6 154	6 048
	16 180	3 615	1 774	5 614	4 226	1 434	741	3 759	79	11	37 433	36 094
Non-permanent staff	1 312	162	53	52	126	67	17	31	6		1 826	1 092
	17 492	3 777	1 827	5 666	4 352	1 501	758	3 790	85	11	39 259	37 186

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

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

Notice to shareholders
Declaration of preference and ordinary dividends

for the year ended 30 June 2013

Ordinary shareholders

Notice is hereby given that a gross final ordinary dividend in the amount of 440 cents per ordinary share has been declared payable, by the board of Imperial, to holders of ordinary shares. The dividend will be paid out of reserves.

The ordinary dividend will be subject to a local dividend tax rate of 15%. The total STC credits utilised for the ordinary dividend amounted to R21 427 646. The number of ordinary shares in issue at the date of the declaration was 209 956 092 and consequently the STC credits utilised amounted to 10,20577 cents per share. The net ordinary dividend, to those shareholders who are not exempt from paying dividend tax, is therefore 375,53087 cents per share.

Preference shareholders

A further notice is hereby given that a gross final preference dividend of 349,664 cents per preference share has been declared payable, by the board of Imperial, to holders of non-redeemable, non-participating preference shares. The dividend will be paid out of reserves.

The preference dividend will be subject to a local dividend tax rate of 15%. No STC credits will be utilised for the preference dividend. The net preference dividend, to those shareholders who are not exempt from paying dividend tax, is therefore 297,21472 cents per share.

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

	2013
Last day for preference shares and ordinary shares respectively to trade cum-preference dividend and cum-ordinary dividend	Thursday, 19 September
Preference and ordinary shares commence trading ex-preference dividend and ex-ordinary dividend respectively	Friday, 20 September
Record date	Friday, 27 September
Payment date	Monday, 30 September

The company's income tax number is 9825178719.

Share certificates may not be dematerialised/rematerialised between Friday, 20 September 2013 and Friday, 27 September 2013, both days inclusive.

On Monday, 30 September 2013, 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 30 September 2013 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, 30 September 2013.

On behalf of the board

RA Venter
Group company secretary
20 August 2013

Notice to shareholders in terms of section 45(5) of the Companies Act, No 71 of 2008

In compliance with section 45(5) of the Companies Act, 2008, (the Companies Act) notice is hereby given to the shareholders of the company that the board of directors of the company has approved, in accordance with section 45(2) of the Companies Act, financial assistance to certain related and inter-related companies pursuant to the authority granted by shareholders at the annual general meeting held on 31 October 2012.

At a glance 1 – 9
Overview of Imperial 12 – 37
Management report 40 – 83
Financial reports and notices 86 – 136

Notice of annual general meeting

FAST MOVING
FORWARD THINKING
IMPERIAL™

Imperial Holdings Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1946/021048/06)
ISIN: ZAE000067211
JSE share code: IPL
("Imperial" or the "company")

Notice is hereby given that the 25th annual general meeting of shareholders will be held on Thursday, 7 November 2013 at 09:00 in the boardroom of Imperial Holdings Limited, Imperial Place, Jeppe Quondam, 79 Boeing Road East, Bedfordview, Gauteng, or any adjournment or postponement thereof, to transact the following business and resolutions with or without amendments approved at the meeting.

The minutes of the meeting held on 31 October 2012 will be available for inspection at the registered office of the company until 16:00 on Wednesday, 6 November 2013 and up to 30 minutes immediately preceding the meeting.

This document is important and requires your immediate attention

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

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

This notice of annual general meeting is only available in English. Copies may be obtained from the registered office of the company and the transfer secretaries, Computershare Investor Services (Proprietary) Limited, 11th Floor, 70 Marshall Street, Johannesburg, 2001.

Registered and corporate office

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

Included in this document are the following:

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

Reference in this notice of annual general meeting to the term MOI, including references to a provision in the company's MOI, in this notice of annual general meeting (including all of the relevant ordinary and special resolutions contained herein) is used throughout to refer to the company's memorandum of incorporation.

Record date

The record date for the purpose of determining which shareholders of the company are entitled to receive notice of the 25th annual general meeting is Friday, 20 September 2013.

The record date for purposes of determining which shareholders of the company are entitled to participate in and vote at the annual general meeting is Friday, 1 November 2013.

Accordingly, only shareholders who are registered in the register of members of the company on 1 November 2013 will be entitled to attend, speak and vote at the 25th annual general meeting. Therefore the last day to trade in order to be eligible to participate and vote at the meeting is Friday, 25 October 2013.

Electronic participation in the annual general meeting

Notice is hereby given that the 25th annual general meeting of shareholders of the company will be held on Thursday, 7 November 2013 at 09:00 in the boardroom of Imperial Holdings Limited, Imperial Place, Jeppe Quondam, 79 Boeing Road East, Bedfordview, Gauteng. Shareholders or their proxies may participate in the meeting by way of a teleconference call and, if they wish to do so:

- must contact the company secretary (by email at the address rventer@ih.co.za) no later than 16:00 on Tuesday, 5 November 2013 in order to obtain a pin number and dial-in details for that conference call;
- will be required to provide reasonably satisfactory identification; and
- will be billed separately by their own telephone service providers for their telephone call to participate in the meeting.

1. **Ordinary resolution 1 – approval of the financial statements**
"Resolved that the audited consolidated and company annual financial statements of Imperial for the year ended 30 June 2013, including the directors' report, the audit committee report and the auditors' report, be adopted."

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

2. **Ordinary resolution 2 – appointment of the auditors**
"Resolved that Deloitte & Touche be appointed as auditors of the company and Mr AF Mackie as designated partner until the date of the next annual general meeting."

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

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

3. **Ordinary resolution number 3 – appointment of the members of the audit committee**
"Resolved that the reappointment of the following independent non-executive directors, be elected as members of the company's audit committee by a separate vote in respect of each election:
3.1 Mr MJ Leeming
3.2 Ms P Langeni
3.3 Mr RJA Sparks
3.4 Mr Y Waja."

A brief curriculum vitae of each of the directors offering themselves for election as members of the audit committee is contained on pages 26 to 27 of the integrated report.

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

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

4. **Ordinary resolution 4 – reappointment of retiring directors**
"Resolved that the re-election of the following directors, who retire by rotation in terms of the MOI, but being eligible and offering themselves for re-election, be authorised and confirmed by a separate vote with respect to each re-election:
4.1 Mr OS Arbee
4.2 Mr HR Brody
4.3 Mr MP de Canha
4.4 Mr RL Hiemstra
4.5 Mr GW Riemann
4.6 Mr M Swanepoel".

A brief curriculum vitae of each of the directors offering themselves for re-election in terms of resolution 4 is contained on pages 26 and 28 of the integrated report.

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

Percentage voting rights
The minimum percentage of voting rights that is required for each of resolutions in 4.1 to 4.6 to be adopted is 50% (fifty percent) of the voting rights plus 1 (one) vote to be cast on each resolution.

5. **Ordinary resolution 5 – confirmation of the group's remuneration policy**
"Resolved that, as a non-binding advisory vote, as recommended in the King Code of Governance for South Africa 2009, commonly referred to as King III, the group's remuneration policy as set out in the remuneration report on pages 92 to 101 of the integrated report be hereby confirmed."

Notice of annual general meeting continued

6. Special resolution number 1 – directors' fees

"Resolved that in terms of section 66(9) of the Companies Act, 71 of 2008, as amended (the Companies Act), the company be and is hereby authorised, by a separate vote in respect of each item, to remunerate its directors for their services as directors and/or pay any fees related thereto on the following basis and on any other basis as may be recommended by the remuneration committee and approved by the board of directors, provided that the aforementioned authority shall be valid with effect from 1 July 2013 until the next annual general meeting of the company as follows:

– Chairman	from R394 000 to R742 000
– Deputy chairman	from R198 000 to R371 000
– Board member	from R198 000 to R212 000
– Assets and liabilities committee chairman	from R104 000 to R135 000
– Assets and liabilities committee member	from R69 500 to R90 000
– Audit committee chairman	from R227 000 to R280 000
– Audit committee member	from R114 000 to R140 000
– Risk committee chairman	from R107 000 to R135 000
– Risk committee member	from R72 000 to R90 000
– Remuneration and nominations committee chairman	from R104 000 to R135 000
– Remuneration and nominations committee member	from R69 500 to R90 000
– Social, ethics and sustainability committee chairman	from R104 000 to R135 000
– Social, ethics and sustainability committee member	from R69 500 to R90 000."

Executive directors do not receive directors' fees.

Reason and effect

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

In arriving at the proposed fees, cognisance was taken of market trends and the increased responsibilities of non-executive directors in terms of increased legal and governance requirements. An extensive review of comparative fees paid to chairmen and deputy chairmen of peer companies revealed a substantial discrepancy between the fees paid by Imperial compared to peer companies. In order to remain competitive the board therefore decided to recommend that the chairman's fee and deputy chairman's fee be increased to the 50th percentile of the fees paid by peer companies. In determining the peer group used for this comparison, dual-listed companies were excluded. Non-SA-based directors were also excluded from the comparison. Similarly, in light of the increased responsibilities of committees and the growth in size and complexity of the group, it is proposed to increase committee fees at a rate higher than inflation.

Chairmen of boards and committees and the deputy chairman receive a chairman's fee in addition to their member's fee.

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

Percentage voting rights

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

7. Special resolution number 2 – general authority to repurchase company shares

"Resolved that, the company, or a subsidiary of the company, be and is hereby authorised, by way of a general authority, to acquire ordinary shares of 4 cents each (ordinary shares) issued by the company (including the conclusion of derivative transactions which may result in the purchase of shares), in terms of the provisions of sections 46 and 48 of the Companies Act and in terms of the Listings Requirements of the JSE Limited (the JSE), (the Listings Requirements), it being recorded that the Listings Requirements currently require, inter alia, that the company may make a general repurchase of securities only if:

- any such repurchase of ordinary shares is effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty (reported trades are prohibited);
- authorised by the company's MOI;
- the general authority shall be valid until the next annual general meeting of the company, provided that it shall not extend beyond 15 months from the date of this special resolution number 2;
- when the company has cumulatively repurchased 3% of the number of ordinary shares in issue on the date of passing of special resolution number 2, and for each 3% thereof, in aggregate acquired thereafter, an announcement is published as soon as possible and not later than 08:30 on the second business day following the day on which the relevant threshold is reached or exceeded, and the announcement complies with the requirements of the Listings Requirements;
- at any time, only one agent is appointed to effect any repurchase on the company's behalf;

- the company or its subsidiary does not repurchase securities during a prohibited period unless the company has a repurchase programme in place where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period;
- a resolution by the board of directors that it has authorised the repurchase, that the company and its subsidiaries have satisfied the solvency and liquidity test as defined in the Companies Act and that, since the solvency and liquidity test was done, there have been no material changes to the financial position of the group;
- any general repurchase by the company of its own ordinary shares shall not, in aggregate in any one financial year exceed 20% of the company's issued ordinary shares as at the date of passing of this special resolution number 2; and
- in determining the price at which the ordinary shares are repurchased by the company or its subsidiary in terms of this general authority, the maximum price at which such shares may be repurchased will not be greater than 10% above the weighted average of the market value for such ordinary shares for the five business days immediately preceding the date of repurchase of such shares, (the Price).

A general repurchase of the company's shares shall not be effected before the JSE has received written confirmation from the company's sponsor (the sponsor), in terms of paragraph 2.12 of the Listings Requirements, in respect of the directors' working capital statement. Furthermore, the company will consult the sponsor before:
- it repurchases more than 10% in terms of its general authority;
- it executes a repurchase which will result in the accumulated Rand value of the repurchases from the date of the last authority being greater than 10% of the shareholders' equity at the date that the authority was obtained; or
- it repurchases securities and the financial position of the group has changed materially from the date when the sponsor first issued its written confirmation, in order for the sponsor to review the validity of its letter issued when the general authority was granted.

The company will only transact in derivative transactions relating to the repurchase of securities if, with regard to the price of the derivative:
- the strike price of any put option written by the company less the value of the premium received by the company for that put option may not be greater than the fair value of a forward agreement based on a spot price not greater than the price;
- the strike price of any call option purchased by the company may be greater than the price at the time of entering into the derivative agreement, but the company may not exercise the call option if it is more than 10% "out of the money"; and
- the price of the forward agreement may be greater than the price but limited to the fair value of a forward agreement calculated from a spot price not greater than the price.

The directors of the company confirm that no repurchase will be implemented in terms of this authority unless, after each such repurchase:
- the company and the group will be able to pay its debts as they become due in the ordinary course of business for a period of 12 months after the date of the notice of the annual general meeting;
- the consolidated assets of the company and the group, fairly valued in accordance with the accounting policies used in the latest audited annual group financial statements, will exceed its consolidated liabilities for a period of 12 months after the date of the notice of the annual general meeting;
- the share capital and reserves of the company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the annual general meeting; and
- the working capital of the company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the annual general meeting;

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

Pursuant to and in terms of paragraphs 11.23 and 11.26 of the Listings Requirements, the directors of the company hereby state that:
- intention of the company and its subsidiaries is to utilise the general authority to repurchase, if at some future date the cash resources of the company are in excess of its requirements; and
- the method by which the company and any of its subsidiaries intend to repurchase its securities and the date on which such repurchase will take place, has not yet been determined.

The Listings Requirements require the following disclosures with respect to general repurchases, some of which appear elsewhere in the integrated report of which this notice forms part:
- Directors and management page 20
- Major shareholders page 20
- Share capital of the company page 117
- Directors' interest in securities page 101

At a glance 1 – 9
Overview of Imperial 12 – 37
Management report 40 – 83
Financial reports and notices 86 – 136

Notice of annual general meeting continued

Litigation statement
In terms of section 11.26 of the Listings Requirements, the directors, whose names are given on page 24 of the integrated report of which this notice forms part, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the group's financial position.

Directors' responsibility statement
The directors, whose names are given on page 24 of the integrated report, collectively and individually accept full responsibility for the accuracy of the information pertaining to the general repurchase resolution and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the aforementioned resolution contain all information required by law and the Listings Requirements.

No material changes to report
Other than the facts and developments reported in the integrated report, there are no material changes in the affairs or financial position of the company and its subsidiaries that have occurred subsequent to the 30 June 2013 year end until the date of the notice of annual general meeting.

Reason and effect
The reason for and effect of special resolution 2 is to authorise the company and/or its subsidiaries by way of a general authority to acquire their own issued shares on such terms, conditions and in such amounts as determined from time to time by the directors of the company subject to the limitations set out above and in compliance with section 48 of the Companies Act.

Statement of board's intention
The board has considered the impact of a repurchase of up to 15% (fifteen percent) of the company's shares, being within the maximum permissible under a general authority in terms of the Listings Requirements. Should the opportunity arise and should the directors deem it in all respects to be advantageous to the company to repurchase such shares, it is deemed appropriate that the company or a subsidiary be authorised to repurchase the company's shares.

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

8. Ordinary resolution 6 – authority to issue ordinary shares
"Resolved that, in terms of the Listings Requirements, the MOI and the Companies Act, the authorised but unissued ordinary shares be and are hereby placed under the control of the directors by way of a general authority that shall remain valid until the next annual general meeting and the directors be authorised to allot and issue those shares at their discretion, which authority shall include the authority to issue any option/convertible securities that are convertible into ordinary shares, provided that the aggregate number of ordinary shares able to be allotted and issued in terms of this resolution, shall be limited to 5% of the issued share capital as at 30 June 2013 being 10 441 686 shares."

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

9. Ordinary resolution 7 – authority to issue shares for cash
"Resolved that, the directors of the company be and are hereby authorised by way of a general authority, to allot and issue any of the company's unissued shares placed under their control for cash, as they in their discretion may deem fit, without restriction, subject to the provisions of the Listings Requirements, and subject to the proviso that the aggregate number of ordinary shares able to be allotted and issued in terms of this resolution, shall be limited to 5% of the issued share capital at 30 June 2013 being 10 441 686 shares, provided that:

- the approval shall be valid until the date of the next annual general meeting of the company, provided it shall not extend beyond 15 months from the date of this resolution;
- a paid press announcement giving full details, including the impact on net asset value and earnings per share, will be published after any issue representing, on a cumulative basis within any one financial year, 5% or more of the number of shares in issue prior to such issue;
- the company's securities which are the subject of the general issue of shares for cash, in the aggregate in any one financial year may not exceed 5% of the applicant's issued share capital (number of securities) of that class;
- in determining the price at which an issue of shares will be made in terms of this authority the maximum discount permitted will be 10% of the weighted average traded price of such shares, as determined over the 30 trading days prior to the date that the price of the issue is agreed between the issuer and the party subscribing for the securities. The JSE should be consulted for a ruling if the securities have not traded in such 30 business day period;

- any such issue will only be made to public shareholders as defined in paragraphs 4.25 to 4.27 of the Listings Requirements of the JSE and not to related parties; and
- any such issue will only be securities of a class already in issue or, if this is not the case, will be limited to such securities or rights that are convertible into a class already in issue."

For listed entities wishing to issue shares for cash, it is necessary for the board not only to obtain the prior authority of the shareholders as may be required in terms of the MOI, but it is also necessary to obtain the prior authority of shareholders in accordance with the Listings Requirements. The reason for this resolution is accordingly to obtain a general authority from shareholders to issue shares for cash in compliance with the Listings Requirements.

Percentage voting rights
In terms of the Listings Requirements, the minimum percentage of voting rights that is required for this resolution to be adopted is 75% (seventy-five percent) of the voting rights to be cast on the resolution.

10. Ordinary resolution 8 – authority to issue non-redeemable preference shares
"Resolved that, in terms of the Listings Requirements, the MOI and the Companies Act, the authorised but unissued non-redeemable cumulative, non-participating preference shares be and are hereby placed under the control of the directors and the directors are authorised to allot and issue those shares at their discretion, provided that no more than 5 000 000 (five million) non redeemable preference shares in aggregate may be issued in terms of this authority."

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

11. Special resolution number 3 – authority to provide financial assistance
"Resolved that in terms of section 45(3)(a)(ii) of the Companies Act, as a general approval, the board of the company may from time to time authorise the company to provide any direct or indirect financial assistance, as defined in section 45(1) of the Companies Act, to any related or inter-related company or corporation as contemplated in section 45(2) of the Companies Act, for such amounts and on such terms and conditions as the board of the company may determine, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the company."

Reason
Imperial is a listed holding company with a large number of subsidiary companies which together comprise the Imperial group of companies. Imperial is not an operating company and all operations in the Imperial group are conducted by subsidiary companies of Imperial.

Imperial is from time to time, as an essential part of conducting its business, required to provide financial assistance to its subsidiary companies including related and inter-related companies in the form of operational loan funding, credit guarantees and general financial assistance as contemplated in section 45 of the Companies Act.

In terms of the Companies Act, companies are required to obtain the approval of their shareholders by way of special resolution in order to provide financial assistance to subsidiaries and Imperial seeks approval for the board of the company until the next annual general meeting to authorise the provision by the company of financial assistance to any related or inter-related company as contemplated in section 45(2) of the Companies Act. This means that the company is authorised to grant loans to its subsidiaries and to guarantee the debts of its subsidiaries. The financial assistance will be provided as part of the day to day operations of the company in the normal course of its business and in accordance with its MOI and the provisions of the Companies Act.

Effect
Special resolution 3 will grant the directors of the company the authority until the next annual general meeting to authorise the provision by the company of financial assistance to any related or inter-related company as contemplated in section 45(2) of the Companies Act. This means that the company is authorised to grant loans to its subsidiaries and to guarantee the debts of its subsidiaries.

Compliance with section 45(3)(b)
The directors of Imperial will, in accordance with section 45(3)(b) of the Companies Act, ensure that financial assistance is only provided if the requirements of that section are satisfied, inter alia, that immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test set out in section 4(1) of the Companies Act.

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

Notice of annual general meeting continued

12. To transact such other business as may be transacted at an annual general meeting of shareholders.

Voting and proxies

A shareholder, holding shares in a certificated form or has dematerialised their shares with "own name" registration, entitled to attend and vote at the general meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the company. For the convenience of registered certificated shareholders or shareholders who have dematerialised their shares with own name registration, a form of proxy is attached hereto. Duly completed forms of proxy must be lodged at the registered office of the company or at the transfer secretaries at the addresses below by no later than 09:00 on Wednesday, 6 November 2013.

Every person present and entitled to vote at the general meeting shall, on a show of hands, have one vote only, and on a poll, shall have one vote for every ordinary share held or represented.

Section 63(1) of the Companies Act requires that meeting participants provide satisfactory identification.

Shareholders' rights regarding proxies in terms of section 58 of the Companies Act are as follows:

(1) At any time, a shareholder of a company may appoint any individual, including an individual who is not a shareholder of that company, as a proxy to –
- (a) participate in, and speak and vote at, a shareholders meeting on behalf of the shareholder; or
- (b) give or withhold written consent on behalf of the shareholder to a decision contemplated in section 60.

(2) A proxy appointment –
- (a) must be in writing, dated and signed by the shareholder; and
- (b) remains valid for –
  - (i) one year after the date on which it was signed; or
  - (ii) any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in subsection (4)(c), or expires earlier as contemplated in subsection (8)(d).

(3) Except to the extent that the Memorandum of Incorporation of a company provides otherwise –
- (a) a shareholder of that company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder;
- (b) a proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
- (c) a copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of the shareholder at a shareholders' meeting.

(4) Irrespective of the form of instrument used to appoint a proxy –
- (a) the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;
- (b) the appointment is revocable unless the proxy appointment expressly states otherwise; and
- (c) if the appointment is revocable, a shareholder may revoke the proxy appointment by —
  - (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and
  - (ii) delivering a copy of the revocation instrument to the proxy, and to the company.

(5) The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of –
- (a) the date stated in the revocation instrument, if any; or
- (b) the date on which the revocation instrument was delivered as required in subsection (4)(c)(ii).

(6) A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the instrument appointing the proxy otherwise provides.

Shareholders who have dematerialised their shares and have not selected own name registration must advise their CSDP or broker of their voting instructions should they be unable to attend the general meeting but wish to be represented thereat. Dematerialised shareholders without own name registration should contact their CSDP or broker with regard to the cut-off time for their voting instructions. If, however, such members wish to attend the general meeting in person, then they will need to request their CSDP or broker to provide them with the necessary letter of representation in terms of the custody agreement entered into between the dematerialised shareholder and their CSDP or broker.

By order of the board

RA Venter
Company secretary

20 August 2013

Form of proxy

FAST MOVING FORWARD THINKING
IMPERIAL™

Imperial Holdings Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1946/021048/06)
ISIN: ZAE000067211
Share Code: IPL
("Imperial" or "the company")

If you are a dematerialised shareholder, other than with "own name" registration, do not use this form. Dematerialised shareholders' (other than with "own name" registration) should provide instructions to their appointed CSDP or broker in the form stipulated in the custody agreement entered into between the shareholder and their CSDP or broker.

An ordinary shareholder entitled to attend and vote at the annual general meeting to be held in the boardroom of Imperial Holdings Limited, Imperial Place, Jeppe Quondam, 79 Boeing Road East, Bedfordview, Gauteng on Thursday, 7 November 2013 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 Wednesday, 6 November 2013.

I/We (Please print name in full) ______________________________

of (address) ______________________________

being an ordinary shareholder(s) of the company holding ______________ ordinary shares in the company do hereby appoint

1. ______________________________ or failing him/her

2. ______________________________ or failing him/her

3. the chairman of the AGM

as my/our proxy to vote for me/our behalf at the AGM (and any adjournment thereof) for the purpose of considering and, if deemed fit, passing with or without modifications, the following resolution to be considered at the AGM.

		Number of votes (one per share)		
		In favour of	Against	Abstain
1.	Ordinary resolution 1 – Approval of the financial statements			
2.	Ordinary resolution 2 – Appointment of auditors			
3.	Ordinary resolution 3 – Appointment of the members of the audit committee			
	3.1 MJ Leeming			
	3.2 P Langeni			
	3.3 RJA Sparks			
	3.4 Y Waja			
4.	Ordinary resolution 4 – Reappointment of retiring directors			
	Ordinary resolution number 4.1 – Reappointment OS Arbee			
	Ordinary resolution number 4.2 – Reappointment HR Brody			
	Ordinary resolution number 4.3 – Reappointment MP de Canha			
	Ordinary resolution number 4.4 – Reappointment RL Hiemstra			
	Ordinary resolution 4.5 – Re-appointment GW Riemann			
	Ordinary resolution 4.6 – Re-appointment M Swanepoel			
5.	Ordinary resolution 5 – Confirmation of the group's remuneration policy			
6.	Special resolution 1 – Directors' fees			
	6.1 Chairman R394 000 to R742 000			
	6.2 Deputy chairman R198 000 to R371 000			
	6.3 Board member R198 000 to R212 000			
	6.4 Assets and liabilities committee chairman R104 000 to R135 000			
	6.5 Assets and liabilities committee member R69 500 to R90 000			
	6.6 Audit committee chairman R227 000 to R280 000			
	6.7 Audit committee member R114 000 to R140 000			
	6.8 Risk committee chairman R107 000 to R135 000			
	6.9 Risk committee member R72 000 to R90 000			
	6.10 Remuneration and nominations committee chairman R104 000 to R135 000			
	6.11 Remuneration and nominations committee member R69 500 to R90 000			
	6.12 Social, ethics and sustainability committee chairman R104 000 to R135 000			
	6.13 Social, ethics and sustainability committee member R69 500 to R90 000			
7.	Special resolution 2 – General authority to repurchase company shares			
8.	Ordinary resolution 6 – Authority to issue ordinary shares			
9.	Ordinary resolution 7 – Authority to issue shares for cash			
10.	Ordinary resolution 8 – Authority to issue non-redeemable preference shares			
11.	Special resolution 3 – Authority to provide financial assistance			

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 ______________ 2013

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) Ltd, 11th Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), to be received by no later than 09:00 on Wednesday, 6 November 2013.

4. The completion and lodging of this proxy shall not preclude the relevant shareholder from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.

5. The chairman of the meeting may reject or accept a proxy which is completed other than in accordance with these instructions, provided that he is satisfied as to the manner in which a shareholder wishes to vote.

Corporate information

Directors

Non-executive

TS Gcabashe* (Chairman), BA (Botswana), MURP (Ball State Univ, USA), PED, IMD Lausanne
T Dingaan, BProc, LLB, LLM, HDip (Tax)
S Engelbrecht*, BSc, MBL, MDP (Insead)
RL Hiemstra, BCompt (Hons), CA(SA)
P Langeni*, BCom (Accounting)
MJ Leeming*, BCom, MCom, FCMA, FIBSA, AMP (Harvard)
MV Moosa, BSc
RJA Sparks*, BCom (Hons), CA(SA), MBA
A Tugendhaft (Deputy chairman), BA, LLB
Y Waja*, BCom, CA(SA)
* *Independent*

Executive

HR Brody (Chief Executive), BAcc (Hons), CA(SA)
OS Arbee (Chief Financial Officer), BAcc, CA(SA), HDip (Tax)
MP de Canha
GW Riemann (German)
M Swanepoel, BCom (Accounting) (Hons)

Executive committee

HR Brody (Chairman), M Akoojee, OS Arbee, MP de Canha, BJ Francis, PB Michaux, JJ Strydom, M Swanepoel

Audit committee

MJ Leeming (Chairman), P Langeni, RJA Sparks, Y Waja

Remuneration and nomination committee

RJA Sparks (Chairman), TS Gcabashe, P Langeni, A Tugendhaft

Risk committee

Y Waja (Chairman), H Adler, OS Arbee, HR Brody, S Engelbrecht, BJ Francis, RL Hiemstra, MJ Leeming, PB Michaux, G Rudman, A Tennick

Social, ethics and sustainability committee

MV Moosa (Chairman), OS Arbee, HR Brody, MP de Canha, BJ Francis, TS Gcabashe, R Levine, PB Michaux, MR Sharfuddin, JJ Strydom, M Swanepoel, A Tugendhaft, RA Venter

Assets and liabilities committee

HR Brody (Chairman), M Akoojee, OS Arbee, RL Hiemstra, MJ Leeming, R Mumford, WF Reitsma, M Swanepoel

Group internal audit executive

G Nzalo, BCom, CA(SA), CIA

Group treasurer

WF Reitsma, BTech Banking, MCom, FIBSA, FIFM

Group legal adviser and company secretary

RA Venter, BCom, LLB, LLM

Group risk executive

BJ Francis, BCompt (Hons), CIA

Group head of sustainability

MR Sharfuddin, BBA, IMP (Insead)

Business address and registered office

Imperial Place, Jeppe Quondam
79 Boeing Road East, Bedfordview, 2007

Postal address and contact numbers

PO Box 3013, Edenvale, 1610

Telephone +27 (0)11 372 6500
Facsimile +27 (0)11 372 6550

Name and registration number

Imperial Holdings Limited
1946/021048/06

Share transfer secretaries

Computershare Investor Services (Pty) Ltd
70 Marshall Street, Johannesburg, 2001

PO Box 61051, Marshalltown, 2107

Telephone +27 (0)11 370 5000
Facsimile +27 (0)11 370 5487

Website

www.imperial.co.za

Email

info@ih.co.za

JSE information

Ordinary share code: IPL
ISIN: ZAE000067211
Preference share code: IPLP
ISIN: ZAE000088076

Shareholders' diary

Final dividend payment:	30 September 2013
Annual general meeting:	7 November 2013
Interim results released:	26 February 2014
Interim dividend payment:	31 March 2014
Final results released:	27 August 2014
Final dividend payment:	29 September 2014

Business address
Imperial Place
Jeppe Quondam
79 Boeing Road East
Bedfordview
2007

Postal address
PO Box 3013
Edenvale
1610
South Africa

www.imperial.co.za

Logistics | Automotive Distribution & Retail | Car Rental | Financial Services