

NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS – CONTINUED
for the year ended 30 June 2014

	Audited 2014 Rm	Audited 2013 Rm
7. VEHICLES FOR HIRE by reporting segment		
Vehicle Import, Distribution and Dealerships	679	595
Vehicle Retail, Rental and Aftermarket Parts	1 613	1 725
Motor-related Financial Services and Products	460	305
Head office and eliminations	(449)	(160)
	2 303	2 465
8. CASH AND CASH EQUIVALENTS		
Cash resources	3 103	1 844
Cash resources included in assets classified as held for sale		4
Short term loans and overdrafts (Included in interest-bearing borrowings)	(2 205)	(2 328)
	898	(480)
9. CONTINGENCIES AND COMMITMENTS		
Capital commitments	2 285	935
Contingent liabilities	317	294

10. DISPOSALS AND ACQUISITIONS DURING THE YEAR

The group successfully completed its disposal of the Tourism division to Cullinan Holdings Limited (Cullinan) during the year. The purchase price was settled by the issue of 81 818 181 ordinary shares in Cullinan, representing a 10% shareholding.

For acquisitions during the year, refer to business combinations on page 160.

11. EVENTS AFTER THE REPORTING PERIOD

Business acquisition

The group acquired 62,5% interest in Pharmed Pharmaceuticals (Proprietary) Limited, a pharmaceutical wholesaler, for R148 million in July 2014.

Dividend declaration

Shareholders are advised that a preference share an ordinary share dividend has been declared by the board of Imperial Holdings on 26 August 2014. For more details, please refer to the dividend declaration on page 164.

12. OPERATING SEGMENTS

Imperial is active in three major areas of mobility: – Consumer and industrial logistics, vehicle importing, distribution, dealerships, retail, rental and aftermarket parts and vehicle-related financial services. The group is managed through five operating segments – Logistics Africa; Logistics International; Vehicle Import, Distribution and Retail; Vehicle Retail, Rental and Aftermarket Parts; Insurance and Motor-related Financial Services. These segments are the basis on which the executive committee allocates resources, measures performance and exercises control and governance.

Arising from the imperative to eliminate complexity and to reflect the new management structure, the Other Segment, which previously comprised Car Rental and Aftermarket Parts, has been combined with the Automotive Retail division. The combined segment is now referred to as Vehicle Retail, Rental and Aftermarket Parts. Prior year's comparatives have been restated accordingly.

The principal services and products provided by each of the segments are:

LOGISTICS

Logistics Africa

This segment comprises logistics businesses within South Africa and the rest of Africa. In South Africa this entails logistics services across the entire supply chain to clients that span almost every industry. In the rest of Africa, this has evolved beyond conventional supply chain management to include route-to-market solutions.

Logistics International

This segment comprises the European logistics businesses, which provide complete logistics solutions, including contract logistics, warehousing, inland waterway shipping, contract manufacturing in the chemical industry and related value-added services across European markets. The division is a leading logistics partner to the automobile, steel, aluminium, paper and chemical industries. During the year, inland waterway shipping commenced in South America.

VEHICLES

Vehicle Import, Distribution, Retail and Dealerships

This segment imports and distributes a range of passenger and commercial vehicles, industrial equipment and motorcycles. Vehicles are retailed through vehicle dealerships in South Africa and Australia. In the rest of Africa, the division is targeting the distribution of vehicles with a focus on right-hand drive markets which can be accessed from its South African base. The South African dealerships are distribution channels for the Group's financial services, insurance, vehicle servicing and parts businesses.

Vehicle Retail, Rental and Aftermarket Parts

This segment's extensive network of franchised vehicle dealerships is the largest in South Africa. Dealerships are also distribution channels for the group's financial services, insurance, vehicle servicing and parts businesses. In the commercial sector, this segment owns and operates standalone commercial dealerships in South Africa and the United Kingdom. It also manufactures and sells caravans, canopies and accessories, rents vehicles in Southern Africa, operates the largest pre-owned motor vehicle dealer network in South Africa, as well as panelshops that repair vehicles in the rental fleet, the consumer market and insurance companies. The aftermarket parts business is involved in the wholesaling and distribution of motor vehicle parts and accessories.

FINANCIAL SERVICES

Insurance

This segment is a provider of motor-related, value-added insurance products for both passenger and commercial vehicles. Motor-related products are distributed through dealer and vehicle finance channels. Approximately one third of its business originates through Imperial dealerships, with the balance through independent dealerships, original equipment manufacturers (OEM) partnerships and call centres. The division also supplies life insurance products in the emerging market, which are distributed through independent brokers and increasingly through affinity schemes.

Motor-related financial services and products

This segment comprises the creation and sale of service, maintenance and extended warranty products associated with the automotive market and profit shares from alliances on the sale of financial services and commission factoring operations. Other businesses accounted for in this segment are: Ariva, which provides long term vehicle rental solutions and Imperial Fleet Management (IFM), an alliance with WesBank, which provides full maintenance leasing (FML) and other fleet management solutions to corporate, parastatal and SMME clients.