



LEADERS IN MOBILITY



ANNUAL FINANCIAL
STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

IMPERIAL TM
LEADERS IN MOBILITY

AUDITED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

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These consolidated and separate annual financial statements were published on 30 September 2015

In addition to these consolidated and separate annual financial statements the Group publishes an integrated report, available on our website: www.imperial.co.za

Imperial Holdings is a JSE listed South African-based international group of companies active predominantly in three major areas of mobility:

- > consumer and industrial logistics and supply chain management,
- > vehicle import, distribution, dealerships, retail, rental and aftermarket parts and
- > vehicle-related financial services.

Imperial employs over 51 000 people who generate annual revenues in excess of R110 billion, mainly in Africa and Europe, through five major divisions which operate under separate management structures to enable decentralised entrepreneurial creativity within the Group's clearly-defined strategic, capital, budgetary and governance principles.

Imperial strives for focused value creation and leadership in its chosen markets by allocating capital and resources to those organic and acquisitive growth opportunities that will enhance and be enhanced by the Group's existing assets, scale and capabilities.

Some of Imperial's strategic choices will be deliberate – the result of prior research and analysis, while others will be emergent – the result of unplanned or unexpected external developments. In both cases strictly defined capital allocation principles will be applied.

DIRECTORS' RESPONSIBILITY FOR SEPARATE AND CONSOLIDATED ANNUAL FINANCIAL REPORTING

The directors of the company are responsible for the maintenance of adequate accounting records and the preparation and integrity of the separate and consolidated annual financial statements and related information. The separate and consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations adopted by the International Accounting Standards Board in issue and effective for the group at 30 June 2015 and the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and financial reporting pronouncements as issued by the Financial Reporting Council and the requirements of the South African Companies Act, 2008. The Group's independent external auditors, Deloitte & Touche have audited the separate and consolidated annual financial statements and their unmodified report appears on page 2.

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

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

The audited annual financial statements set out on pages 7 to 105 which are available on the group's website at www.imperial.co.za were approved by the board of directors on 24 August 2015 and are signed on their behalf by:



TS Gcabashe
Chairman



MJ Lamberti
Chief Executive Officer



OS Arbee
Chief Financial Officer

PREPARER OF SEPARATE AND CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

These separate and consolidated annual financial statements have been prepared under the supervision of R Mumford CA(SA) and have been audited in terms of section 29(1)(e)(i)(aa) of the Companies Act, 2008.



R Mumford
General Manager Group Finance

24 August 2015

CERTIFICATE BY COMPANY SECRETARY

In my capacity as company secretary, I hereby confirm that, for the year ended 30 June 2015, the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act, No 71 of 2008, as amended and that all such returns are true, correct and up to date.



RA Venter
Company Secretary

24 August 2015

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

OPINION

We have audited the consolidated and separate financial statements of Imperial Holdings Limited and its subsidiaries ("the Group") set out on pages 7 to 105, which comprise the consolidated and separate statements of financial position as at 30 June 2015, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Imperial Holdings Limited and the Group as at 30 June 2015, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act of South Africa.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code), which is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B), together with other ethical requirements that are relevant to our audit of the consolidated and separate financial statements in South Africa, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters noted below relate to the consolidated and separate financial statements.

For the audit committee chairman's review of areas of significant judgement see page 9

Key audit matter	How our audit addressed the key audit matter
Valuation of goodwill and indeterminate useful life intangible assets	
<p>Goodwill and indeterminate useful life intangible assets comprise 8.0% of the total assets of the Group. These assets have been recognised in the consolidated statement of financial position as a consequence of the acquisitive nature of the Group.</p> <p>As required by the applicable accounting standards, management conducts annual impairment tests to assess the recoverability of the carrying value of goodwill and indeterminate useful life intangible assets. This is performed using discounted cash flow models. As disclosed in note 4, there are a number of key sensitive judgements made in determining the inputs into these models which include:</p> <ul style="list-style-type: none"> > Revenue growth (including market share and volume growth) > Operating margins > Exchange rate fluctuations and > The discount rates applied to the projected future cash flows. <p>Accordingly, the impairment test of these assets is considered to be a key audit matter.</p> <p>The Directors have engaged specialists to assist with the determination of the discount rates for the significant Cash Generating Units to which the goodwill and indeterminate useful life intangible assets relate.</p>	<p>We focused our testing of the impairment of goodwill and indeterminate useful life intangible assets on the key assumptions made by management. Our audit procedures included:</p> <ul style="list-style-type: none"> > Engaging our internal specialists to assist with: <ul style="list-style-type: none"> - Critically evaluating whether the model used by management to calculate the value in use of the individual Cash Generating Units complies with the requirements of IAS 36 <i>Impairment of Assets</i>. - Validating the assumptions used to calculate the discount rates and recalculating these rates. > Analysing the future projected cash flows used in the models to determine whether they are reasonable and supportable given the current macroeconomic climate and expected future performance of the Cash Generating Unit. > Subjecting the key assumptions to sensitivity analyses. > Comparing the projected cash flows, including the assumptions relating to revenue growth rates and operating margins, against historical performance to test the accuracy of management's projections. <p>We found that the assumptions used by management were comparable with historical performance and the expected future outlook and the discount rates used were appropriate in the circumstances. We consider the disclosure of the goodwill and indeterminate useful life intangible assets to be relevant and useful.</p>

Key audit matter	How our audit addressed the key audit matter
Income tax and deferred tax	
<p>Income tax: Due to the multiple tax jurisdictions within which the Group operates and the ambiguity of tax laws, determining the amounts which should be recognised for tax is subject to judgement and is thus a key audit matter. Management’s judgement includes consideration of regulations by various tax authorities with respect to transfer pricing regulations and other tax positions. Where there is uncertainty, management makes provision for tax based on the most probable outcome. Management’s disclosures with regards to the uncertainties are contained in note 1.28, whilst the income tax disclosures are contained in note 31.</p> <p>Deferred tax: As disclosed in note 8, the Group has recognised deferred tax assets in respect of certain entities to the extent that it is probable that historical assessed tax losses will be realised. This requires management judgement in estimating future taxable income and is accordingly a key audit matter.</p>	<p>We involved our tax specialists to evaluate the recognition and measurement of the current and deferred tax assets and liabilities. This included:</p> <ul style="list-style-type: none"> > Analysing the current and deferred tax calculations for compliance with the relevant tax legislation. > Evaluating management’s assessment of the estimated manner in which the timing differences, including the recoverability of the deferred tax assets, would be realised by comparing this to evidence obtained in respect of other areas of the audit, including cash flow forecasts, business plans, minutes of directors meetings and our knowledge of the business. > Challenging the assumptions made by management for uncertain current and deferred tax positions to assess whether appropriate current and deferred tax provisions have been recognised and are based on the most probable outcome. <p>We found the disclosures relating to the income tax and deferred tax balances to be appropriate.</p>
Valuation of vehicle inventory	
<p>As disclosed in note 12 to the consolidated annual financial statements R6,7 billion (2014: R6,5 billion) of the Group’s inventory is carried at net realisable value.</p> <p>New vehicle inventory: A part of the business imports and distributes various brands of new vehicles. The rapid decline of the Rand against other major currencies combined with difficult market conditions has resulted in the erosion of the trading margins of certain imported vehicles. These factors have resulted in a risk of certain vehicles being carried in excess of net realisable value and is considered to be a key audit matter.</p> <p>Used vehicle inventory: The Group carries used vehicle inventory of R3,1 billion (2014: R2,9 billion). There is a risk that some vehicle inventory is carried at values higher than net realisable value due to inherent judgement required in estimating future market conditions and selling prices. This is considered to be a key audit matter.</p>	<p>In considering the amount of the write down of new imported vehicles to net realisable value, we compared the current estimated selling price of the vehicle inventory, obtained from the most recent price listing, to the cost of the vehicles on hand. Where vehicles were expected to be sold at values below cost, we ensured that an appropriate provision had been recognised.</p> <p>In considering the amount of the write down of used vehicles to net realisable value, we assessed the ageing of inventory, inventory levels and estimated selling prices. Where vehicles were expected to be sold at values below cost, we ensured that an appropriate provision had been recognised.</p> <p>We concurred with management’s estimate of the net realisable value write downs and the related disclosure was adequate in terms of the accounting standards.</p>

Key audit matter	How our audit addressed the key audit matter
Sale of the Regent Group	
<p>The directors have offered for sale the Group's interest in the Regent insurance subsidiaries (Regent). Management has therefore assessed that the planned sale of Regent should be presented as a disposal group and as a discontinued operation in accordance with IFRS 5 <i>Non-Current Assets Held for Sale and Discontinued Operations</i>.</p> <p>The key audit matter in this regard pertains to the appropriate application of IFRS 5, in particular:</p> <ul style="list-style-type: none"> > Whether the transaction meets the criteria for separate presentation of assets and liabilities classified as held for sale. > Whether Regent represents a separate major line of business or geographical area of operations resulting in the presentation of a discontinued operation. > Whether the assets and liabilities are measured at the lower of the fair value less costs to sell or their carrying amounts. <p>The disclosure relating to Regent is contained in the consolidated statement of financial position, the consolidated statement of profit or loss and note 15.</p>	<p>We evaluated whether management had appropriately applied the requirements of IFRS 5 by:</p> <ul style="list-style-type: none"> > Examining minutes of the directors' board meetings, written correspondence between the Group and the potential purchasers and communications to the Group's investors to determine whether the assets and liabilities should be classified as held for sale and whether it represents a discontinued operation. > Ensuring the assets and liabilities reflected as held for sale and the results presented as discontinued operations fairly present the financial position and results of the Regent Group. <p>In our view, the separate presentation of Regent as assets and liabilities classified as held for sale and a discontinued operation is appropriate and in accordance with the underlying accounting standards. Furthermore, the measurement of the assets and liabilities of Regent is appropriate with reference to the lower of fair value less costs to sell or carrying amount.</p>
Maintenance and warranty contracts	
<p>The Group has a liability for service, maintenance and warranty contracts, in terms of which they are obligated to provide maintenance and repair services over a future specified period.</p> <p>The determination of the adequacy of the maintenance and warranty contract reserves and the recognition of the related revenue in accordance with IAS 18 <i>Revenue</i> is complex. The values recognised are based on the expected earnings curves of the contracts, which are dependent upon forecasted burn rates derived from key assumptions about the future, including:</p> <ul style="list-style-type: none"> > Vehicle parts inflation, and > Foreign currency devaluation. <p>Due to the complexity of the actuarial assumptions and the risk that the quantum of the reserves and consequential revenue recognised is inappropriate, the maintenance and warranty contracts have been identified as key audit matters.</p> <p>The disclosure related to the maintenance and warranty contracts is contained in notes 1.28 and 22.</p>	<p>We assessed and challenged the assumptions that management made in valuing the service, maintenance and warranty contracts with a focus on the adequacy of the reserves and the appropriateness of the related revenue recognised. This included:</p> <ul style="list-style-type: none"> > Engaging an independent actuarial specialist to evaluate the work performed by management's expert, including: <ul style="list-style-type: none"> - Assessing the appropriateness of the models utilised by management's expert, - Assessing the competence and experience of management's expert, and - Testing the inputs into the model and the reasonableness of the ranges to the sensitivity of the inputs. > Comparing the sufficiency of the funds against historical information and performing a retrospective review thereon. <p>We are satisfied with the actuarial assumptions applied and consequently with the measurement of the reserves at 30 June 2015. We are satisfied that the revenue recognised in the period is appropriate. The related disclosure is sufficient.</p>

Key audit matter	How our audit addressed the key audit matter
<p>Put arrangements over non-controlling interests</p> <p>The Group has entered into a number of put arrangements whereby non-controlling shareholders are entitled to exchange the shares that they hold in a subsidiary for cash. The accounting policy for put arrangements over non-controlling interests is disclosed in note 1.27, whilst the remaining disclosures are located in notes 1.28, 23 and 38.2.</p> <p>In accordance with IAS 32 <i>Financial Instruments: Presentation</i>, read with IAS 1 <i>Presentation of Financial Statements</i>, a liability is to be recognised for the amount which will be payable to the non-controlling interests when the shares of the subsidiary are put back to the Group.</p> <p>Initially, the non-controlling interest put option liability is recognised in equity.</p> <p>Any subsequent changes in the value of the liabilities are recognised in profit or loss. The non-controlling interest is allocated their share of the profits and underlying equity as they have the right to the benefits from these shares until such time as the put option is exercised.</p> <p>There is a risk that the initial computation of the put option liabilities and the subsequent valuation thereof could be materially misstated because of the complexity of the calculation including the determination of the appropriate discount rate and assumptions which are made about future conditions such as the likelihood of achievement of future earnings targets. Accordingly it was identified as a key audit matter.</p>	<p>We considered the appropriateness of the accounting treatment adopted by management, which we found to be conservative in terms of the alternatives permitted under the accounting standards.</p> <p>Initial put arrangements over non-controlling interests</p> <p>We engaged internal specialists to independently recalculate the initial value of the liability at the acquisition dates, with a focus on:</p> <ul style="list-style-type: none"> > The reasonability of the discount rate, > The reasonability of the earnings growth rate over the duration of the options, and > The mathematical accuracy of the calculation. <p>Furthermore, the inputs into the calculation of the liability were tested by comparing them to external data sources and historical performance.</p> <p>Existing put arrangements over non-controlling interests</p> <p>We recalculated the value of the liability at the end of the year and the related finance charge for the year as a result of the unwinding of the liability and the discount.</p> <p>Furthermore we assessed:</p> <ul style="list-style-type: none"> > The reasonability of the discount rate, > The reasonability of the earnings growth rate over the duration of the options, as well as comparing previously estimated growth rates to actual performance, and > The mathematical accuracy of the calculation. <p>We found the assumptions used by management to be balanced. The accounting treatment and related disclosures were in accordance with the underlying accounting standards.</p>

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the Directors' Report, Audit Committee's Report and Company Secretary's Certificate, as required by the Companies Act of South Africa, which we obtained prior to the date of this auditors' report and the integrated report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the integrated report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Audit Committee and consider whether a Reportable Irregularity exists in terms of the Auditing Professions Act, which must be reported to the Independent Regulatory Board for Auditors. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

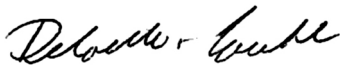
- > Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- > Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- > Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- > Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- > Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- > Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Andrew Mackie.



Andrew Mackie

Partner

Registered Auditor
24 August 2015

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

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

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

- > internal and external audit processes for the group taking into account the significant risks,
- > adequacy and functioning of the group's internal controls,
- > integrity of the financial reporting

The committee has performed all the duties required in section 94(7) of the Companies Act 71 of 2008.

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 2015 comprised Mr MJ Leeming (Chairman), Mrs T Dingaana, Ms P Langeni, Mr RJA Sparks and Mr Y Waja ("the committee"), all of whom are independent non-executive directors of the Company.

Mr MJ Leeming retires as a director with effect from 1 September 2015 and Mr RM Kgosana was appointed as a director and Audit Committee Chairman with effect from 1 September 2015. In addition, Mr G Dempster who joined the Imperial Board on 24 February 2015 will join the Audit Committee as member.

The members are being recommended by the board for appointment for the financial year ending 30 June 2016, and their appointments are being submitted to shareholders for approval at the next AGM on 3 November 2015. The abridged curricula vitae of the members are included in the "Our Leadership" section in the integrated report, which is available on the Group's website at www.imperial.co.za.

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
T Dingaana (Member since 2014)	4
P Langeni (Member since 2005)	3
RJA Sparks (Member since 2006)	4
Y Waja (Member since 2008)	4
RM Kgosana (Member from 1 Sept 2015)	n/a

The head of the internal audit department and external auditors, in their capacities as auditors to the group, attend and report at all audit committee meetings.

The Group risk management function is also represented by the head of Risk. Executive directors and relevant senior financial managers attend meetings by invitation. In addition the deputy chairman of the board and the chairman of the Regent audit committee attend all meetings.

ROLE OF THE AUDIT COMMITTEE

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

The committee:

- > fulfills the duties that are assigned to it by the Act and as governed by other legislative requirements, including the statutory audit committee functions required for subsidiary companies;
- > assists the Board in overseeing the quality and integrity of the group's integrated reporting process, including the financial statements and sustainability reporting, and announcements in respect of the financial results;
- > ensures that an effective control environment in the group is maintained;
- > provides the chief financial officer, external auditors and the head of internal audit with unrestricted access to the committee and its chairman as is required in relation to any matter falling within the ambit of the committee;
- > meets with the external auditors, senior managers and executive directors as the committee may elect;
- > meets confidentially with the internal and external auditors without other executive board members and the company's chief financial officer being present;
- > reviews and recommends to the Board the interim financial results and annual financial statements;
- > oversees the activities of, and ensures coordination between, the activities of the internal and external auditors;
- > fulfills the duties that are assigned to it by the Act and as governed by other legislative requirements, including the statutory audit committee functions required for subsidiary companies;

- > receives and deals with any complaints concerning accounting practices, internal audit or the content and audit of its financial statements or related matters;
- > conducts annual reviews of the audit committee's work and terms of reference; and
- > Assesses the performance and effectiveness of the audit committee and its members on a regular basis.

FINANCE RISK REVIEW COMMITTEES (FRRC)

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

EXECUTION OF FUNCTIONS DURING THE YEAR

The committee is satisfied that, for the 2015 financial year, it has performed all the functions required to be performed by an audit committee as set out in the Act and the committee's terms of reference.

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

EXTERNAL AUDIT

The Committee among other matters:

- > nominated Deloitte & Touche and Mr. A Mackie as the external auditor and designated auditor respectively to shareholders for appointment as auditor for the financial year ending 30 June 2015, and ensured that the appointment complied with all applicable legal and regulatory requirements for the appointment of an auditor;
- > nominated the external auditor and the independent auditor for each material subsidiary company for re-appointment;
- > reviewed the audit effectiveness and evaluated the external auditor's internal quality control procedures;
- > obtained an annual confirmation from the auditor that their independence was not impaired;
- > maintained a policy setting out the categories of non-audit services that the external auditor may and may not provide, split between permitted, permissible and prohibited services;
- > approved non-audit services with Deloitte & Touche in accordance with its policy;
- > approved the external audit engagement letter, the plan and the budgeted audit fees payable to the external auditor;
- > obtained assurances from the external auditor that adequate accounting records were being maintained by the company and its subsidiaries;
- > considered whether any Reportable Irregularities were identified and reported by the external auditor in terms of the Auditing Profession Act, No. 26 of 2005; and
- > considered any reported control weaknesses, management's response for their improvement and assessed their impact on the general control environment.

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

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

INTERNAL AUDIT

The audit committee:

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

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

ADEQUACY AND FUNCTIONING OF THE GROUP'S INTERNAL CONTROLS

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

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

FINANCIAL REPORTING

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

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 and 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 the appropriateness of the accounting policies adopted and changes thereto;
- > reviewed the external auditor's audit report and key audit matters included;
- > reviewed the representation letter relating to the annual financial statements which was signed by management;
- > considered any problems identified and reviewed any significant legal and tax matters that could have a material impact on the financial statements;
- > considered accounting treatments, significant unusual transactions and accounting judgments.

SIGNIFICANT AREAS OF JUDGEMENT

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

- > Inventories
- > Trade receivables
- > Land, buildings and leasehold improvements
- > Goodwill and intangible assets
- > Tax
- > Quality of earnings
- > Discontinued operations
- > Maintenance and warranty contracts
- > Put option liabilities

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

Inventories

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

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

The FRRC's and audit committee considers the carrying value of inventory to be fairly stated. They also noted the reclassification of the vehicles sold subject to buy back arrangements which are accounted for as an operating lease and now disclosed as vehicles for hire instead of inventory.

Refer to note 12 in the consolidated annual financial statements for the amounts.

Trade receivables

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

The FRRC's and audit committee considers the carrying value of trade receivables to be fairly stated. Refer to note 38.1.5 in the consolidated annual financial statements.

Land, buildings and leasehold improvements

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

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

There were no material impairments during the year. The FRRC's and the audit committee considered the carrying values to be fairly stated. Refer to notes 6 and 28 in the consolidated annual financial statements.

Goodwill and intangible assets

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

Refer to note 4 in the annual financial statements for further details.

Tax

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

The FRRC's and audit committee questioned management on the computation and tax risks relating to the group. Where appropriate, the audit committee also considers the opinions of the group's independent tax advisors. The audit committee considers the probability of the recovery of significant deferred tax assets, based on forecasts prepared by management.

No major tax issues arose during the year.

The effective tax rate of 26,6% was slightly down compared to 27,2% in the prior year. The tax rate benefitted from prior year over provisions.

Refer to notes 1.28, 8 and 31 in the consolidated annual financial statements for further details.

Maintenance and warranty contracts

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

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

The audit committee considers the assumptions supporting the liability to be reasonable and the carrying value to be fair.

Refer to notes 1.28 and 22 for further details.

Put option liabilities

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

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

The FRRC chairman for this area questioned management on the inputs and considers that they resulted in a liability that fairly presents the obligation to be settled. The audit committee considers that the carrying value is fairly reflected.

Refer to notes 1.28, 23, 38.2 and the statement of changes in equity for further details.

Quality of earnings

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

The reconciliation of Earnings Per Share (EPS) to Headline Earnings Per Share (HEPS) and Core EPS outlines the items of a non-operational nature affecting earnings and is outlined in note 32.

Discontinued operation

The sale of Regent is regarded as highly probable in terms of the accounting standards. A buyer has been identified who is currently performing the due diligence. The sale will only be confirmed once the due diligence has been finalised, and all the commercial terms and regulatory approvals have been completed.

As a result the statement of profit and loss has been split between continuing and discontinued operations, and on the statement of financial position Regent's assets are included under 'Assets classified as held for sale' and its liabilities under 'Liabilities directly associated with assets classified as held for sale'. We also need to reflect the net assets held for sale at the lower of its carrying value and net realisable value. Our assessment is that there is no need for impairment.

The audit committee agrees with the classification of Regent as a discontinued operation and the disclosures made.

Refer to note 15 for further details.

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 audit and the external auditors regarding compliance with legal and regulatory requirements.

EXPERTISE AND EXPERIENCE OF CHIEF FINANCIAL OFFICER AND THE FINANCE FUNCTION

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

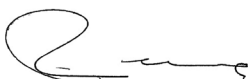
SUBSIDIARY COMPANIES

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 sub-committees referred to as finance and risk review committees. Divisional finance and risk review committees have been constituted and these committees report significant issues to the group audit committee. Each divisional finance and risk review committee is chaired by an independent chairman with no operational role in the group's divisions.

INTEGRATED REPORT

Following the review by the committee of the consolidated annual financial statements of Imperial Holdings Limited for the year ended 30 June 2015, 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 positions at that date and the results of operations and cash flows for the year then ended. The committee has also satisfied itself of the integrity of the integrated report and the sustainability information reported therein.

Having achieved its objectives, the committee has recommended the annual financial statements and the integrated report for the year ended 30 June 2015 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

NATURE OF BUSINESS

Imperial is a mobility group with activities spanning logistics, supply chain management, vehicle import, distribution and retail, car rental, parts and industrial equipment distribution and financial services.

- > All of these operations are conducted in South Africa.
- > Logistics operations are conducted in sub-Saharan Africa, Europe, South America and North 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.

FINANCIAL PERFORMANCE

The net attributable profit for the year amounted to R3 054 million (2014: R3 272 million). Basic earnings per share for the year was 1 582 cents (2014: 1 687 cents).

The results for the year are set out in the consolidated statement of profit or loss on page 15 of this report.

SHARE CAPITAL

The authorised and issued share capital is detailed in note 16 and the shares repurchased in note 17 to the annual financial statements.

The number of shares in issue on 30 June 2015 was as follows:

	Company	Shares repurchased	Net
Ordinary shares			
The movements in the ordinary shares was as follows:			
Ordinary shares at the beginning of year	207 815 753	(7 864 456)	199 951 297
Deferred ordinary shares converted to ordinary shares	831 469		831 469
Ordinary shares repurchased		(320 000)	(320 000)
Ordinary shares repurchased and cancelled during the year	(5 864 944)		(5 864 944)
Ordinary shares at the end of year	202 782 278	(8 184 456)	194 597 822
Deferred ordinary shares			
The movement in the number of deferred ordinary shares was as follows:			
Deferred ordinary shares at the beginning of year	11 025 236		11 025 236
Converted into ordinary shares	(831 469)		(831 469)
Deferred ordinary shares at the end of year	10 193 767		10 193 767
Total issued share capital	212 976 045	(8 184 456)	204 791 589
Non-redeemable, non participating preference shares			
Opening and closing balance	4 540 041		4 540 041

The preference shares are classified as interest bearing debt in the statement of financial position due to the cumulative nature of their dividend rights.

DIRECTORS AND SECRETARY

The names of the directors and secretary who presently hold office are set on the inside back cover of this report.

In accordance with the Memorandum of Incorporation, Messrs Y Waja, OS Arbee, MP de Canha, M Swanepoel and Ms P Langeni retire by rotation at the forthcoming annual general meeting but, being eligible, offer themselves for re-election and their re-election is recommended by the board. MJ Leeming will retire from the board at the end of August 2015.

In accordance with the Memorandum of Incorporation, the appointments of Messrs GW Dempster and P Cooper, who were appointed during the year are submitted for confirmation at the forthcoming annual general meeting. S Kana and RM Kgosana were appointed as directors with effect from 1 September 2015.

The aggregate interest of the directors in the issued ordinary share capital of the company is disclosed in note 40.

The board has considered and confirmed the suitability, qualifications and competence of the company secretary.

IMPERIAL HOLDINGS SHARE APPRECIATION RIGHTS, DEFERRED BONUS AND CONDITIONAL SHARE PLAN SCHEMES

Details of the rights granted in terms of the schemes are set out in note 18.2 of this report.

DIVIDENDS

Details of the dividends declared are set out in note 34 of this report.

SUBSIDIARIES

Details of the company's principal subsidiaries are reflected in note 39 of this report.

Purchases by the group of material subsidiaries, was as follows:

MATERIAL SUBSIDIARIES ACQUIRED BY THE GROUP

	Nature of business	Percentage interest
Pharmed Pharmaceuticals (Pty) Limited (SA)	Logistics	62,5
Imres BV (Holland)	Logistics	70
S&B Commercials plc (UK)	Commercial vehicle dealerships	100

MATERIAL SUBSIDIARIES DISPOSED OF BY THE GROUP

	Nature of business	Percentage interest
Dettmar (Europe)	Logistics	100

DISCONTINUED OPERATIONS

The sale of Regent is regarded as highly probable in terms of the accounting standards. A buyer has been identified who is currently performing the due diligence. The sale will only be confirmed once the due diligence has been completed and all the commercial terms and the regulatory approvals have been obtained. The sale of Regent will result in the loss of a segment and it is therefore seen as a major line of business.

As a result the consolidated statement of profit and loss has been split between continuing and discontinued operations, and on the consolidated statement of financial position Regent's assets are included under 'Assets classified as held for sale' and its liabilities under 'Liabilities directly associated with assets classified as held for sale'. We also need to reflect the net assets classified as held for sale at the lower of its carrying value and net realisable value. Our assessment is that there is no need for impairment.

SPECIAL RESOLUTIONS

The company passed the following special resolutions at its annual general meeting held on 4 November 2014:

- > Granting to the directors of the company general authority for the acquisition by the company or any subsidiary, of ordinary shares in the company.
- > Granting to the directors of the company specific authority to provide financial assistance to related and inter related parties as contemplated in section 44 and 45 of the Companies Act, 2008 (the Act).
- > Approving the directors' fees payable from 1 July 2014 to the date of the next annual general meeting in 2015.

Subsidiaries of the company passed special resolutions, the nature of which might be significant to members in their appreciation of the state of affairs of the Group, as follows:

- > Granting to the directors of the companies specific authority to provide financial assistance to related and inter related parties as contemplated in section 45 of the Act.
- > Granting to the companies authority to make distributions as contemplated in section 46 of the Act.
- > Approving directors' fees payable from 1 July 2014 to 30 June 2015.
- > Adopting new Memoranda of Incorporation.

EVENTS AFTER THE REPORTING PERIOD

Shareholders are advised that an ordinary dividend of 445 cents per ordinary share has been declared by the board of Imperial on 24 August 2014.

ACCOUNTING POLICIES AND NEW AND REVISED STANDARDS

These are outlined in notes 1 to 3 of this report.

	Notes	2015 Rm	2014* Rm	2013* Rm
ASSETS				
Goodwill and intangible assets	4	7 193	6 766	5 206
Investment in associates and joint ventures	5	1 351	1 418	1 317
Property, plant and equipment	6	10 967	10 469	9 257
Transport fleet	7	5 610	5 322	4 626
Deferred tax assets	8	1 097	1 101	1 094
Investments and loans	9	357	2 468	3 218
Other financial assets	10	36	267	227
Vehicles for hire*	11	3 603	2 945	2 929
Inventories*	12	15 465	13 132	11 028
Tax in advance		295	148	439
Trade and other receivables	13	12 849	11 882	10 437
Cash resources	14	2 271	3 103	1 844
Assets classified as held for sale	15	4 618		94
Total assets		65 712	59 021	51 716
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital and share premium	16	382	382	382
Shares repurchased	17	(668)	(220)	(220)
Other reserves	18	1 089	1 149	1 023
Retained earnings		18 065	16 229	15 056
Attributable to owners of Imperial		18 868	17 540	16 241
Put arrangements over non-controlling interests		(1 473)	(1 000)	
Non-controlling interests		1 838	1 569	1 295
Total equity		19 233	18 109	17 536
Liabilities				
Non-redeemable, non-participating preference shares	19	441	441	441
Retirement benefit obligations	20	1 157	1 083	1 014
Interest-bearing borrowings	21	12 264	11 847	5 573
Insurance, investment, maintenance and warranty contracts	22	3 191	4 310	3 970
Deferred tax liabilities	8	1 193	1 355	1 498
Other financial liabilities	23	2 019	1 711	419
Provisions for liabilities and other charges	24	604	980	857
Trade and other payables	25	17 836	16 001	14 914
Current tax liabilities		561	487	453
Current portion of interest-bearing borrowings	21	4 500	2 697	4 995
Liabilities directly associated with assets classified as held for sale	15	2 713		46
Total liabilities		46 479	40 912	34 180
Total equity and liabilities		65 712	59 021	51 716

* Restated for change in accounting policy as described in note 2.2.

	Notes	2015 Rm	2014* Rm
Continuing operations			
Revenue	26	107 453	100 662
Net operating expenses	27	(99 290)	(92 667)
Profit from operations before depreciation and recoupments		8 163	7 995
Depreciation, amortisation, impairments and recoupments	28	(2 492)	(2 264)
Operating profit		5 671	5 731
Recoupments from sale of properties, net of impairments	28	29	110
Amortisation of intangible assets arising on business combinations	28	(415)	(336)
Other non-operating items	29	(80)	(149)
Profit before net financing costs		5 205	5 356
Finance cost including fair value gains and losses	30	(1 326)	(1 052)
Finance income	30	132	126
Profit before share of results of associates and joint ventures		4 011	4 430
Share of result of associates and joint ventures		33	78
Profit before tax		4 044	4 508
Income tax expense	31	(1 035)	(1 171)
Profit for the year from continuing operations		3 009	3 337
Discontinued operations			
Profit for the year from discontinued operations	15	377	290
Net profit for the year		3 386	3 627
Net profit attributable to:			
Owners of Imperial		3 054	3 272
Continuing operations		2 735	3 025
Discontinued operations		319	247
Non-controlling interests		332	355
Continuing operations		274	312
Discontinued operations		58	43
		3 386	3 627
Earnings per share (cents)	32		
Continuing operations			
– Basic		1 416	1 559
– Diluted		1 406	1 542
Discontinued operations			
– Basic		166	128
– Diluted		162	124
Total operations			
– Basic		1 582	1 687
– Diluted		1 568	1 666

* Restated for change in accounting policy as described in note 2.2 and re-presented for continuing and discontinued operations as described in note 2.1.

	2015 Rm	2014 Rm
Net profit for the year	3 386	3 627
Other comprehensive (losses) income	(268)	177
Items that may be reclassified subsequently to profit or loss	(172)	133
Exchange (losses) gains arising on translation of foreign operations	(304)	533
– Movement in translation reserve	(312)	521
– Share of associates' and joint ventures movement in translation reserve	8	12
Movement in valuation reserve	(36)	36
– Fair value (loss) gain on available-for-sale investment	(87)	45
– Reclassification of loss (gain) on disposal of available-for-sale investment	43	(1)
– Income tax relating to fair value loss (gain) on available-for-sale investment	8	(8)
Movement in hedge accounting reserve	168	(436)
– Effective portion of change in fair value of cash flow hedges	150	(318)
– Amounts reclassified from hedge accounting reserve on matured contracts	25	(102)
– Share of associates' and joint ventures movement in hedge accounting reserve	(7)	(14)
– Income tax relating to hedge accounting reserve movements	(7)	(2)
Items that will not be reclassified subsequently to profit or loss	(96)	44
Remeasurement of defined benefit obligations	(137)	64
Income tax relating to remeasurement of defined benefit obligations	41	(20)
Total comprehensive income for the year	3 118	3 804
Total comprehensive income attributable to:		
Owners of Imperial	2 762	3 486
Non-controlling interests	356	318
	3 118	3 804

	Notes	2015 Rm	2014* Rm
Cash flows from operating activities			
Cash receipts from customers		109 772	102 643
Cash paid to suppliers and employees		(100 773)	(96 670)
Cash generated by operations before capital expenditure on rental assets			
Expansion capital expenditure – rental assets	33.1	8 999	5 973
Net replacement capital expenditure – rental assets		(772)	(331)
		(759)	(480)
– Expenditure		(2 496)	(2 543)
– Proceeds		1 737	2 063
Cash generated by operations			
Finance cost paid		7 468	5 162
Finance income received		(1 312)	(1 052)
Tax paid		132	126
		(1 301)	(1 267)
		4 987	2 969
Cash flows from investing activities			
Acquisition of subsidiaries and businesses	33.2	(991)	(276)
Disposal of subsidiaries and businesses	33.3	53	(21)
Expansion capital expenditure – excluding rental assets		(1 743)	(1 626)
– Property		(744)	(790)
– Transport fleet		(999)	(836)
Net replacement capital expenditure – excluding rental assets	33.4	(1 245)	(1 162)
– Intangible assets		(361)	(142)
– Plant and equipment		(703)	(597)
– Transport fleet		(181)	(423)
Net movement in associates and joint ventures		178	(144)
Net movement in investments, loans and other financial instruments		(1 203)	1 113
		(4 951)	(2 116)
Cash flows from financing activities			
Hedge cost premium paid		(128)	(108)
Ordinary shares repurchased (2014: repurchased and cancelled)		(56)	(502)
Dividends paid		(1 724)	(1 940)
Change in non-controlling interests		(90)	(364)
Capital raised from non-controlling interests		1	89
Repayment of corporate bond			(1 500)
Proceeds from the issue of corporate bonds			3 000
Net increase in other interest-bearing borrowings		487	1 805
		(1 510)	480
Net (decrease) increase in cash and cash equivalents			
Effects of exchange rate changes on cash resources in foreign currencies		(1 474)	1 333
Cash and cash equivalents at beginning of year		7	45
		898	(480)
Cash and cash equivalents at end of year			
	33.5	(569)	898

* Restated for change in accounting policy as described in note 2.2.

	Share capital and share premium Rm	Shares repurchased Rm	Share-based payment reserve Rm	Hedge accounting reserve Rm	Statutory reserve Rm
At 30 June 2013	382	(220)	(267)	317	173
Net attributable profit for the year					
Other comprehensive income				(385)	
Total comprehensive income for the year				(385)	
Movements in statutory reserve					10
Share-based cost charged to profit or loss			101		
Share-based equity reserve transferred to retained earnings on vesting			(16)		
Share-based equity reserve hedging cost utilisation			(96)		
Charge for amending the conversion profile of deferred ordinary shares			70		
Dividend of 440 cents per ordinary share in September 2013					
Dividend of 400 cents per ordinary share in March 2014					
Repurchase and cancellation of 2 971 808 ordinary shares from the open market at an average price of R168,85					
Initial recognition of put options written over non-controlling interest					
Share of changes in net assets in associates and joint ventures					
Non-controlling interests disposed, net of acquisitions and shares issued					
Net decrease in non-controlling interests through buy-outs					
Realisation on disposal of subsidiaries					
Non-controlling interests share of dividends					
At 30 June 2014	382	(220)	(208)	(68)	183
Net attributable profit for the year					
Other comprehensive income				146	
Total comprehensive income for the year				146	
Movements in statutory reserve					39
Share-based cost charged to profit or loss			126		
Share-based equity reserve transferred to retained earnings on vesting			7		
Share-based equity reserve hedge refund			7		
Dividend of 420 cents per ordinary share in September 2014					
Repurchase of 320 000 shares from the open market at an average price of R172,68, plus transaction cost		(56)			
Initial recognition of put options written over non-controlling interest					
Dividend of 350 cents per ordinary share in March 2015					
Cancellation of 5 864 944 ordinary shares held by Lereko Mobility		665			
Re-allocation of prior years' intergroup surplus on shares cancelled		(1 057)			
Share of changes in net assets in associates and joint ventures			(3)		
Realisation on disposal of subsidiaries					
Non-controlling interests acquired, net of disposals and shares issued					
Net decrease in non-controlling interests through buy-outs					
Non-controlling interests share of dividends					
At 30 June 2015	382	(668)	(71)	78	222

* Initial fair value of the put option liability relating to the additional 30% that the Group will acquire from the non-controlling shareholders in Imres BV. The initial recognition of the put options written in the prior year relates to non-controlling interest in Eco Health Limited.

Other reserves				Retained earnings Rm	Attributable to owners of Imperial Rm	*Put arrangements over non-controlling interests Rm	Non-controlling interests Rm	Total equity Rm
Foreign currency translation reserve Rm	Premium paid on purchase of non-controlling interests Rm	Valuation reserve Rm	Changes in net asset of associates and joint ventures Rm					
951	(157)	6		15 056	16 241		1 295	17 536
				3 272	3 272		355	3 627
519		36		44	214		(37)	177
519		36		3 316	3 486		318	3 804
				(10)	101		3	104
			1	16	(95)		(5)	(100)
				(854)	(854)			70
				(764)	(764)			(854)
				(502)	(502)			(502)
			91		91	(1 289)		(1 289)
							91	91
	(9)				(9)		376	367
	(225)				(225)	289	(96)	(32)
	27	2		(29)				(32)
							(322)	(322)
1 470	(364)	44	92	16 229	17 540	(1 000)	1 569	18 109
				3 054	3 054		332	3 386
	(309)			(93)	(292)		24	(268)
	(309)			2 961	2 762		356	3 118
				(39)				
					126		4	130
				(7)				
				(804)	(804)		(3)	4
					(56)			(804)
								(56)
				(667)	(667)	(473)		(473)
				(665)				(667)
				1 057				
			(2)		(5)			(5)
	12				12			12
	(47)				(47)		208	208
							(43)	(90)
							(253)	(253)
1 161	(399)	8	90	18 065	18 868	(1 473)	1 838	19 233

R million	Group		Logistics Africa		Logistics International	
	2015	2014 [^]	2015	2014	2015	2014
Segment profit or loss – Continuing operations						
Revenue	107 453	100 662	25 347	22 090	19 071	19 249
– South Africa	67 101	66 191	15 372	15 755		
– Rest of Africa	10 481	6 818	9 974	6 319		
– International	29 871	27 653	1	16	19 071	19 249
Operating profit	5 671	5 731	1 587	1 270	958	971
– South Africa	3 828	4 248	952	939		
– Rest of Africa	668	367	632	334		
– International	1 175	1 116	3	(3)	958	971
Depreciation, amortisation, impairments and recoupments	2 878	2 490	924	773	739	765
– South Africa	1 754	1 480	636	604		
– Rest of Africa	305	184	288	169		
– International	819	826			739	765
Net finance costs	1 194	926	407	327	180	180
– South Africa	825	652	281	265		
– Rest of Africa	135	70	126	62		
– International	234	204			180	180
Pre-tax profits*	4 093	4 473	1 037	865	647	555
– South Africa	2 893	3 593	661	677		
– Rest of Africa	404	219	373	191		
– International	796	661	3	(3)	647	555
Additional segment information – Continuing operations						
Analysis of revenue by type						
– Sale of goods	63 966	57 497	8 216	4 964		
– Rendering of services	43 487	43 165	17 008	17 005	19 070	19 222
	107 453	100 662	25 224	21 969	19 070	19 222
Inter-group revenue			123	121	1	27
	107 453	100 662	25 347	22 090	19 071	19 249
Analysis of depreciation, amortisation, impairment and recoupments	2 878	2 490	924	773	739	765
– Depreciation and amortisation	2 520	2 296	731	695	575	591
– Recoupments and impairments	(57)	(142)	(20)	(46)	(16)	(19)
– Amortisation of intangible assets arising on business combinations	415	336	213	124	180	193
Share of result of associates and joint ventures included in pre-tax profits	33	78	34	40	25	31

[^] Restated as described in note 2 on page 38.

* Pre-tax profits is calculated as profit before tax, impairment of goodwill and profit or loss on sale of investment in subsidiaries, associates and joint ventures and other businesses.

** The 2014 revenue split has a misallocation between “Rendering of services” and “Inter-group revenue” of R140 million.

The revised figures are:

– Rendering of services – R2 078 million

– Inter-group revenue – R1 547 million

Vehicle Import, Distribution and Dealerships		Vehicle Retail, Rental and After Market Parts		Motor-related Financial Services and products		Head-Office and Eliminations	
2015	2014 [^]	2015	2014 [^]	2015	2014 [^]	2015	2014 [^]
27 437	27 100	37 547	34 014	1 429	1 166	(3 378)	(2 957)
23 898	23 611	29 780	28 616	1 429	1 166	(3 378)	(2 957)
388	390	119	109				
3 151	3 099	7 648	5 289				
960	1 518	1 677	1 569	620	587	(131)	(184)
885	1 475	1 491	1 421	620	587	(120)	(174)
4	6	32	27				
71	37	154	121			(11)	(10)
546	401	662	566	117	63	(110)	(78)
531	389	579	504	117	63	(109)	(80)
3	2	14	13				
12	10	69	49			(1)	2
494	360	313	279			(200)	(220)
473	341	271	255			(200)	(209)
3	3	6	5				
18	16	36	19				(11)
458	1 165	1 388	1 371	647	616	(84)	(99)
399	1 135	1 260	1 256	647	616	(74)	(91)
5	6	26	22				
54	24	102	93			(10)	(8)
23 441	23 475	32 308	29 057			1	1
2 295	2 218**	4 515	4 301	594	434	5	(15)
25 736	25 693	36 823	33 358	594	434	6	(14)
1 701	1 407**	724	656	835	732	(3 384)	(2 943)
27 437	27 100	37 547	34 014	1 429	1 166	(3 378)	(2 957)
546	401	662	566	117	63	(110)	(78)
553	404	659	620	117	63	(115)	(77)
(7)	(3)	(19)	(73)			5	(1)
		22	19				
(3)	9	33	26	27	29	(83)	(57)

R million	Group		Logistics Africa		Logistics International	
	2015	2014 [^]	2015	2014	2015	2014
Segment financial position						
Operating assets¹	56 944	55 968	15 310	12 702	11 250	11 543
– South Africa	34 312	35 081	9 034	8 225		
– Rest of Africa	6 557	5 903	6 275	4 476		
– International	16 075	14 984	1	1	11 250	11 543
Fixed assets included in operating assets	20 180	18 736	5 308	5 060	4 682	4 358
– Property, plant and equipment	10 967	10 469	2 096	1 739	2 244	2 319
– Transport fleet	5 610	5 322	3 212	3 321	2 438	2 039
– Vehicles for hire	3 603	2 945				
Operating liabilities²	23 167	22 802	5 512	4 649	4 304	4 512
– South Africa	14 794	14 636	3 682	3 307		
– Rest of Africa	1 896	2 212	1 824	1 342		
– International	6 477	5 954	6		4 304	4 512
Net working capital³	9 874	8 033	1 183	527	416	271
– South Africa	7 253	6 516	336	74		
– Rest of Africa	924	343	852	453		
– International	1 697	1 174	(5)		416	271
Net debt⁴	14 493	11 882	4 872	3 778	4 150	4 062
– South Africa	7 763	6 771	2 669	2 344		
– Rest of Africa	2 454	1 166	2 209	1 433		
– International	4 276	3 945	(6)	1	4 150	4 062
Net capital expenditure	4 519	3 599	1 046	887	1 173	1 119
– South Africa	2 856	1 978	711	666		
– Rest of Africa	369	250	335	221		
– International	1 294	1 371			1 173	1 119

[^] Restated as described in note 2 on page 38.

[~] The assets and liabilities of the Insurance business are shown as held-for-sale at 30 June 2015.

¹ Operating assets is total assets less loans receivable, tax assets, assets classified as held for sale and cash resources in respect of non-financial services segments.

² Operating liabilities is total liabilities less non-redeemable, non-participating preference shares, interest-bearing borrowings, tax liabilities, put option liabilities and liabilities directly associated with assets classified as held for sale.

³ Net working capital consists of inventories, trade and other receivables, trade and other payables and provisions.

⁴ Net debt is the aggregate of interest-bearing borrowings, non-redeemable, non-participating preference shares less cash resources.

Vehicle Import, Distribution and Dealerships		Vehicle Retail, Rental and After Market Parts		Motor-related Financial Services and products		Head-Office and Eliminations		Insurance	
2015	2014 [^]	2015	2014 [^]	2015	2014 [^]	2015	2014 [^]	2015 [~]	2014
15 350	14 351	13 702	11 822	2 647	1 905	(1 315)	(740)		4 385
13 885	12 809	10 113	9 797	2 647	1 905	(1 367)	(873)		3 218
201	198	81	62						1 167
1 264	1 344	3 508	1 963			52	133		
5 103	4 476	4 982	4 961	997	469	(892)	(724)		136
3 346	3 210	3 313	3 348	9	9	(41)	(292)		136
1 757	1 266	1 669	1 613	988	460	(40)	(38)		
						(811)	(394)		
5 594	4 172	5 263	4 298	3 468	3 141	(974)	(542)		2 572
5 358	3 917	3 338	3 224	3 468	3 141	(1 052)	(743)		1 790
62	74	10	14						782
174	181	1 915	1 060			78	201		
4 294	5 319	2 707	2 156	565	447	709	242		(929)
3 834	4 843	1 924	1 828	565	447	594	95		(771)
62	52	11	(1)			(1)	(3)		(158)
398	424	772	329			116	150		
4 661	5 465	3 089	2 420	(1 738)	(2 002)	(541)	(202)		(1 639)
4 185	4 921	2 199	2 052	(1 738)	(2 002)	448	614		(1 158)
194	183	51	31						(481)
282	361	839	337			(989)	(816)		
1 199	998	844	633	649	224	(500)	(316)	108	54
1 182	792	710	560	649	224	(501)	(316)	105	52
8	1	23	26					3	2
9	205	111	47			1			

1. ACCOUNTING POLICIES

The principal accounting policies adopted and the methods of computation used in the preparation of these consolidated annual financial statements are set out below and are consistent in all material respects with those applied during the previous year except for the changes in accounting policies disclosed in note 2.2 and adoption of new and amended statements and interpretations as disclosed in note 2.4.

1.1 STATEMENT OF COMPLIANCE

The consolidated annual financial statements are stated in South African Rand and are prepared in accordance with 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 2015 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 Companies Act of South Africa, 2008.

1.2 BASIS OF MEASUREMENT

The consolidated annual financial statements are prepared on the historical cost basis, modified by the restatement of certain financial instruments to fair value and insurance and defined retirement benefit liabilities in accordance with actuarial valuations.

1.3 INSURANCE

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

1.4 CONSOLIDATION

The consolidated annual financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries).

The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Income and expenses of subsidiaries acquired or disposed of during the year are included in or removed from profit or loss and other comprehensive income from the date on which control was obtained or lost respectively.

Total comprehensive income of subsidiaries is attributed to owners of Imperial and to non-controlling interests even if this results in non-controlling interests having a deficit balance.

In preparing the consolidated financial statements where a subsidiary of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions, appropriate adjustments are made to its financial statements to bring it in line with the Group's accounting policies.

All intergroup transactions, balances and unrealised income and expenses are eliminated in full.

Changes in the Group's ownership interest in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for in equity. Any difference between the amount by which non-controlling interests is adjusted and the fair value of the consideration paid or received is recognised directly to the premium paid on purchase of non-controlling interests reserve in equity.

When the Group loses control of a subsidiary a gain or loss is recognised in profit or loss.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 – *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in associate or a jointly controlled entity.

1.5 BUSINESS COMBINATIONS

Acquisitions of businesses are accounted for using the acquisition method as described below.

An acquisition is considered a business combination if the assets acquired and liabilities assumed constitute a business.

The consideration transferred in a business combination is measured at fair value, which includes the fair value of the acquisition date asset and any liability resulting from a contingent consideration arrangement.

Acquisition-related costs are expensed in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and liabilities assumed are measured at fair value except for deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements which are recognised and measured in accordance with IAS 12 – *Income Taxes* and IAS 19 – *Employee Benefits* respectively.

The excess of the aggregate of the consideration transferred, the non-controlling interest and the acquisition date fair value of previously held equity interest over the fair value of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is below the fair values of the identifiable net assets acquired (i.e. bargain purchase), then the difference is credited to profit or loss in the period of acquisition.

The non-controlling interests are measured at their proportionate share of the fair value of the identifiable assets acquired and liabilities assumed.

When the consideration transferred includes a contingent consideration, that contingent consideration is recognised as a liability and measured at its acquisition-date fair value and included in the consideration transferred in a business combination. The contingent consideration is remeasured at subsequent dates to its fair value through profit or loss.

When the business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value with the resulting gain or loss recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group reports provisional amounts for the items where the accounting is incomplete. Those provisional amounts are adjusted during the measurement period where applicable.

1.6 FOREIGN CURRENCIES

Transactions denominated in a foreign currency are recorded at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks which are recognised in other comprehensive income and accumulated in the hedge accounting reserve in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Rand using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the weighted average exchange rates for the period.

Exchange differences arising on translating foreign operations are recognised in other comprehensive income and accumulated in the foreign currency translation reserve in equity.

On disposal of a foreign operation all the exchange differences accumulated in equity in respect of that operation attributable to owners of Imperial are reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the rate of exchange prevailing at the end of each reporting period.

1.7 INVESTMENT IN ASSOCIATES

The results, assets and liabilities of entities over which the Group exercises significant influence (associates) are incorporated in the consolidated annual financial statements using the equity method of accounting.

Under the equity method, an investment in associate is initially recognised at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate.

The Group's share of other net asset changes in the associate, other than profit or loss or other comprehensive income and distributions received is recognised in equity. Such changes include those arising from additional shares issued by the associate to third parties or when the associate accounts for equity settled share-based payment transactions.

The Group's share of associates' net income, presented net of tax, is based on financial statements drawn up to reporting dates that are coterminous with that of the Group.

Where reporting dates are not coterminous, adjustments are made to the associate's net income for the effects of significant transactions or events that occur after the associate's reporting date and up to the reporting date of the Group.

When the Group's share of losses of the associate exceeds the Group's interest in that associate, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of profits equals the share of losses not recognised previously.

Any excess of the cost of acquisition over the Group's share of the fair value of the net identifiable assets of an associate at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the associate.

Any excess of the Group's share of the net fair value of identifiable assets, liabilities and contingent liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss as a bargain purchase.

The requirements of IAS 39 – *Financial Instruments: Recognition and Measurement* are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 – *Impairment of Assets* as a single asset by comparing its recoverable amount to its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 – *Impairment of Assets* to the extent that the recoverable amount of the investment subsequently increases.

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as the fair value on initial recognition as a financial asset in accordance with IAS 39 – *Financial Instruments: Recognition and Measurement*. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

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

Ukhamba Holdings (Pty) Ltd (Ukhamba)

The Group has a 46,9% interest in Ukhamba, a black empowerment partner who currently owns ordinary and deferred ordinary Imperial shares.

Any fair value gains made by Ukhamba on the revaluation of its Imperial shares are eliminated from the Group's net profit and comprehensive income. Any dividends received from Ukhamba first reduce its carrying value as an associate to zero and then any surplus is recognised directly in equity.

1.8 INTERESTS IN JOINT VENTURES

The Group's interest in jointly controlled entities is accounted in the same way as investments in associates described above.

1.9 GOODWILL

Goodwill arising on acquisition is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that are expected to benefit from the synergies of the business combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is first allocated to the goodwill and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate or joint venture is described under investment in associates.

1.10 INTANGIBLE ASSETS

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives.

Intangible assets are not revalued.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes accounted for on a prospective basis, if any.

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost, being the acquisition date fair value, less accumulated amortisation and accumulated impairment losses on the same basis as intangibles that are acquired separately.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from use or disposal.

Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the intangible asset is derecognised.

1.11 IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL

At the end of each reporting period, the Group assesses if there is any indication that such assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indeterminate useful lives and intangible assets not yet ready for their intended use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

A reversal of an impairment loss is recognised immediately in profit or loss.

1.12 PROPERTY, PLANT AND EQUIPMENT, TRANSPORT FLEET AND VEHICLES FOR HIRE

Land is stated at cost less accumulated impairment and is not depreciated.

Buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated at cost less any accumulated depreciation and impairment losses.

Buildings in the course of construction for production, supply or administrative purposes are carried at cost less any recognised impairment loss.

Land and buildings held as portfolio properties whose benefits are shared with policyholders are fair valued through profit or loss.

All other assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Costs include all costs incurred in bringing the assets to the location and condition for their intended use and include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method.

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis, if any.

Depreciation commences when the assets are ready for their intended use.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Costs include the estimated costs of dismantling and removing the assets and, where appropriate, costs are split into significant components.

Major improvements to leasehold properties are capitalised and written off over the period of the lease.

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

Assets are derecognised on disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Vehicles for hire are reclassified to inventories at their carrying amount when they cease to be rented and become available-for-sale.

1.13 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimate of the selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Cost is determined as follows:

Vehicles	specific cost
Caravans, spares and accessories	weighted average cost
Fuel, oil and merchandise	first-in-first out
Fast moving consumer goods	first-in-first out

Work in progress includes direct costs and a proportion of overheads.

1.14 LEASES

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

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Assets leased under operating leases are included under the appropriate category of assets in the statement of financial position.

They are depreciated over their expected useful lives on a basis consistent with similar items of property, plant and equipment.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments.

The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Finance lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest of the remaining balance of the liability.

Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets in which case they are capitalised in accordance with the Group's policy on borrowing costs.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Contingent rentals are recognised as an expense in the period in which they are incurred.

1.15 INCENTIVE SCHEMES

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

Equity-settled share-based payments to employees are measured at the fair value of the equity instrument at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

At the end of each reporting period, the Group revises its estimates of the number of equity instruments that are expected to vest.

The impact of the revision of original estimates, if any, is recognised in profit or loss with a corresponding adjustment to the share-based payment reserve in equity.

1.16 RETIREMENT BENEFIT OBLIGATIONS

Defined contribution plans

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered services entitling them to the contributions.

Defined benefit plans

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations carried out at the end of each reporting period.

Past-service costs are recognised immediately to the extent that the benefits are vested, otherwise it is amortised on a straight-line basis over the average period until the benefits become vested.

Actuarial gains and losses are recognised immediately in other comprehensive income and accumulated in retained earnings so that the retirement benefit obligation reflects its full value.

1.17 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is reviewed at the end of each reporting period and represents the best estimate of the consideration required to settle the obligation, taking into account the risks and uncertainties surrounding it.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the fair value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions are reversed when it is no longer probable that an outflow of resources will be required to settle the obligation.

Insurance claims

Insurance claims comprise provisions for the estimate of the ultimate cost of settling all claims incurred but unpaid at the end of the reporting period, whether reported or not. Related anticipated insurance recoveries are recognised separately as assets when it is virtually certain the amounts will be received.

Dismantling and environmental risk

The Group provides for the dismantling of property, plant and equipment at the end of their useful lives where a contractual requirement exists and for any probable environmental risks.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable cost of meeting the obligation under the contract exceeds the economic benefits expected from the contract.

1.18 INCOME TAXES

Income tax expense represents the sum of current tax and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in profit or loss as a result of items of income or expense that are taxable or deductible in other years (temporary differences) and items that are not taxable or deductible.

The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the Group's consolidated financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or from the initial recognition, other than in a business combination, of other assets and liabilities in a transaction that affects neither the tax profit nor accounting profit.

The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects to recover or settle the carrying amount of assets and liabilities.

The carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised.

Deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited directly to other comprehensive income and equity, in which case the deferred tax is also taken directly to other comprehensive income and equity.

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

Dividends tax

Dividends tax is levied on non-exempt shareholders. The Group is responsible for the collection of the dividends tax and payment of the amounts collected to the South African Revenue Service (SARS). As this tax is levied on the shareholders and not the company, it does not form part of the tax expense recognised in profit or loss or in other comprehensive income. Dividends are reflected gross of tax.

1.19 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition.

Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification as held for sale.

When the Group is committed to a sale plan involving loss of control of an entity, all of the assets and liabilities of that entity are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

1.20 REVENUE RECOGNITION

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

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

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

Revenue from vehicle maintenance plans is recognised based on an established pattern, when vehicle maintenance services are performed over the period of the plan.

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

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

1.21 INTEREST AND DIVIDEND INCOME

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

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

1.22 BORROWING COSTS

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.23 EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing net profit attributable to owners of Imperial by the weighted average number of ordinary shares in issue during the year, net of shares repurchased and the Group's interest in its own ordinary shares held by associates.

Diluted earnings per share

For diluted earnings per share, the weighted average number of ordinary shares in issue, net of shares repurchased, is adjusted for the dilutive effect of potential ordinary shares under the share incentive schemes and an associate's obligation to deliver shares.

Potential ordinary shares are treated as dilutive when their conversion to ordinary shares would decrease basic earnings per share.

The effect of anti-dilutive potential ordinary shares is excluded from the calculation of diluted earnings per share.

Headline earnings per share and core earnings per share

The presentation of headline earnings per share is mandated under the JSE Listings Requirements and is calculated in accordance with Circular 3/2013 – Headline Earnings, as issued by the South African Institute of Chartered Accountants.

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.

1.24 SHARE ISSUE COSTS, SHARES REPURCHASED AND DIVIDEND PAYMENTS

Share issue costs

Incremental costs directly attributable to the issue of new shares or the repurchase of existing shares are shown as a deduction, net of applicable tax, in equity. An incremental share issue cost is one which would not have arisen if shares had not been issued or repurchased.

Shares repurchased

The purchase by the Group of its own equity instruments and held in a subsidiary company results in the recognition of shares repurchased. The consideration paid is deducted from equity. Where shares repurchased are subsequently sold, reissued or otherwise disposed of, any consideration received is included in equity attributable to owners of Imperial, net of any directly attributable incremental transaction costs and the related tax effects. Shares repurchased by the company and subsequently cancelled are shown as a deduction in retained earnings.

Dividend payments to owners of Imperial

Dividend distributions to owners of Imperial are recognised as a liability in the period in which the dividends are approved and declared. Interim and final dividends are accrued when approved by the board of directors.

Dividend payments to preference shareholders

Due to their cumulative nature the non-redeemable, non-participating preference shares are classified as debt financial instruments with no repayment terms. The dividends payable on the non-redeemable, non-participating preference shares are accrued on a time basis, with reference to the principal outstanding and the effective interest rate applicable, and recognised in profit or loss within finance cost. Interim and final preference dividends are payable when approved by the board of directors.

1.25 EVENTS AFTER THE REPORTING PERIOD

The financial statements are adjusted to reflect events that occurred between the end of the reporting period and the date when the financial statements are authorised for issue, only if those events provide evidence of conditions that existed at the end of the reporting period.

Events that are indicative of conditions that arose after the reporting period are disclosed, with no adjustment to the financial statements.

1.26 SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

The chief operating decision making body who is responsible for allocating resources and assessing performance of the operating segments, has been identified collectively as the group executive committee.

Segment revenue reflects both sales to external parties and intergroup transactions across segments. Inter-segment revenue is revenue raised by one segment relating to sales to other segments within the Group, which is eliminated under head office and eliminations.

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

1.27 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes party to the contractual provisions of the instrument.

Initial measurement of financial assets and financial liabilities

Financial assets and financial liabilities are initially recorded at fair value plus, in the case of financial assets and financial liabilities not fair valued through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets

Financial assets at fair value through profit or loss, including derivative assets, are subsequently measured at fair value without any deduction for transaction costs that may be incurred on sale or disposal.

Available-for-sale investments are subsequently remeasured to fair value. Any unrealised gain and loss is recognised in other comprehensive income and accumulated in the valuation reserve in equity until the investment is disposed of or impaired, at which time the cumulative gain or loss deferred in equity is reclassified to profit or loss.

Investments in equity instruments whose fair value cannot be measured reliably are carried at cost.

Loans receivable and trade receivables are subsequently measured at amortised cost using the effective interest method, less any impairment as appropriate.

Cash resources are carried at cost which is also fair value.

Subsequent measurement of financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method except for financial liabilities at fair value through profit or loss, including derivative liabilities, which are measured at fair value.

Hedge accounting

The Group enters into forward exchange contracts, forward rate agreements and interest-rate swap agreements in order to hedge its exposure to foreign exchange and interest rate risk. The Group does not use derivative financial instruments for speculative purposes.

Changes in the fair value of derivative instruments that are not formally designated in a hedge relationship are recognised immediately in profit or loss.

Changes in the fair value of a 'fair value hedge' are recognised in profit or loss. The gain or loss on the hedged item, attributable to the hedged risk, is adjusted to the carrying amount of the hedged item with a corresponding entry in profit or loss.

The effective portion of changes in the fair value of a 'cash flow hedge' is recognised directly in other comprehensive income and accumulated in the hedge accounting reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

If the cash flow hedge of a forecast transaction results in the recognition of a non-financial asset or a non-financial liability then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in the Group's hedge accounting reserve in equity are included in the initial measurement of the asset or liability.

For hedges that do not result in the recognition of a non-financial asset or a non-financial liability, amounts deferred in the Group's hedge accounting reserve in equity are recognised in profit or loss in the same period in which the hedged item affects profit or loss on a proportionate basis.

Hedge accounting is discontinued when the hedge relationship is revoked or the hedging instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss deferred in equity remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss.

If a hedge transaction is no longer expected to occur, the net cumulative gain or loss deferred in equity is immediately reclassified to profit or loss.

1.27 FINANCIAL INSTRUMENTS CONTINUED

Impairment of financial assets

Financial assets, other than those fair valued through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For available-for-sale investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of a provision account. When a trade receivable is considered uncollectible, it is written off against the provision account.

Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are immediately reclassified to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading valuation reserve.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

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

Put arrangements over non-controlling interests

Written put options on the shares of a subsidiary held by non-controlling interests give rise to a financial liability for the present value of the redemption amount. The liability that may become payable under the arrangement is initially recognised at fair value with a corresponding entry directly in equity. Subsequent changes to the fair value of the liability are recognised in profit and loss.

Cash resources

Cash resources comprise cash on hand and on-demand deposits, together with short-term, highly liquid investments with a maturity of three months or less from the date of acquisition, that are readily convertible to a known amount of cash and that are subject to an insignificant risk of changes in value. Bank overdrafts are shown within current portion of interest-bearing borrowings on the consolidated statement of financial position. Cash and cash equivalents in the consolidated statement of cash flows are reflected net of overdrafts.

1.28 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

Insurance companies

Details of significant accounting judgements and estimates are given in Annexure A.

Residual values and useful lives

The Group depreciates its assets over their estimated useful lives taking into account residual values, which, following the requirements of IAS 16 – *Property, Plant and Equipment*, are reassessed on an annual basis. The actual lives and residual values of these assets can vary depending on a variety of factors. Technological innovation, product life cycles and maintenance programmes all impact the useful lives and residual values of the assets. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Income taxes

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

The Group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets required the Group to make significant estimates related to expectations of future taxable income

Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the statement of financial position date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the group operates could limit the ability of the Group to obtain tax deductions in future periods.

Contingent liabilities

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

Revenue recognition

Maintenance and warranty contracts are sold with vehicles to cover the cash cost of future expenditure over specified periods. Revenue from vehicle maintenance plans is recognised based on an established pattern of when vehicle maintenance services are performed over the period of the plan.

Revenue is adjusted to cater for expected future expenditure which is determined based on historical trends and include forecasted inflationary adjustment on an annual basis. The balance of the unearned revenue is recognised on termination of the contract when the contract mileage has been reached.

Statement of financial position presentation based on liquidity

Management believes that the presentation of the statement of financial position on a liquidity basis provides information that is reliable and is more relevant compared to a current and non-current presentation.

The nature of the Group's operations is diverse and as such it becomes more difficult to clearly identify a single operating cycle that would be relevant across all business segments. Maturity profiles of some assets and liabilities are provided in the notes to the consolidated annual financial statements.

The following guidance is provided on assets and liabilities where further judgement is required:

Assets

Assets that the Group expects to realise, or intends to sell or consume in its normal operating cycle would include reinsurance debtors, inventory and trade and other receivables. The operating cycles for these assets are generally not more than twelve months. Vehicles for hire have an operating cycle of more than 12 months. Vehicles that have reached the end of the useful life as rental assets are shown as inventory.

The Group's investment portfolios are measured by portfolio managers who acquire or dispose of investments in terms of acceptable risk levels and cash requirements of the Group. The timing of the disposals are uncertain and there are no restrictions on the Group to realise investments.

Other loans receivable mature over periods longer than 12 months and include amounts that are receivable within one year from the reporting period.

Cash resources from the financial services operation are restricted by the division's capital structure. Cash resources from other operations are unrestricted.

Liabilities

Liabilities that the Group expects to settle in its normal operating cycle include trade and other payables and provisions. Trade and other payables are normally settled within one year from the reporting period, whereas some amounts of provisions mature over periods longer than 12 months.

Other financial liabilities are payable over longer periods but do consist of amounts that are due within one year from the reporting period.

Insurance, investment, maintenance and warranty contracts are settled as and when the services are performed. These multi-year policies often only become effective once a defined event has occurred and as such leads to a highly judgemental maturity profile. The maturity of these liabilities can range from one year to more than five years after the reporting period.

Significant judgments made to determine the stage of completion, known as burn rates, of contracts include:

- > Vehicles parts inflation
- > Foreign currency movements
- > Estimated use of vehicles

Other financial liabilities are payable over longer periods but do consist of amounts that are due within one year from the reporting period.

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

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

Management classifies a component of the group as a discontinued operation if it:

- > represents a separate major line of business or geographical area of operation;
- > is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- > is a subsidiary acquired exclusively with a view to resale as a discontinued operation.

Other financial assets classified as held for sale (or disposal group) are measured at the lower of their carrying amount and fair value less costs to sell.

Once the value of the assets and liabilities and the results of trading of discontinued operations become immaterial they are no longer shown separately and are included in continuing operations.

Provision for doubtful debts

Provision is made for doubtful debts based on management's estimate of the prospect of recovering the debt. Where management has determined that a debt is no longer recoverable, the amount is written off.

Provision against inventory

Inventory is counted at least once a year and any shortages and obsolete stock identified is written off immediately. An allowance is made for slow-moving and obsolete inventory based on historical trends, and where the imported cost due to the depreciation of the Rand was above the anticipated selling price.

Fair value of financial instruments

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering the factors specific to the asset or liability.

Asset impairments

The Group periodically evaluates its assets for impairment, including identifiable intangibles, whenever events, such as losses being incurred, or changes in circumstances such as changes in the market, indicate that the carrying amount of the asset may not be recoverable. Our judgements regarding the existence of impairment indicators are based on market conditions and operational performance of the different businesses. Future events could cause management to conclude that impairment indicators exist. In order to assess if there is any impairment, we estimate the future cash flows expected to result from the use of the asset(s) and its eventual disposition. Considerable management judgement is necessary to estimate discounted future cash flows, including appropriate bases for making judgements and estimates.

The calculation of appropriate discount rates (weighted average cost of capital) is a sensitive input into valuations. While every effort is made to make use of independent information and apply consistent methodology, actual circumstances or outcomes could vary significantly from such estimates, including changes in the economic and business environment.

The variances could result in changes in useful lives or impairment. These changes can have either a positive or negative impact on our estimates of impairment and can result in additional charges.

Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant. In calculating the expense the Group considers the best estimate of the number of shares that are expected to vest taking into account the achieving of the performance conditions and participants who will forfeit their rights. The final number that will vest may be different.

Retirement benefit obligations

The valuation of the retirement benefit obligations is arrived at using discount rates, projected payment increases, projected other contribution increases and fluctuation rates. The final obligation will depend on length of service and the value of the salary at the time of payment to the participants.

Put option liability

The liability arises when new acquisitions have contractual obligations enabling non-controlling shareholders to put their shares back to the group at an agreed price. In arriving at the liability the future earnings need to be assessed and discounted back to calculate the present value. This requires a high level of judgement.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

2.1 PRESENTATION OF DISCONTINUED OPERATIONS

Financial statements

The result of the Insurance businesses (discontinued operations) are presented as a single line item in the consolidated statement of profit or loss under Discontinued operations. The assets and related liabilities are shown under 'Assets classified as held for sale' and 'Liabilities directly associated with assets classified as held for sale' on the consolidated statement of financial position. The consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows are shown in total for continued and discontinued operations. Further disclosure for the discontinued operations are provided in note 15 on page 50.

The notes to the financial statements

Certain notes to the consolidated statement of financial position include movements from the discontinued operations up to the point of reclassification as held for sale. The notes to the consolidated statement of profit or loss relate to continuing operations only with the exception of the 'Earnings per share' note that is reconciled in total but distinguishes between continuing and discontinued operations for the per share values. Therefore, to cross reference certain amounts disclosed in the notes to the statement of financial position to certain amounts disclosed in the notes to the consolidated statement of profit or loss, the amounts disclosed in note 15 should be taken into consideration.

2.2 CHANGE IN ACCOUNTING POLICY

Vehicles held under buy-back arrangements

The vehicle importer businesses, included under Vehicle Import, Distribution and Dealerships, sell vehicles that are subject to buy back arrangements. These vehicles are accounted for as an operating lease over the period of the buy back arrangement lasting about one year. In prior years, they have been accounted for as Inventory in accordance with IAS 2 *Inventories*.

As these vehicles are not immediately available for sale and are subject to an operating lease, it is considered more appropriate to account for them as items of Property, plant and equipment in accordance with IAS 16 *Property, Plant and Equipment*. The vehicles are included in Vehicles for hire on the consolidated statement of financial position.

This change in accounting policy resulted in a reallocation between line items on the consolidated statement of profit or loss and on the consolidated statement of financial position without affecting operating profit and total assets. The impact of the restatement on the comparative amounts were as follows:

	2013 Rm	2014 Rm
Statement of financial position		
Increase in vehicles for hire	464	642
Decrease in inventories	(464)	(642)
Total assets		
Statement of profit or loss		
Continuing operations		
Decrease in net operating expenses		106
Increase in profit from operations before depreciation and recoupments		106
Increase in depreciation, amortisation, impairments and recoupments		(106)
Operating profit		
Statement of cash flows		
Decrease in cash paid to suppliers and employees		284
Increase in cash generated by operations before capital expenditure on rental assets		284
Increase in expansion capital expenditure – rental assets		(194)
Increase in net replacement capital expenditure – rental assets		(90)
– Increase in expenditure		(584)
– Increase in proceeds		494
Cash generated by operations		

The notes to the consolidated annual financial statements have been restated accordingly.

2.3 RESTATEMENT OF THE SEGMENTAL INFORMATION

The 2014 segmental information has been restated to reflect the profit or loss for continuing operations only by excluding the Insurance segment, for the change in accounting policy as described in note 2.2 and for the reallocation of the United Kingdom head office out of Head-Office and Eliminations to the Vehicles Retail, Rental and After Market Parts segment.

The impact of the restatements were as follows:

Segment profit or loss	Revenue Rm	Operating profit Rm	Depreciation, amortisation, and recoupments Rm	Net finance cost Rm	Pre-tax profit Rm
Vehicle Import, Distribution and Dealerships					
Previously stated	27 100	1 518	239	360	1 165
Change in accounting policy (refer note 2.2)			162		
As restated	27 100	1 518	401	360	1 165
Vehicle Retail, Rental and After Market Parts					
Previously stated	33 997	1 559	561	272	1 363
Reallocation of UK head office from Head-Office and Eliminations	17	10	5	7	8
As restated	34 014	1 569	566	279	1 371
Motor Related Financial Services and Products					
Previously stated	1 166	477	63		513
Continued access to cell captive arrangements with Regent Associate classified as discontinued operations		110			110
As restated	1 166	587	63		(7) 616
Segment financial position					
		Operating assets Rm	Operating liabilities Rm	Net debt Rm	Net capital expenditure Rm
Vehicle Import, Distribution and Dealerships					
Previously stated		14 351	4 172	5 465	714
Change in accounting policy (refer note 2.2)					284
As restated		14 351	4 172	5 465	998
Vehicle Retail, Rental and After Market Parts					
Previously stated		11 509	4 287	2 242	614
Reallocation of UK head office from Head-Office and Eliminations		313	11	178	19
As restated		11 822	4 298	2 420	633

2.4 NEW AND AMENDED ACCOUNTING STANDARDS THAT BECAME EFFECTIVE DURING THE YEAR

The group applied the following amended statements during the year. None of the amendments has had a material impact on the consolidated financial statements of the Group.

IAS 16 – *Property Plant and Equipment* (amended)

IAS 39 – *Financial Instruments – Recognition and Measurements* (amended)

IAS 19 – *Employee Benefits* (amended)

IFRS 2 – *Share-Based Payments* (amended)

2.5 PRESENTATION OF STATEMENT OF PROFIT OR LOSS

To improve the content and format of the consolidated statement of profit or loss, certain items that are not operational in nature have been shown in total with details given in note 29.

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

The following are applicable amendments to IFRS that could have an impact on the Group's future financial statements. The Group does not anticipate that other amendments resulting from annual improvements to have an impact on its financial statements other than additional disclosures.

Pronouncement	Title	Effective date
IFRS 9 (<i>amended</i>)	<p>IFRS 9 – Financial Instruments</p> <p>IFRS 9 introduces a single classification and measurement model for financial assets which is dependent on the entities business model objective for managing financial assets and on the contractual cash flow characteristics of financial assets.</p> <p>Financial assets are classified as either, amortised cost, fair value through profit or loss or fair value through other comprehensive income whilst financial liabilities are classified as amortised cost or fair value through profit or loss.</p> <p>The standard also introduces a new impairment model which follows a three-stage approach based on changes in expected credit losses of a financial instrument. The model also determines the recognition of impairment as well as the recognition of interest revenue.</p> <p>Amendments were also made to the criteria for applying hedge accounting, more specifically on the hedge effectiveness which requires the existence of an economic relationship between the hedge item and the hedging instrument and that credit risk does not dominate changes in the fair value of the hedge item or hedging instrument and lastly that the hedge ratio is the same for both the hedging relationship and the quantity of the hedged item actually hedged and the quantity of the hedging instrument used to hedge it.</p> <p>The Group anticipates that the application of IFRS 9 may have an impact on amounts reported in respect of the group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until a detailed review has been completed.</p>	Annual periods beginning on or after 1 January 2018
IFRS 15	<p>IFRS 15 – Revenue From Contracts With Customers</p> <p>The objective of IFRS 15 is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer.</p> <p>The core principle of IFRS 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:</p> <ul style="list-style-type: none"> > Identify the contract(s) with a customer > Identify the performance obligations in the contract > Determine the transaction price > Allocate the transaction price to the performance obligations in the contract > Recognise revenue when (or as) the entity satisfies a performance obligation. <p>Application of this guidance will depend on the facts and circumstances present in a contract with a customer and will require the exercise of judgment.</p> <p>IFRS 15 was issued in January 2014 and replaces the following standards and interpretations when it becomes effective:</p> <ul style="list-style-type: none"> > IAS 11 – <i>Construction contracts</i> > IAS 18 – <i>Revenue</i> > IFRIC 15 – <i>Agreements for the Construction of Real Estate</i> > IFRIC 18 – <i>Transfers of Assets from Customers</i> > SIC-31 <i>Revenue – Barter Transactions Involving Advertising Services</i> <p>The Group is in the process of assessing the impact of IFRS 15 on its consolidated annual financial statements.</p>	Annual periods beginning on or after 1 January 2018

	Goodwill Rm	Customer lists and contracts Rm	Computer software Rm	Other intangibles Rm	Total Rm
4. GOODWILL AND INTANGIBLE ASSETS					
At 30 June 2015					
Cost	5 944	2 923	729	159	9 755
Accumulated amortisation and impairment	926	1 215	376	45	2 562
	5 018	1 708	353	114	7 193
Net carrying value at beginning of year	4 737	1 722	216	91	6 766
Movements during the year~					
Net acquisition of subsidiaries and businesses	463	351	3	1	818
Additions			337	34	371
Proceeds from disposal			(9)	(1)	(10)
Profit (loss) on disposal			1	(1)	
Impairment charge	(67)				(67)
Amortisation		(415)	(85)	(10)	(510)
Currency adjustments	(102)	50	(2)	1	(53)
Reclassification to assets classified as held for sale	(13)		(108)	(1)	(122)
Net carrying value at end of year	5 018	1 708	353	114	7 193

~ The above include movements from the discontinued operations up to the point of reclassification to assets classified as held for sale. The amounts disclosed in the notes to the consolidated statement of profit or loss relate to continuing operations only. Refer to note 15.2 for certain disclosures relating to discontinued operations.

	Goodwill Rm	Customer lists and contracts Rm	Computer software Rm	Other intangibles Rm	Total Rm
At 30 June 2014					
Cost	5 596	2 558	625	147	8 926
Accumulated amortisation and impairment	859	836	409	56	2 160
	4 737	1 722	216	91	6 766
Net carrying value at beginning of year	3 926	1 055	156	69	5 206
Net acquisition of subsidiaries and businesses	579	937	1	10	1 527
Additions			128	17	145
Proceeds from disposal			(3)		(3)
Impairment charge	(38)		(7)		(45)
Amortisation		(339)	(67)	(6)	(412)
Loss from disposal			(1)		(1)
Reclassification			3		3
Currency adjustments	270	69	6	1	346
Net carrying value at end of year	4 737	1 722	216	91	6 766

Expenditure on acquired trademarks, licenses, customer lists and computer software is amortised using the straight-line basis over their estimated useful lives between 2 to 10 years. Goodwill is not amortised, but is tested for impairment annually.

Refer to note 39.3 for details of new business combinations during the year.

4. GOODWILL AND INTANGIBLE ASSETS CONTINUED

GOODWILL AND INDETERMINATE USEFUL LIFE INTANGIBLE ASSETS

A summary of the goodwill and indeterminate useful life intangible assets by cash generating unit (CGU) and related assumptions applied for impairment testing purposes are as follows:

	Carrying amount		Pre tax discount rate		Terminal growth rate	
	2015 Rm	2014 Rm	2015 %	2014 %	2015 %	2014 %
CGUs with significant goodwill						
Logistics Africa						
CIC Holdings Limited	468	468	16,3	16,6	6,0	6,0
Imperial Health Sciences	194	194	20,9	20,7	4,5	4,5
Eco Health Limited	532	463	19,0	20,4	9,0	9,0
Imres B.V	400		11,9		2,6	
Imperial Managed Logistics (Pty) Limited	67	67	20,5	20,4	4,5	4,5
Logistics International*						
Panopa Group*	451	487	7,8	8,4	1,5	1,5
Neska Group*	82	146	7,7	8,3	1,5	1,5
Lehnkering Group*	1 055	1 076	7,8	8,4	1,5	1,5
Lubcke Marine	54	58	6,4	7,8	1,5	1,5
Shipping Group*	772		7,8		1,5	
Reederei Group*		759		9,0		1,5
Rijnaarde BV*		87		8,4		1,5
Vehicle Import, Distribution and Dealerships						
Uvundlu Investments (Pty) Limited	56	56	19,0	19,2	5,4	4,5
E-Z-Go Golf Carts	55	55	17,9	16,6	4,5	4,5
Renault SA (Pty) Limited	98	98	16,0	15,7	4,5	4,5
Vehicle Retail, Rental and After Market Parts						
Beekman Super Canopies (Pty) Limited	76	76	19,5	20,1	4,5	4,5
Midas (Pty) Limited	202	202	16,4	16,0	4,5	4,5
Orwell Trucks Limited	61	57	12,1	13,3	2,0	2,0
S&B Commercials plc	60		12,1		2,0	
Significant goodwill	4 683	4 349				
Other goodwill*	335	388				
Net carrying value of goodwill	5 018	4 737				
CGU's with significant indeterminate useful life intangible assets						
Renault SA (Pty) Limited	222	222	16,0	15,7	4,5	4,5
Other	45	45				
Net carrying value of indeterminate useful life intangible assets~	267	267				

~ Included in customer lists and contracts above.

* The CGU's within this division have changed in line with their business reporting segments.

GOODWILL IMPAIRMENT TESTING

Goodwill is allocated to the appropriate CGU's according to the type of business and where it operates. The CGU's represent the identifiable assets for which an active market exists and which generate independent cash flows for the Group.

External and internal factors surrounding the business operations play a role in determining an indication of impairment. In addition the carrying amount of goodwill is subject to an annual impairment test. Impairment tests are carried out on all goodwill balances within each CGU.

Impairment of goodwill arises when the recoverable amount of the CGU, including goodwill is less than the carrying value. The recoverable amount is determined as the greater of the fair value less costs to sell or the value in use. In most instances it is difficult to use the fair value less costs to sell as no reliable estimate is easily obtainable in determining the recoverable amount. Therefore the value in use method is used to assess the goodwill for impairment.

KEY ASSUMPTIONS USED IN VALUE IN USE CALCULATIONS

Cash flow projections

The value in use is calculated using the forecasted cash inflows and outflows which are expected to be derived from continuing use of the CGU and its ultimate disposal. Cash flow projections for financial forecasts are based on expected revenue, operating margins, working capital requirements and capital expenditure, which were approved by senior management.

The expected revenues were based on market share assumptions, volume growth and price increases. No significant change in market share was assumed during the forecasted period and is based on the average market share in the period immediately before the forecast period. Volume growth was based on average growth experienced in recent years. The exchange rates used in the cash flow projections were consistent with external sources of information.

Operating margins reflect past experience but adjusted for any expected changes for the individual CGU's.

These cash flow projections cover a five-year forecast period, which are then extrapolated into perpetuity using applicable terminal growth rates.

The key assumptions used in arriving at projected cash flows were as follows:

Logistics Africa – Market share assumptions and operating margins.

Logistics International – Market share assumptions and operating margins.

Vehicle Import, Distribution and Dealerships – Volume growth, exchange rates affecting the purchase price in relation to the vehicle selling price increases.

Vehicle Retail, Rental and After Market Parts – Market share assumptions and operating margins.

Growth rates

Growth rates applied are determined based on future trends within the industry, geographic location and past experience within the operating divisions. Growth rates can fluctuate from year to year based on the assumptions used to determine these rates.

The Group used steady growth rates to extrapolate revenues beyond the forecasted period, which were consistent with publicly available information relating to long-term average growth rates for each of the markets in which each of the respective CGUs operates.

Discount rates applied

The discount rates present the current market assessment of the risks for each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow projections. The discount rate calculations are derived from the CGU's weighted average cost of capital and takes into account both the cost of debt and the cost of equity.

The cost of equity was arrived at by using the capital asset pricing model (CAPM) which, where necessary, takes into account an equity risk premium and a small stock premium. The CAPM uses market betas of comparable entities in arriving at the cost of equity. The cost of debt is based on the interest-bearing borrowings the CGU is obliged to service.

The debt to equity ratio was determined by applying market value weights based on theoretical target gearing levels, giving consideration to industry averages and using data of comparable entities.

4. GOODWILL AND INTANGIBLE ASSETS CONTINUED

GOODWILL IMPAIRMENTS

During the current year the Group impaired goodwill amounting to R67 million (2014: R38 million) in the following operating segments. The goodwill impairment is included within "Other non-operating items" in profit or loss.

Operating segment	2015 Rm	2014 Rm
Continuing		
Logistics Africa	33	30
Logistic International	32	
Vehicle Retail, Rental and After Market Parts	1	8
Discontinued		
Insurance	1	
	67	38

The goodwill impairments are as a result of changes in trading and market conditions.

Change in key assumptions and conclusion

The directors believe that any reasonable possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

	2015 Rm	2014 Rm
5. INVESTMENT IN ASSOCIATES AND JOINT VENTURES		
Listed shares at cost	282	282
Unlisted shares at cost	486	478
Share of post-acquisition equity	422	463
Carrying value of shares – equity accounted	1 190	1 223
Indebtedness by associates and joint ventures	161	195
– Less than one year	116	112
– More than one year	45	83
	1 351	1 418
Valuation of shares		
Listed shares at fair value (Level 1 in the fair value hierarchy)	763	882

Details of the group's material associates and joint ventures are reflected in note 39.5.

	Land, buildings and leasehold improve- ments Rm	Equipment and furniture Rm	Motor vehicles Rm	Total Rm
6. PROPERTY, PLANT AND EQUIPMENT				
At 30 June 2015				
Cost	10 493	5 375	639	16 507
Accumulated depreciation and impairment	1 700	3 550	290	5 540
	8 793	1 825	349	10 967
Net carrying value at beginning of year	8 461	1 721	287	10 469
Movements during the year[~]				
Net acquisition of subsidiaries and businesses	50	9	48	107
Additions	998	604	272	1 874
Proceeds from disposal	(254)	(24)	(149)	(427)
Depreciation	(149)	(495)	(118)	(762)
Impairment charge	(4)	(7)		(11)
Profit from disposal	33	1	7	41
Currency adjustments	(119)	(48)	1	(166)
Reclassifications	(117)	103	2	(12)
Reclassification to assets classified as held for sale	(106)	(39)	(1)	(146)
Net carrying value at end of year	8 793	1 825	349	10 967

[~] The above include movements from the discontinued operations up to the point of reclassification to assets classified as held for sale. The amounts disclosed in the notes to the consolidated statement of profit or loss relate to continuing operations only. Refer to note 15.2 for certain disclosures relating to discontinued operations.

	Land, buildings and leasehold improve- ments Rm	Equipment and furniture Rm	Motor vehicles Rm	Total Rm
At 30 June 2014				
Cost	10 109	5 046	521	15 676
Accumulated depreciation and impairment	1 648	3 325	234	5 207
	8 461	1 721	287	10 469
Net carrying value at beginning of year	7 425	1 585	247	9 257
Net acquisition of subsidiaries and businesses	21	15	26	62
Additions	1 101	620	200	1 921
Proceeds from disposal	(311)	(100)	(123)	(534)
Depreciation	(148)	(468)	(75)	(691)
Impairment charge	(37)	(1)		(38)
Profit (loss) from disposal	150	(5)	6	151
Currency adjustments	262	93	4	359
Reclassifications	(2)	(18)	2	(18)
Net carrying value at end of year	8 461	1 721	287	10 469

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

Certain property, plant and equipment were encumbered as security for interest-bearing borrowings amounting to R80 million (2014: R23 million), refer to note 21.

	2015 Rm	2014 Rm
7. TRANSPORT FLEET		
Cost	10 979	10 990
Accumulated depreciation and impairment	5 369	5 668
	5 610	5 322
Net carrying value at beginning of year	5 322	4 626
Net acquisition of subsidiaries and businesses	8	
Additions	1 519	1 550
Proceeds from disposal	(339)	(291)
Depreciation	(770)	(796)
Impairment charge	(17)	(1)
Profit from disposal	39	39
Currency adjustments	(152)	180
Reclassifications		15
Net carrying value at end of year	5 610	5 322

Depreciation is calculated on a straight-line basis to write off the cost of each component of the transport fleet to its residual value over its estimated useful life between 3 to 12 years.

Certain transport fleet assets have been encumbered as security for interest-bearing borrowings amounting to R317 million (2014: R399 million), refer to note 21.

	2015 Rm	2014 Rm
8. DEFERRED TAX		
Movement in net deferred tax liabilities~		
Net carrying value at beginning of year	254	404
Charged to profit or loss		
– Current year	(43)	(70)
– Prior year net under (over) provisions	29	(51)
– Impairment charge and assessed losses	(2)	8
– Tax rate adjustment		2
– Capital gains tax	3	(100)
Recognised in other comprehensive income	(49)	30
Recognised directly in equity		21
Net acquisitions of subsidiaries and businesses	61	(4)
Currency adjustments	13	14
Reclassified to assets and liabilities classified as held for sale	(170)	
Net carrying value at end of year	96	254

~ The above include movements from the discontinued operations up to the point of reclassification to assets classified as held for sale. The amounts disclosed in the notes to the consolidated statement of profit or loss relate to continuing operations only.

	2015 Rm	2014 Rm
8. DEFERRED TAX <small>CONTINUED</small>		
Analysis of deferred tax		
- Intangible assets	356	394
- Property, plant and equipment	338	284
- Transport fleet	579	648
- Vehicles for hire	98	50
- Investments	21	15
- Inventories	(137)	(130)
- Provisions and maintenance contracts	(818)	(690)
- Deferral of recoupments	134	129
- Retirement benefit obligation	(194)	(164)
- Tax losses	(247)	(316)
- Capital gains tax		67
- Other	(34)	(33)
Net deferred tax on statement of financial position	96	254
Deferred tax assets	(1 097)	(1 101)
Deferred tax liabilities	1 193	1 355
Net deferred tax on statement of financial position	96	254
Unrecognised tax losses		
Unused tax losses available for offset against future profits	(1 861)	(2 149)
Deferred tax asset recognised in respect of such losses	878	1 127
Remaining tax losses not recognised	(983)	(1 022)

Where entities within the group are expecting to be profitable and have a high prospect of utilising any noted assessed losses in the future, deferred tax assets are raised. The assessments are performed on a continuous basis and if required the deferred tax asset raised is impaired. Management has assumed that the recoverability of the balance of the unrecognised losses is still in doubt because a trend of profitable growth in the respective entities has not yet been established and hence have not raised deferred tax assets on this balance.

Deferred tax assets were impaired where entities do not show signs of profitability in the foreseeable future.

	2015 Rm	2014 Rm
9. INVESTMENTS AND LOANS		
Investments		
Listed at fair value~		1 883
Unlisted at fair value~		309
		2 192
Loans at amortised cost	357	276
Total investments and loans	357	2 468
The above investments are categorised as follows:		
Designated at fair value through profit or loss		1 983
- Investments~		1 674
- Fixed and negotiable deposits~		309
Available-for-sale		209
		2 192
The maximum exposure to market risk at reporting date for investments designated as fair value through profit and loss equates their carrying value~		1 983
~ Reclassified to assets classified as held for sale.		
Effective interest rates on loans	2,5% - 10,0%	5,0% - 11,5%
Maturity analysis of investments and loans		
- Maturing within one year	152	163
- Maturing after one year but within five years	94	330
- Maturing after five years	111	175
	357	668
Investments realisable at short notice		1 800
	357	2 468
10. OTHER FINANCIAL ASSETS		
Reinsurance receivables		267
Cross-currency swaps at fair value - maturing July 2017	36	
	36	267

The reinsurance receivables were reclassified to 'Assets classified as held for sale'.
For further disclosures refer to note 38.

	2015 Rm	2014 Rm
11. VEHICLES FOR HIRE*		
Cost	4 413	3 661
Accumulated depreciation and impairment	810	716
	3 603	2 945
Net carrying value at beginning of year	2 945	2 929
Additions	3 268	2 874
Proceeds from disposal	(1 737)	(2 063)
Depreciation	(921)	(760)
Profit from disposal	5	2
Currency adjustments	1	
Reclassifications	42	(37)
Net carrying value at end of year	3 603	2 945
* 2014 Restated for change in accounting policy as described in note 2.2.		
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 1 to 5 years.		
12. INVENTORIES*		
New vehicles	8 591	7 515
Used vehicles	3 150	2 915
Spares, accessories and finished goods	1 971	1 673
Pharmaceutical goods	996	353
Fast moving consumer goods	355	287
Merchandise	185	192
Work in progress	119	107
Fuel and oil	98	90
	15 465	13 132
* 2014 Restated for change in accounting policy as described in note 2.2.		
Inventories carried at net realisable value included above	6 715	6 482
Net amount of inventory write-down expensed in profit or loss	28	95
Certain inventories have been encumbered as security for interest-bearing borrowings amounting to R927 million (2014: R417 million), refer to note 21.		
13. TRADE AND OTHER RECEIVABLES		
Trade receivables	11 531	10 688
– Gross receivables	12 042	11 117
– Provision for doubtful debts	(511)	(429)
Prepayments and other receivables	1 233	1 189
Derivative instruments	85	5
	12 849	11 882
For further disclosures refer to note 38.		

	2015 Rm	2014 Rm
14. CASH RESOURCES		
Deposits and funds at call	1 196	1 379
Cash on hand and at bank	1 075	1 724
	2 271	3 103
Effective interest rates	0,1% – 5,3%	0,1% – 5,0%

For further disclosures refer to note 38.

15. DISCONTINUED OPERATIONS AND ASSETS CLASSIFIED AS HELD FOR SALE INSURANCE BUSINESSES

The Regent business consists of long and short term licenses in South Africa, Botswana and Lesotho. It covers both motor-related insurance as well as a number of non-motor areas.

While the business of Regent has grown strongly since its establishment, a large fast growing portion of Regent's revenue and profits are unrelated to the Group's core vehicle and logistics businesses and enjoy no strategic, competitive or financial advantage from Imperial's ownership.

The growth prospects and value of these unrelated businesses will be better advanced by owners with established capability and scale in financial services and insurance.

Therefore, and consistent with its strategy to invest in its core capabilities, Imperial has decided to dispose of the business and insurance licenses of Regent, in a transaction structured to allow the group continued access, with its cell captive arrangements, to the income flows generated by the distribution of vehicle related insurance and value added products, through Imperial's extensive dealership network.

The Group expect that the fair value less cost to sell the business will be higher than the aggregate carrying amount of the related assets and liabilities. Therefore, no impairment loss was recognised either on the reclassification of the assets and liabilities as held for sale or at 30 June 2015.

The disposal is expected to be completed within the following twelve months.

The following disclosures regarding the Insurance business are reflected after inter-group eliminations.

ANALYSIS OF PROFIT FROM DISCONTINUED OPERATIONS

	Notes	2015 Rm	2014 Rm
Revenue	15.1	3 034	2 905
Net operating expenses		(2 442)	(2 424)
Profit before depreciation, amortisation, impairments and recoupments		592	481
Depreciation, amortisation, impairments and recoupments	15.2	(28)	(27)
Operating profit		564	454
Recoupments from sale of properties			3
Other non-operating items	15.3	(8)	(6)
Profit before share of result of associates and joint ventures		556	451
Share of result of associates and joint ventures		(1)	(2)
Profit before tax		555	449
Income tax expense		(178)	(159)
Profit for the year		377	290

	2015 Rm	2014 Rm
15.1 ANALYSIS OF REVENUE		
Rendering of services	111	102
Gross premiums received	2 918	2 802
Other	5	1
External revenue	3 034	2 905
Inter-group revenue	64	69
Total revenue	3 098	2 974
15.2 DEPRECIATION, AMORTISATION, IMPAIRMENTS AND RECOUPMENTS		
Depreciation and amortisation		
Intangible assets	(10)	(8)
Property, plant and equipment	(18)	(19)
	(28)	(27)
15.3 OTHER NON-OPERATING ITEMS		
Fair value loss on derivatives	(1)	
Change in economic assumptions of insurance funds	(6)	(7)
Capital items	(1)	1
	(8)	(6)
15.4 CASH FLOWS FROM DISCONTINUED OPERATIONS		
Cash flows from operating activities	391	402
Cash flows from investing activities	(1 103)	1 123
Cash flows from financing activities	(31)	(72)
The major classes of assets and liabilities classified as held for sale at 30 June were as follows:		
15.5 ASSETS		
Goodwill and intangible assets	122	
Investment in associates and joint ventures	17	
Property, plant and equipment	146	
Current and deferred tax assets	20	
Investments and other financial assets	3 250	
Trade and other receivables	218	
Cash resources	845	
Assets classified as held for sale	4 618	
15.6 LIABILITIES		
Insurance and investment contracts	1 361	
Current and deferred tax liabilities	197	
Trade and other payables and provisions	1 155	
Liabilities directly associated with assets classified as held for sale	2 713	

Investments and other financial assets consists of listed investments of R2 288 million (level 1 in the fair value hierarchy), fixed and negotiable deposits of R733 million (level 2 in the fair value hierarchy) and reinsurance receivables of R229 million at amortised cost.

	2015 Rm	2014 Rm
16. SHARE CAPITAL AND SHARE PREMIUM		
Authorised share capital		
394 999 000 (2014: 394 999 000) ordinary shares of 4 cents each	15	15
50 000 000 (2014: 50 000 000) deferred ordinary shares of 4 cents each	2	2
15 000 000 (2014: 15 000 000) preferred ordinary shares of 4 cents each	1	1
1 000 (2014: 1 000) redeemable preference shares of 4 cents each		
40 000 000 (2014: 40 000 000) non-redeemable, non-participating preference shares of 4 cents each*	2	2
	20	20
Issued and fully paid share capital~		
202 782 278 (2014: 207 815 753) ordinary shares of 4 cents each	8	8
10 193 767 (2014: 11 025 236) deferred ordinary shares of 4 cents each	1	1
Share capital	9	9
Share premium	373	373
Share capital and premium	382	382

* For non-redeemable, non-participating preference shares in issue refer to note 19.

~ For movements in the number of issued shares refer to the Directors report on page 12.

Directors' authority to issue ordinary shares and non-redeemable, non-participating 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 2014;
- > not more than five million of the non-redeemable, non-participating preference shares.

Ordinary shares

The ordinary shares carry one vote per share and are entitled to an ordinary dividend.

Deferred ordinary shares

Ukhamba, the BEE partner that owns an effective 10,7% shareholding in Imperial, at 30 June 2015 facilitated the trading of its shares on an Over the Counter (OTC) Platform to allow our employees and beneficiaries in Ukhamba to monetise their value in Ukhamba. To allow for this, at a general meeting held on 21 October 2013, Imperial shareholders agreed to alter the conversion profile of the deferred ordinary shares to equal predetermined conversions over 12 years. As a result 831 469 deferred shares convert annually, with the last conversion on 30 June 2025. The R70 million cost for altering the conversion profile of the deferred shares was charged to profit or loss in the prior year.

By the end of the current financial year 12 561 622 (2014: 11 730 153) deferred ordinary shares have been converted into ordinary shares.

The deferred ordinary shares carry one vote per share and are not entitled to dividends.

Directors interests in issued share capital

At year-end the aggregate shareholdings of the directors in the issued ordinary share capital of the company are outlined in note 40.

	Number of shares	2015 Rm
17. SHARES REPURCHASED		
Shares repurchased, at 30 June 2015, consists of 8 184 456 ordinary shares held by a wholly owned subsidiary of the company.		
The movement in the shares repurchased were as follows:		
Ordinary shares held by wholly owned subsidiary	7 864 456	445
Ordinary shares held by Lereko accounted for as shares repurchased	5 864 944	(665)
Carrying value at the beginning of year	13 729 400	(220)
Repurchase of 320 000 ordinary shares at R172,68 each, plus transaction cost	320 000	(56)
Cancellation of 5 864 944 shares [^]	(5 864 944)	665
Re-allocation of prior years surplus on shares cancelled		(1 057)
Carrying value at end of year	8 184 456	(668)

[^] On 4 June 2015 Imperial exercised its call option right in terms of the Lereko BEE transaction to repurchase the 5 864 944 Imperial shares held by Lereko. The shares repurchased were delivered to Imperial on 15 June 2015 and cancelled at the same time.

	2015 Rm	2014 Rm
18. OTHER RESERVES		
Foreign currency translation reserve (refer note 18.1)	1 161	1 470
Share-based payment reserve (For details about the Group's share schemes refer note 18.2)	(71)	(208)
Hedge accounting reserve	78	(68)
Statutory reserve	222	183
Premium paid on purchase of non-controlling interests (refer note 18.3)	(399)	(364)
Valuation reserve	8	44
Changes in net asset of associates and joint ventures	90	92
	1 089	1 149
For movements in other reserves, refer to the consolidated statement of changes in equity on pages 18 and 19.		
18.1 FOREIGN CURRENCY TRANSLATION RESERVE		
Balance at beginning of year	1 470	951
Goodwill and intangible assets	(53)	346
Investments, loans, other financial assets, associates and joint ventures	(39)	83
Property, plant and equipment	(166)	359
Transport fleet	(152)	180
Deferred tax	(13)	(14)
Vehicles for hire	1	
Inventories	25	204
Current tax	11	5
Trade and other receivables	(182)	389
Cash resources	7	45
Non-controlling interests	(5)	(14)
Retirement benefit obligations	78	(114)
Interest-bearing borrowings	117	(487)
Insurance, investment, maintenance and warranty contracts	(4)	(6)
Other financial liabilities	(58)	(2)
Provisions for liabilities and charges	23	(55)
Trade and other payables	101	(400)
Balance at end of year	1 161	1 470

18. OTHER RESERVES CONTINUED

18.2 SHARE-BASED PAYMENT RESERVE

Closed period

Because of the potential sale of the Insurance division regulations prevent the allocation of share appreciation rights and deferred bonus plan rights until the closed period is lifted.

The following details applies to the Group's share schemes.

	2015		2014	
	Number of rights	Weighted average exercise price (Rand)	Number of rights	Weighted average exercise price (Rand)
Share Appreciation Rights Scheme				
Rights granted at beginning of year	10 925 436	176,38	11 216 355	148,05
Rights allocated during the year			3 197 046	193,77
Rights exercised during the year	(934 431)	113,67	(2 685 895)	84,46
Rights forfeited during the year	(619 933)	186,64	(802 070)	161,64
Unexercised rights at end of year	9 371 072	181,94	10 925 436	176,38

	Number of rights	Average exercise price (Rand)	Expiry date
Share Appreciation Rights Scheme – details of rights by year of grant			
Grant date			
June 2009	73 555	55,32	June 2016
June 2010	235 405	96,71	June 2017
June 2011	391 750	116,59	June 2018
June 2012	2 261 282	170,57	June 2019
June 2013	3 370 514	195,20	June 2020
June 2014	3 038 566	193,77	June 2021
Total unexercised rights at end of year	9 371 072		
Total weighted average price		181,94	

	Number of rights	
	2015	2014
Deferred Bonus Plan		
Rights granted at beginning of year	305 495	119 363
Rights exercised during the year	(280 546)	(99 539)
Rights forfeited during the year	(24 949)	(19 824)
Prior year rights carried forward		
Rights allocated during the year		305 495
Unexercised rights at end of year		305 495

Deferred Bonus Plan – details of rights taken up and to be vested [#]	Number of rights	Vesting date
Rights taken up		
September 2012	96 116	September 2015
September 2013	84 065	September 2016
June 2014	60 787	June 2017
September 2014	216 550	September 2017

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

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

Based on prior years' vesting experience, hedges and shares have been purchased to cover the anticipated number of share appreciation rights and deferred bonuses that will convert. During the 2015 financial year the company repurchased 320 000 shares.

The fair values for the share-based payment reserve is calculated using a Black-Scholes pricing model.

The inputs into the model established at the grant dates and which have not changed were as follows:

	2014	2013	2012
Share Appreciation Rights Scheme			
Volatility (%)	28,41	29,50	30,80
Weighted average share price (Rand)	193,77	195,20	170,57
Weighted average exercise price (Rand)	193,77	195,20	170,57
Weighted average fair value (Rand)	46,67	47,02	43,24
Expected life (years)	4,28	4,32	4,26
Average risk-free rate (%)	7,75	6,50	5,85
Expected dividend yield (%)	4,34	3,89	3,28
Deferred Bonus Plan			
Volatility (%)	28,41	29,50	30,80
Weighted average share price (Rand)	193,77	195,20	170,57
Weighted average fair value (Rand)	168,45	171,89	153,56
Expected life (years)	3,23	3,27	3,20
Average risk-free rate (%)	7,75	6,50	5,85
Expected dividend yield (%)	4,34	3,89	3,28

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

The current year's share-based payment expense charged to profit or loss amounted to R130 million of which R20 million related to discontinued operations. A current income tax benefit of R10 million was recognised directly in equity.

Directors' interests in issued share capital

At year-end the aggregate shareholdings of the directors in the issued ordinary share capital of the company are outlined in note 40.

18. OTHER RESERVES CONTINUED

18.3 PREMIUM PAID ON PURCHASE OF NON-CONTROLLING INTERESTS

The effects of changes in the group's ownership interest in subsidiaries that did not result in a loss of control during the year were as follows:

	Decrease in equity attributable to owners of Imperial Rm	Increase (decrease) in non-controlling interests Rm	Consideration amount Rm
The effects of changes in the group's ownership interest in subsidiaries that did not result in a loss of control during the year were as follows:	(47)	(43)	(90)
2015	(47)	(43)	(90)

In May 2014 the Group acquired a further 15% ownership interest from a non-controlling shareholder of Eco Health Limited thereby increasing its interest from 53% to 68%. The transaction resulted in a decrease in the put option liability of R289 million with a corresponding entry to equity. Aggregate of immaterial transactions

	(176)	(97)	(273)
	(49)	1	(48)
2014	(225)	(96)	(321)

19. NON-REDEEMABLE, NON-PARTICIPATING PREFERENCE SHARES

Non-redeemable, non-participating preference shares at cost

4 540 041 preference shares 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 R35 million (2014: R33 million) which is included in finance cost in profit or loss.

**2015
Rm**

2014
Rm

441

441

	2015 Rm	2014 Rm
20. RETIREMENT BENEFIT OBLIGATIONS		
Defined contribution plans		
The Group provides retirement benefits through independent funds under the control of trustees and all contributions to those funds are charged to profit or loss. The large majority of South African employees, other than those employees required by legislation to be members of various industry funds, are members of the Imperial Group Pension Fund and the Imperial Group Provident Fund which are governed by the Pensions Funds Act, 1956.		
Total cost charged to profit or loss	766	676
Defined benefit plans		
Imperial Logistics International GmbH, a subsidiary located in Germany, operates a number of defined benefit plans for its employees in Europe with a majority of the plans being unfunded. Under the plans the employees are entitled to retirement benefits which are dependent on seniority, length of service and level of pay.		
The benefit obligations in Europe are provided for based on actuarial valuations prepared using the projected unit credit method, with the following assumptions:		
	%	%
- Discount rate	2,30	3,00
- Projected pension payment increase	1,75	1,75
- Projected salary and other contribution increase	2,00	2,00
- Fluctuation rate (depends on the age of male or female)	0,00 – 8,00	0,00 – 8,00
The latest actuarial valuation was performed in June 2015. In the opinion of the actuary, the provision for the defined benefit obligations is adequate. The next valuation will be conducted in June 2016.		
	2015 Rm	2014 Rm
The amounts, included in staff costs, recognised in profit or loss in respect of the plans are as follows:		
Current service cost	16	25
Interest costs	30	30
	46	55
The amount included on the consolidated statement of financial position arising from the Group's obligations are as follows:		
Defined retirement benefit obligations		
Carrying value at beginning of year	1 083	1 014
Acquisition of subsidiaries and businesses	1	
Remeasurement in other comprehensive income	137	(64)
Payments to retired employees	(32)	(38)
Plan assets transferred		2
Currency adjustments	(78)	114
Amounts charged to profit or loss	46	55
Carrying value at end of year	1 157	1 083

The expected payments to retired employees for the next financial year is R42 million and the average duration of the retirement plans varies from 8 to 38 years with a median of 18 years.

A quantitative sensitivity analysis for significant assumptions as at 30 June 2015 is as shown below:

Assumptions Sensitivity level	Discount rate		Future pension cost	
	1% increase Rm	1% decrease Rm	1% increase Rm	1% decrease Rm
Impact on defined benefit obligation	(183)	240	163	(134)

Based on past experience life expectancy is assumed to remain unchanged.

The sensitivity analysis have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in the key assumptions occurring at the end of the reporting period.

		2015 Rm	2014 Rm
21. INTEREST-BEARING BORROWINGS			
Long-term			
- Loans secured by mortgage bonds over fixed property		117	96
- Liabilities under capitalised finance leases		201	211
- Instalment sale creditors secured by assets		12	20
- Corporate bonds		5 841	5 837
- Listed on the Bond Exchange of South Africa			
- IPL 5 – maturing in September 2015		500	500
- IPL 6 – maturing in September 2017		1 537	1 536
- IPL 7 – maturing in April 2018		763	762
- IPL 8 – maturing in October 2020		1 526	1 525
- IPL 9 – maturing in May 2021		757	756
- IPL 10 – maturing in May 2021		758	758
- Syndicated bank term loans		2 862	3 467
- Bilateral loan		1 012	1 080
- Revolving credit facility term loans		3 012	1 500
- Unsecured loans		22	128
		13 079	12 339
Short term			
- Unsecured loans, call borrowings and bank overdrafts		3 386	1 601
- Commercial paper		299	604
Total borrowings at amortised cost		16 764	14 544
Less: Current portion of interest-bearing borrowings		4 500	2 697
Long-term borrowings		12 264	11 847
	Current year interest rates (%)		
Interest rate analysis			
Fixed			
- Mortgage bonds, capitalised finance leases and installment sale creditors	2,0 – 11,8	272	245
- Corporate bonds – IPL 6	9,8	1 537	1 536
- Corporate bonds – IPL 10	9,4	758	758
- Syndicated Bank term loans			2 480
- Notice loans	2,0 – 4,1	65	
- Unsecured loans	9,3 – 18,0	4	116
- Bilateral loan	2,3	1 012	1 080
Variable linked			
- Mortgage bonds, capitalised finance leases and installment sale creditors	7,8 – 10,0	58	82
- Corporate bonds – IPL 5	7,9 – 8,1	500	500
- Corporate bonds – IPL 7	7,3 – 7,7	763	762
- Corporate bonds – IPL 8	7,5 – 7,9	1 526	1 525
- Corporate bonds – IPL 9	7,5 – 7,8	757	756
- Syndicated Bank term loans	1,2 – 1,7	2 862	987
- Revolving credit facility term loans	1,8 – 7,7	3 012	1 500
- Notice loans	6,6	53	230
- Unsecured loans	0,1 – 10,0	18	
- Floorplan – Unsecured loans	3,4 – 11,0	1 021	731
- Commercial paper	5,3 – 6,5	299	604
- Call borrowings	2,5 – 10,3	1 313	583
- Bank overdrafts	1,0 – 9,5	934	69
		16 764	14 544

For interest-rate swap arrangements and further disclosures refer to note 38.

21. INTEREST-BEARING BORROWINGS CONTINUED

	More than five years Rm	One to five years Rm	Less than one year Rm	2015 Rm	2014 Rm
Capitalised finance leases					
Total minimum lease payments	17	142	63	222	243
Amounts representing finance charges	(2)	(13)	(6)	(21)	(32)
Present value of minimum lease payments	15	129	57	201	211

Details of encumbered assets	Carrying value of debt secured Rm	Carrying value of assets encumbered Rm	Property, plant and equipment Rm	Transport fleet Rm	Inventories Rm
Debt Instruments					
Mortgage bonds, capitalised leases and installment sale creditors	394	397	80	317	
Floorplan	927	927			927
2015	1 321	1 324	80	317	927
2014	755	839	23	399	417

Maturity analysis of interest bearing borrowings by geographic	2020 and onwards Rm	2019 Rm	2018 Rm	2017 Rm	2016 Rm	2015 Rm	2014 Rm
South Africa	4 674		3 675	72	2 641	11 062	8 767
Europe	2 733	180	332	540	644	4 429	4 962
United Kingdom				19	624	643	204
Australia					320	320	445
Other	14	3	6	16	271	310	166
	7 421	183	4 013	647	4 500	16 764	14 544

Analysis of debt by denominated currency	2015 Rm	% of total
SA rand	10 645	63,5
Euro	4 098	24,4
British pound	714	4,3
US dollar	355	2,1
Australian dollar	341	2,0
Japanese yen	258	1,5
Nigerian naira	175	1,0
Other	178	1,1
	16 764	100,0

Borrowing facilities	2015 Rm	2014 Rm
Total facilities established	18 644	13 401
Less: Utilised	9 272	6 698
Unutilised borrowing capacity	9 372	6 703

In terms of the memorandum of incorporation the borrowing powers of the Group are unlimited.

	2015 Rm	2014 Rm
22. INSURANCE, INVESTMENT, MAINTENANCE AND WARRANTY CONTRACTS		
Long-term insurance funds~		830
Short-term insurance funds~		575
Maintenance and warranty contracts	3 191	2 905
	3 191	4 310
Maturity analysis of insurance, investment, maintenance and warranty contracts		
- Maturing within one year	981	1 398
- Maturing after one year but within five years	1 799	2 180
- Maturing after five years	411	732
	3 191	4 310
<i>~ Reclassified to liabilities directly associated with assets classified as held for sale at 30 June 2015.</i>		
23. OTHER FINANCIAL LIABILITIES		
Cross currency and interest-rate swap instruments	233	199
Contingent consideration liabilities	31	92
Other payables	115	430
Put option liabilities	1 640	990
	2 019	1 711

The put options in respect of the non-controlling interests in subsidiaries arise from arrangements whereby the non-controlling shareholders of Eco Health Limited have the right to put their remaining shareholding in Eco Health Limited to Imperial Capital Limited, as well as the non-controlling shareholders of Imres B.V. who have the right to put their remaining shareholding in Imres BV to Imperial International B.V.Netherlands.

For a maturity analysis and further disclosures refer to note 38.

	Insurance claims 2015 Rm	Dismantling and environ- mental risk 2015 Rm	Other 2015 Rm	Total 2015 Rm	Total 2014 Rm
24. PROVISIONS FOR LIABILITIES AND OTHER CHARGES					
At 30 June 2015					
Carrying value at beginning of year	124	408	448	980	857
Amounts added	17	46	224	287	455
Unused amounts reversed	(14)	(27)	(55)	(96)	(59)
Charged to profit or loss	3	19	169	191	396
Amounts utilised	(14)	(19)	(364)	(397)	(397)
Net acquisitions of subsidiaries and businesses			16	16	54
Currency adjustments	1	(25)	1	(23)	55
Reclassifications					15
Reclassification to liabilities directly associated with assets classified as held for sale	(114)		(49)	(163)	
Carrying value at end of year		383	221	604	980
Maturity profile					
Maturing in less than one year		50	161	211	508
Maturing in one to five years		1	48	49	222
Maturing in more than five years		332	12	344	250
		383	221	604	980

Dismantling provisions are raised when a contractual obligation exists to remove buildings or leasehold improvements after termination of the underlying lease contract. The provision for environmental risks include the discounted cost for ongoing ground and water treatment at certain sites and possible risks identified during the environmental due diligence undertaken in the course of the Lehnkering acquisition.

Other provisions include warranty and after sales provision of R37 million and onerous contract provisions of R84 million.

The ageing fairly reflects the timing and amounts of the estimated payments to be made.

	2015 Rm	2014 Rm
25. TRADE AND OTHER PAYABLES		
Trade payables and other accruals	17 683	15 869
Deferred income	83	85
Derivative financial instruments	70	47
	17 836	16 001

For further disclosures refer to note 38.

	2015 Rm	2014 Rm
26. REVENUE		
26.1 AN ANALYSIS OF THE GROUP'S REVENUE IS AS FOLLOWS:		
Sale of goods	63 966	57 497
Rendering of services	43 487	43 165
	107 453	100 662
<i>Revenue includes:</i>		
26.2 REVENUE RECEIVED FROM THE GROUP'S ASSOCIATES AND JOINT VENTURES		
Sale of goods	3	5
Rendering of services	149	132
	152	137
<i>Revenue excludes:</i>		
26.3 REVENUE BETWEEN SUBSIDIARIES		
Sale of goods	1 686	1 767
Rendering of services	1 049	1 194
Gross premiums received		10
	2 735	2 971
27. NET OPERATING EXPENSES		
Purchase of goods	59 877	53 217
Changes in inventories	(1 530)	(1 159)
Cost of outside services	15 602	15 689
Staff costs	15 085	14 062
Staff share-based costs	110	88
Other operating income	(1 508)	(1 456)
Other operating costs	11 654	12 226
	99 290	92 667
The above includes:		
Auditors' remuneration		
- Audit fees	66	55
- Other services	6	3
	72	58
Rental and operating lease charges		
- Property	1 207	1 071
- Plant and equipment	344	402
- Vehicles	76	7
- Transport fleet	230	232
- Other	7	22
	1 864	1 734
Additional lease charges contingent upon turnover		
- Property	16	7
Dividend income	181	166

* The amounts disclosed in the notes to the statement of profit or loss relate to continuing operations only. Refer to note 15.2 for certain disclosures relating to discontinued operations.

	2015 Rm	2014 Rm
28. DEPRECIATION, AMORTISATION, IMPAIRMENTS AND RECOUPMENTS		
Depreciation and amortisation		
Intangible assets	85	68
Total amortisation of intangible assets	500	404
Less: amortisation of intangible assets arising on business combinations	(415)	(336)
Property, plant and equipment	744	672
Transport fleet	770	796
Vehicles for hire	921	760
	2 520	2 296
Impairments		
Intangible assets		7
Plant and equipment	7	1
Transport fleet	17	1
	2 544	2 305
Recoupments		
Intangible assets		1
Plant and equipment	(8)	(1)
Transport fleet	(39)	(39)
Vehicles for hire	(5)	(2)
	2 492	2 264
Recoupments from sale of properties, net of impairments		
Recoupments from sale of properties	33	147
Impairment of properties	(4)	(37)
	29	110
29. OTHER NON-OPERATING ITEMS		
Remeasurement of financial instruments not held-for-trading	(15)	(28)
Foreign exchange gains (losses) on foreign currency monetary items	75	(31)
Charge for remeasurement of put option liabilities	(49)	(16)
Gains on remeasurement of contingent consideration liabilities	2	18
Reclassification of (loss) gain on disposal of available-for-sale investment	(43)	1
	(65)	13
Capital items		
Impairment of goodwill	(66)	(38)
Profit (loss) on disposal of investments in associates and joint ventures	2	(8)
Profit on disposal of subsidiaries and businesses	15	81
Business acquisition costs	(16)	(22)
		(134)
Other items		
Net cost of meeting obligation under onerous contract		(64)
Charge for amending the conversion profile of the deferred ordinary shares		(70)
	(80)	(149)

	2015 Rm	2014* Rm
30. FINANCING COST		
Interest paid on financial liabilities not at fair value through profit or loss	1 312	1 052
Fair value loss on interest-rate swap instruments	14	
Finance cost including fair value losses	1 326	1 052
Finance income on financial assets not fair valued through profit or loss	(132)	(126)
	1 194	926
31. INCOME TAX EXPENSE		
South African normal tax		
- Current	960	1 001
- Prior year (over) under provisions	(148)	52
	812	1 053
Foreign tax		
- Current	240	312
- Prior year over provisions	(2)	
- Tax rate adjustment		2
	238	314
Deferred tax		
- Current	(56)	(94)
- Prior year under (over) provisions	29	(49)
- (Impairment) impairment reversal	(2)	10
- Tax rate adjustment		2
	(29)	(131)
Capital gains tax		
- Current	6	35
- Deferred	3	
- Prior year overprovision of deferred tax		(100)
	9	(65)
Withholding and secondary taxes	5	
Income tax expense	1 035	1 171
Reconciliation of tax rates:	%	%
Profit before tax, excluding share of result of associates and joint ventures – effective tax rate	25,8	26,4
Income tax effect of:		
- Foreign tax differential	0,4	0,3
- Tax assets not recognised and deferred tax impairments	0,1	0,1
- Disallowable charges and capital losses	(3,2)	(4,0)
- Exempt and capital income	2,2	3,8
- Withholding and secondary taxes	(0,1)	
- Capital gains tax	(0,2)	(0,8)
- Prior year net overprovisions	3,0	2,2
	28,0	28,0

* The amounts disclosed in the notes to the consolidated statement of profit or loss relate to continuing operations only. Refer to note 15 for certain disclosures relating to discontinued operations.

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.

	2015 Rm	2014 Rm
32. EARNINGS PER SHARE		
Ordinary shares		
Net profit attributable to owners of Imperial – basic earnings	3 054	3 272
Saving of finance costs by associate on potential sale of Imperial shares	44	60
Diluted earnings	3 098	3 332
Weighted average number of ordinary shares in issue (million)	193,1	193,9
Basic earnings per share (cents)	1 582	1 687
Continuing operations	1 416	1 559
Discontinued operations	166	128
Weighted average number of ordinary shares (million)	193,1	193,9
Adjusted for weighted average potential ordinary shares resulting from:		
– Conversion of deferred ordinary shares to ordinary shares (million)		1,6
– Potential disposal of shares held by an associate (million)	4,5	4,5
Weighted average number of ordinary shares for diluted earnings (million)	197,6	200,0
Diluted earnings per share (cents)	1 568	1 666
Continuing operations	1 406	1 542
Discontinued operations	162	124

Headline earnings and diluted headline earnings per share is calculated as follows:

	Gross amount Rm	Income tax Rm	Non- controlling interest Rm	2015 Rm	2014 Rm
Earnings – diluted				3 098	3 332
Impairment of property, plant and equipment and transport fleet (IAS 36)	28	(6)	(1)	21	38
Impairment of intangible assets (IAS 36)					5
Profit from disposal of property, plant and equipment, transport fleet and vehicles for hire (IAS 16)	(85)	19	3	(63)	(152)
Profit from disposal of intangible assets (IAS 38)					1
Impairment of goodwill (IAS 36)	67		(11)	56	38
(Profit) loss on disposal of investment in associates and joint ventures (IAS 28)	(2)			(2)	7
Profit on disposal of subsidiaries and businesses (IFRS 10)	(15)			(15)	(75)
Reclassification of loss (gain) on disposal of available-for- sale investments (IAS 39)	43			43	(1)
Adjustments included in result of associates and joint ventures	41			41	18
Headline earnings – diluted				3 179	3 211
Saving of finance cost by associate on potential sale of Imperial shares				(44)	(60)
Headline earning – basic				3 135	3 151
Weighted average number of ordinary shares in issue (million)				193,1	193,9
Basic headline earnings per share (cents)				1 624	1 625
Continuing operations				1 458	1 498
Discontinued operation				166	127
Weighted average number of ordinary shares for diluted earnings (million)				197,6	200,0
Diluted headline earnings per share (cents)				1 609	1 606
Continuing operations				1 446	1 482
Discontinued operation				163	124

32. EARNINGS PER SHARE CONTINUED

Core earnings and diluted core earnings per share is calculated as follows:

	Gross amount Rm	Income tax Rm	Non-controlling interest Rm	2015 Rm	2014 Rm
Headline earnings – diluted				3 179	3 211
Amortisation of intangible assets arising on business combinations	415	(112)	(43)	260	229
Net cost of meeting obligations under onerous contract					44
Change in economic assumptions on insurance funds	6	(2)		4	5
Charge for amending the conversion profile of deferred shares					70
Remeasurement of contingent consideration and put option liabilities	47			47	(2)
Non-recurring foreign exchange gain on inter-group monetary item	(104)	29		(75)	
Business acquisition costs	16			16	22
Core earnings – diluted				3 431	3 579
Saving of finance cost by associate on potential sale of Imperial shares				(44)	(60)
Core earnings – basic				3 387	3 519
Weighted average number of ordinary shares in issue (million)				193,1	193,9
Basic core earnings per share (cents)				1 754	1 815
Continuing operations				1 586	1 685
Discontinued operations				168	130
Weighted average number of ordinary shares for diluted earnings (million)				197,6	200,0
Diluted core earnings per share (cents)				1 736	1 790
Continuing operations				1 571	1 664
Discontinued operations				165	126

	2015 Rm	2014* Rm
33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS		
33.1 CASH GENERATED BY OPERATIONS BEFORE CAPITAL EXPENDITURE ON RENTAL ASSETS		
Profit before net financing costs	5 761	5 807
Continuing operations	5 205	5 356
Discontinued operations	556	451
Adjusted for:		
Amortisation of intangible assets, net of recoupments	95	77
Amortisation of intangible assets arising on business combinations	415	336
Depreciation of property, plant and equipment	762	691
Depreciation of transport fleet, net of recoupments	731	757
Depreciation of vehicles for hire, net of recoupments	916	758
Profit from disposal of property, plant and equipment	(41)	(151)
Impairment of assets	28	46
Impairment of goodwill	67	38
(Profit) loss from disposal of investments in associates and joint ventures	(2)	7
Profit on disposal of subsidiaries and businesses	(15)	(81)
Fair value gains on investments	(82)	(188)
Foreign exchange gains	(170)	(15)
Fair value gains	97	28
Reclassification of loss (gain) on disposal of available-for-sale financial asset	43	(1)
Recognition of share-based costs	130	104
Charge for amending the conversion profile of deferred ordinary shares		70
Net movement in insurance, investments, maintenance and warranty contracts	237	352
Remeasurement of contingent consideration liabilities	(2)	(18)
Remeasurement of put option liabilities	49	16
Business acquisition costs	16	22
Increase in retirement benefit obligations	14	19
Cash generated by operations before changes in working capital	9 049	8 674
Working capital movements		
Increase in inventories	(1 566)	(1 008)
Increase in trade and other receivables	(715)	(925)
Increase (decrease) in trade and other payables and provisions	2 231	(768)
	8 999	5 973

* Restated for change in accounting policy as described in note 2.2.

~ The adjustments above include movements from discontinued operations.

	2015 Rm	2014 Rm
33.2 ACQUISITION OF SUBSIDIARIES AND BUSINESSES		
Goodwill	513	579
Intangible assets	355	949
Investments and loans	2	
Property, plant and equipment	126	62
Transport fleet	19	
Inventories	761	957
Trade and other receivables	679	431
Cash resources	84	358
Net deferred tax (liabilities) asset	(63)	4
Non-controlling interests	(199)	(279)
Retirement benefit obligations	(1)	
Interest-bearing borrowings	(432)	(580)
Other financial liabilities		(69)
Provisions for liabilities and other charges	(16)	(58)
Trade and other payables	(732)	(1 428)
Net current tax liabilities	(20)	(15)
Purchase consideration transferred	1 076	911
Contingent consideration	(17)	
Deferred liability		(299)
Business acquisition costs	16	22
Cash resources acquired	(84)	(358)
Cash flow on acquisition	991	276
33.3 DISPOSAL OF SUBSIDIARIES AND BUSINESSES		
Goodwill	50	
Intangible assets		2
Property, plant and equipment	19	3
Transport fleet	11	
Net deferred tax (liabilities) assets	(2)	1
Other financial assets	1	
Vehicles for hire		54
Inventories		1
Trade and other receivables	83	61
Cash resources	7	29
Non-controlling interests	8	(2)
Other financial liabilities	(20)	
Interest-bearing borrowings	(27)	4
Provisions for liabilities and other charges		(4)
Trade and other payables	(67)	(84)
Net assets disposed	63	65
Cash resources disposed	(7)	(29)
Goodwill reserve realised	12	
Fair value of listed shares received (level 1 in the fair value hierarchy)		(168)
Liability incurred		30
(Loss) profit on disposal of subsidiaries and businesses	(15)	81
Cash flow on disposal	53	(21)

	2015 Rm	2014 Rm
33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS <small>CONTINUED</small>		
33.4 NET REPLACEMENT CAPITAL EXPENDITURE – EXCLUDING RENTAL ASSETS		
Expenditure		
– Intangible assets	(371)	(145)
– Plant and equipment	(876)	(820)
– Transport fleet	(520)	(714)
	(1 767)	(1 679)
Proceeds from disposals		
– Intangible assets	10	3
– Plant and equipment	173	223
– Transport fleet	339	291
	522	517
Net expenditure		
– Intangible assets	(361)	(142)
– Plant and equipment	(703)	(597)
– Transport fleet	(181)	(423)
	(1 245)	(1 162)
33.5 CASH AND CASH EQUIVALENTS		
Cash resources	2 271	3 103
Cash resources included in 'Assets classified as held for sale'	845	
Short-term loans and overdrafts	(3 685)	(2 205)
	(569)	898
34. ORDINARY DIVIDENDS		
Interim		
– In the current year a dividend of 350 cents per share was paid on 30 March 2015		
– In the prior year a dividend of 400 cents per share was paid on 31 March 2014		
Final		
– A dividend of 445 cents per share is payable on 28 September 2015		
– In the prior year a dividend of 420 cents per share was paid on 29 September 2014		
Dividends are reflected gross of tax.		

	2015 Rm	2014 Rm
35. COMMITMENTS		
Capital expenditure commitments to be incurred		
Contracted	1 342	1 605
Authorised by directors but not contracted	947	680
	2 289	2 285

The commitments are substantially for the replacement of transport fleet and the construction of buildings to be used by the group, which will be financed from proceeds from disposals and existing facilities.

	More than five years Rm	One to five years Rm	Less than one year Rm	2015 Rm	2014 Rm
Operating lease payables					
Property	883	1682	751	3 316	3 061
Vehicles					12
Plant and equipment	1	75	77	153	64
Transport fleet	90	534	344	968	1 089
	974	2 291	1 172	4 437	4 226
Operating lease receivables					
Property	4	39	37	80	60
Vehicles	3	387	218	608	561
Plant and equipment					4
	7	426	255	688	625

36. CONTINGENT LIABILITIES		
Subsidiary companies have received summons for claims amounting to R17 million. The group and its legal advisors believe that these claims are unlikely to succeed.	17	16
The Group has contingent liabilities in respect of guarantees issued to bankers and others, on behalf of associates, for facilities in the normal course of business to the extent that they are used. The utilisation of facilities was:	73	84
Guarantees issued by Imperial Logistics International GmbH	235	137
As part of the NAC sale in 2013 Imperial Holdings have issued a guarantee to secure vendor funding for five years for R80 million.	80	80

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

37. RELATED PARTY TRANSACTIONS

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

From time to time, in the normal course of business, Imperial and its divisions make use of private aircraft hired from competitively selected charter companies, two of which operate aircraft indirectly beneficially owned by the Group's Chief Executive, Mark Lamberti.

INTEREST OF DIRECTORS IN CONTRACTS

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

SUBSIDIARIES

Details of interests in principal subsidiaries are disclosed in note 39.

SHAREHOLDERS

The top 10 shareholders of the company at 30 June 2015 were as follows:

	Share class	Number of shares (000)	% of issued voting capital
Public Investment Corporation Limited	Ordinary	27 787	13,57
Ukhamba Holdings (Pty) Ltd	Ordinary	12 561	5,73
Ukhamba Holdings (Pty) Ltd	Deferred Ordinary	10 194	4,98
Prudential Group	Ordinary	20 332	9,93
Lazard Asset Management LLC Group	Ordinary	18 216	8,90
Lynch Family Holdings	Ordinary	8 773	4,28
JP Morgan Asset Management	Ordinary	6 855	3,35
BlackRock Inc	Ordinary	6 444	3,15
Vanguard Group	Ordinary	5 596	2,73
Old Mutual	Ordinary	5 410	2,64
Trilogy Advisors	Ordinary	5 058	2,47

Certain directors have shareholdings in certain subsidiaries and associates and receive dividends.

ASSOCIATES AND JOINT VENTURES

Details of investments in associates and joint ventures that are material to the Group are disclosed in note 39.

Details of revenue derived from associates and joint ventures are outlined in note 26.2.

	2015 Rm	2014 Rm
Key management personnel		
Key management personnel are directors and those executives having authority and responsibility for planning, directing and controlling the activities of the group.		
Key management personnel remuneration comprises:		
Non-executive directors' fees	7	22
Short-term employee benefits	233	214
Long-term employee benefits	14	13
	254	249
Number of key management personnel	53	54
Net gains on share options and cash retention plan bonus	47	103
The Group has many different operations, retail outlets and service centres where the group staff may be transacting.		
Key management are required to report any transactions with the group in excess of R100 000. The total value of the goods and services supplied to or from key management on an arm's length basis amounted to:	16	32
The Group received insurance premiums on an arm's length basis from the group pension and provident funds to the amount of:	9	10
The Group pays for legal services on an arm's length basis from a firm of attorneys in which a director of the company has an interest, amounting to:	8	14

38. FINANCIAL INSTRUMENTS

38.1 FINANCIAL RISK FACTORS

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

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

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

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

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

38. FINANCIAL INSTRUMENTS CONTINUED

38.1.1 Market risk

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

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

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

38.1.2 Currency risk

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

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

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

The average exchange rates shown include the cost of forward cover. The amounts represent the net Rand equivalent of commitments to purchase and sell foreign currencies, and have all been recorded at fair value.

The Group has entered into certain forward exchange contracts and option structures authorised by Alco that relate to importation of inventories and interest-bearing borrowings at 30 June and specific foreign commitments not yet due. The details of these contracts are as follows:

	Foreign amount (million)	Average exchange rate	Contract value Rm	Marked to market Rm
Foreign currency – 2015				
Imports				
US dollar	276	12,16	3 358	3 370
Euro	172	13,71	2 355	2 363
Pound sterling	(9)	17,75	(167)	(181)
			5 546	5 552
Interest-bearing borrowings				
Japanese yen	3 757	0,10	379	379
			5 925	5 931

Foreign currency – 2014	Foreign amount (million)	Average exchange rate	Contract value Rm	Marked to market Rm
Imports				
US dollar	258	10,77	2 779	2 761
Euro	136	14,38	1 956	1 899
Pound sterling	12	17,63	204	200
Japanese yen	163	0,11	17	17
Other	1		6	6
			4 962	4 883
Interest-bearing borrowings				
Japanese yen	3 114	0,14	450	326
			5 412	5 209

Fair value is calculated as the difference between the contracted value and the value to maturity. The fair value adjustments are included in trade and other receivables and trade and other payables.

The impact from a 10% movement in the valuation of the Rand would approximately have a R593 million impact on Group's equity. The 10% sensitivity rate is based on management's assessment of a reasonable possible change in foreign exchange rates over the foreseeable future, with regards to the market value.

The sensitivity of profits to changes in exchange rates as a result of foreign exchange gains or losses on remeasurement of foreign denominated financial assets and liabilities translated at spot rates are offset by equivalent gains or losses in currency derivatives.

Divisional currency risk

Logistics Africa

The risk in this division relates to certain transactions in foreign currencies, which result in foreign currency denominated debtors and creditors. In order to mitigate the risks which arise from this exposure, these items are settled immediately or where foreign exchange contracts are available the risk is hedged within a 50% minimum Group risk policy for African businesses. Inter company loans in different currencies can cause translation gains and losses through the statement of profit or loss.

Logistics International

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

Vehicle Import, Distribution and Dealerships

The Group's major currency exposure exists in this division. Risk exposures result from vehicles, spare parts and equipment being imported and invoiced in foreign currency. Forward exchange contracts, futures and certain currency options are used to hedge this exposure. Up to 75% of forecast annual sales can be covered should it be deemed necessary. In addition, investments in overseas businesses result in translation risk, which is recognised directly in equity through the translation reserve and only charged to profit or loss should the investment be sold. No net investment hedges are in place.

Vehicle Retail, Rental and Aftermarket Parts

Risk exposure is limited to translation risk for investments in dealerships in the United Kingdom, operational cash flows in these dealerships are in the functional currencies of those countries, and exposure to currency risk results from translation into our presentation currency (ZAR). This division is also exposed to certain small transactions in foreign currencies, which result in foreign currency denominated creditors. In order to mitigate the risks which arise from this exposure, forward exchange contracts are taken to hedge this exposure.

Insurance (Classified as Held for sale)

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

38. FINANCIAL INSTRUMENTS CONTINUED

38.1.3 Interest rate risk

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

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

The Group's treasury follows a centralised cash management process including cash management systems across bank accounts in South Africa to minimise risk and interest costs. The Group's offshore cash management is managed by the treasuries in Germany, the United Kingdom and the Netherlands. The rest of Africa cash management requirements is managed through a treasury management committee set up to focus on this area.

The interest rate profile of total borrowings is reflected in note 21.

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

Details of the interest rate derivative instruments at 30 June 2015 were as follows:

	Notional amount Rm	Current year effective rate (variable) %	Derivative contract rate (fixed) %
Corporate bonds – IPL7 (swap from variable to fixed)	500	7,3 – 7,7	8,7
Revolving credit facility term loan (swap from variable to fixed)	1 500	7,4 – 7,7	8,8
Syndicated bank term loans (swap from variable to fixed)	1 694	1,2 – 1,7	1,6

The insurance division in addition to its short-term deposits, has fixed rate investments, such as negotiable certificate of deposits (NCDs), gilts and bonds. The risk is mitigated by the use of fund managers under the guidance of the investment committee, which has ultimate responsibility for the investment portfolio's risk profile and related decisions.

A 50 basis points increase or decrease in interest rates represents management's assessment of the reasonably possible changes in interest risk. The impact of a 50 basis points increase in interest rates will have an annualised R26 million (2014: R20 million) effect on the Group's after tax profit and equity.

38.1.4 Equity price risk

The Group through its insurance business is exposed to equity price risk as it holds equity securities, which are designated as fair value through profit or loss.

The sensitivity analysis has been determined based on the exposure to equity price risk at 30 June. The impact of a 10% change in the equity index will have a R37 million (2014: R33 million) effect on the Group's after tax profit and a R37 million (2014: R36 million) impact on equity. The sensitivity is based on management's assessment of a reasonable move in equity prices over the foreseeable future.

Divisional equity price risk

Insurance

The insurance division has limited its exposure to equities to minimise the volatility that the equity price risk brings to the Group's statement of profit or loss. The equity portfolio consists of high-quality securities. The risk is monitored by the investment committee reviewing performance of the portfolio taking into cognisance of the Group's risk appetite and cash requirements. The investment portfolios are well diversified and hedges are implemented when approved by the investment committee.

38.1.5 Credit risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Where needed, the Group obtains appropriate collateral to mitigate risk. Counterparty credit limits are in place and are reviewed and approved by the respective subsidiary boards.

The carrying amount of financial assets represents the maximum credit exposure on 30 June 2015. None of the financial assets below were given as collateral for any security provided.

The Group only enters into long-term financial deposits with authorised financial institutions of high credit ratings assigned by international or recognised credit-rating agencies.

Cash resources

It is Group policy to deposit short-term cash with reputable financial institutions with investment grade credit ratings assigned by international or recognised credit-rating agencies or counterparties authorised by the investment committee.

Trade accounts receivable

Trade accounts receivable consist of a large, widespread customer base. Group companies monitor the financial position of their customers on an ongoing basis. Creditworthiness of trade receivables is assessed when credit is first extended and is reviewed regularly thereafter. The granting of credit is controlled by the application of account limits. Where considered appropriate, use is made of credit guarantee insurance.

	2015 Rm	2014 Rm
Trade and other receivables that are neither past due nor impaired	8 680	8 571
Past due trade receivables	2 851	2 117
Less than 1 month	1 859	1 440
Between 1 – 3 months	533	391
More than 3 months	242	189
Past due more than 1 year	217	97
Total trade receivables	11 531	10 688

Based on past experience, the Group believes that no impairment is necessary in respect of trade receivables not past due as the amount relates to customers that have a good track record with the Group, and there has been no objective evidence to the contrary.

Included in trade receivables are receivables which are past the original expected collection date (past due) at the reporting date. There has not, however, been a significant change in credit quality and the amounts are still considered recoverable. Those which are not considered to be recoverable have been included in the provision for doubtful debts below. A summarised age analysis of past due trade receivables is set out above.

The overdue trade receivables ageing profile above is considered typical of the various industries in which certain of our businesses operate. Given this, existing insurance cover, and the nature of the related counterparties these amounts are considered recoverable.

38. FINANCIAL INSTRUMENTS CONTINUED

38.1 FINANCIAL RISK FACTORS CONTINUED

38.1.5 Credit risk continued

Provision for doubtful debts for trade receivables

Before these financial instruments can be impaired, they are evaluated for the possibility of any recovery, which includes an examination of the length of time they have been outstanding. Provision is made for bad debts on trade accounts receivable. Management does not consider that there is any material credit risk exposure not already covered by a doubtful debt provision.

There is no significant concentration of risk in respect of any particular customer or industry segment. There is no single customer whose revenue streams exceed 10% of the Group's revenue.

	2015	2014
	Rm	Rm
Provision for doubtful debts for trade receivables		
Set out below is a summary of the movement in the provision for doubtful debts for the year:		
Carrying value at the beginning of the year	429	337
Net acquisition of subsidiaries and businesses	51	66
Amounts reversed to profit or loss	(5)	(3)
Charged to profit or loss	135	65
Amounts utilised during the year	(18)	(45)
Currency adjustments	1	9
Reclassifications to assets classified as held for sale	(82)	
Carrying value at the end of the year	511	429

Divisional credit risk

Logistics

Risk exposures arise from the granting of credit to customers. The risk is managed by strict monitoring of credit terms. The risk is mitigated by stringent background checks on all new customers, as well as taking legal action against defaulting customers.

Vehicle Import, Distribution and Dealerships

Risk exposures arise from the supply of vehicles and equipment to external dealerships and customers. Where vehicles are supplied to external dealerships these are generally covered by a dealer floorplan with a bank, and will usually settle within credit terms, and exposure to credit risk is therefore minimised. When dealing with external customers, the vehicle is required to be fully financed before delivery, thereby mitigating credit risk to the division.

Vehicle Retail, Rental and Aftermarket Parts

Risk exposures arise from the granting of credit to customers for parts, spares and vehicle rental. The risk is managed by monthly review of trade receivables ageing. The risk is mitigated by stringent background checks and credit limits being imposed on all new customers, continuous review of credit limits, as well as taking legal action against defaulting customers. Where our dealerships are transacting with external customers, the vehicles are required to be fully financed before delivery, thereby mitigating credit risk to the division.

Insurance

Risk exposures arise from commission being paid to brokers in advance. The risk arises as the client may lapse a policy at any point during the period. The risk is monitored by the credit committee and is mitigated by vetting all brokers, as well as retaining a percentage of the commission.

Guarantees

Guarantees issued to bankers and others, on behalf of subsidiaries, for facilities, as well as guarantees to investors in commercial paper and corporate bonds issued, are disclosed in note 15 to the company annual financial statements.

There were no guarantees provided by banks to secure financing during 2015 and 2014.

38.1.6 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The responsibility for liquidity risk management rests with the Alco, which has developed an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding requirements. The Group accesses the corporate bond market to ensure that there is sufficient long term funding within the funding mix together with long-term bank facilities.

The Group manages liquidity risk by monitoring forecast cash flows in compliance with loan covenants and ensuring that adequate unutilised committed borrowing facilities are maintained. Unutilised borrowing facilities are reflected in note 21.

To avoid incurring interest on late payments, financial risk management policies and procedures are entrenched to ensure the timeous matching of orders placed with goods received notes or services acceptances and invoices.

Contractual maturities (which includes interest) of financial liabilities are as follows:

Maturity profile of financial liabilities	Carrying amount Rm	Contractual cash flows Rm	Less than one year Rm	One to five years Rm	More than five years Rm
Interest-bearing borrowings*	16 764	19 728	5 151	9 709	4 868
Other financial liabilities	2 019	2 065	87	1 200	778
Trade payables and accruals	17 683	17 683	17 683		
Current derivative financial liabilities	70	70	70		
2015	36 536	36 546	22 991	10 909	5 646
2014	32 171	35 742	19 064	10 729	5 949

* Excludes R441 million non-redeemable, non-participating preference shares (refer to note 19).

38. FINANCIAL INSTRUMENTS CONTINUED

38.2 FAIR VALUE MEASUREMENT

38.2.1 Fair value hierarchy

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

Level 1 financial instruments are those that are valued using unadjusted quoted prices in active markets for identical financial instruments. These instruments consist of listed equity securities (see note 15).

Level 2 financial instruments are those valued using techniques based primarily on observable market data. Instruments in this category are valued using quoted prices for similar instruments or identical instruments in markets which are not considered to be active; or valuation techniques where all the inputs that have a significant effect on the valuation are directly or indirectly based on observable market data. Financial instruments classified as level 2 are mainly comprised of over the counter (OTC) derivatives instruments.

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

The following table shows which financial instruments on the statement of financial position are carried at amortised cost and which are carried at fair value. Financial instruments carried at fair value are further categorised into the appropriate fair value hierarchy.

Financial instrument	Carrying value Rm	At fair value		At amortised cost Rm
		Level 2 Rm	Level 3 Rm	
Financial assets				
Loans	357			357
Non-current financial asset	36	36		
Trade and other receivables	12 849	85		12 764
Trade receivables and prepayments	12 764			12 764
Derivative instruments	85	85		
Cash resources	2 271			2 271
	15 513	121		15 392
Financial liabilities				
Non-redeemable, non-participating preference shares	441			441
Interest-bearing borrowings	16 764			16 764
Other financial liabilities	2 019	233	1 671	115
Cross currency and interest-rate swap liabilities	233	233		
Contingent consideration liabilities	31		31	
Loans payable	115			115
Put option liability	1 640		1 640	
Trade and other payables	17 753	70		17 683
Trade payables and accruals	17 683			17 683
Derivative instruments	70	70		
	36 977	303	1 671	35 003

38. FINANCIAL INSTRUMENTS CONTINUED

38.2 FAIR VALUE MEASUREMENT

38.2.2 Level 3 sensitivity information

The fair values of the level 3 financial liabilities of R1 671 million were estimated by applying an income approach valuation method including a present value discount technique. The fair value measurement is based on significant inputs that are not observable in the market. Key assumptions used in the valuations includes the assumed probability of achieving profits targets and the discount rates applied. The assumed profitabilities were based on historical performances but adjusted for expected growth.

The following table shows how the fair value of the level 3 financial liabilities as at 30 June 2015 would change if the significant assumptions were to be replaced by a reasonable possible alternative.

Financial instruments	Valuation technique	Main assumption	Carrying value Rm	Increase in liabilities Rm	Decrease in liabilities Rm
Put option liabilities	Income approach	Earnings growth	1 640	21	(114)
Contingent consideration liabilities	Income approach	Assumed profits	31		(2)

Movements in level 3 financial instruments carried at fair value

The following tables shows the movements during the year of level 3 financial instruments carried at fair value:

Financial liabilities	Put option liabilities Rm	Contingent consideration liabilities Rm	2015 Rm	2014 Rm
Carrying value at beginning of year	990	82	1 072	214
Initial recognition in equity for new acquisitions	473		473	1 289
Reversed in equity on buy-out of non-controlling interest				(289)
Arising on acquisition of businesses		17	17	
Fair valued through profit or loss	49	(2)	47	(2)
Settlements		(64)	(64)	(39)
Currency adjustments	128	(2)	126	(13)
Transfers to level 2				(88)
Carrying value at the end of the year	1 640	31	1 671	1 072

Transfers between hierarchy levels

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

38.2.3 Fair value of financial instruments carried at amortised cost

The following table sets out instances where the carrying amount of financial liabilities, as recognised on the statement of financial position at 30 June 2015, differs from their fair values. In all other instances the carrying amounts of the Group's financial assets and liabilities approximate their fair values, due to the nature of the financial instruments.

	Carrying value Rm	Fair value* Rm
Listed corporate bonds (included in interest-bearing borrowings)	5 841	5 808
Listed non-redeemable, non-participating preference shares	441	345

* The fair values were determined with reference to unadjusted observable market data (level 1 in the fair value hierarchy).

38. FINANCIAL INSTRUMENTS CONTINUED

38.3 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns and growth for shareholders and benefits for other stakeholders. The Group maintains an appropriate mix of equity and debt in order to optimise the weighted average cost of capital (WACC) within an appropriate risk profile. Capital allocation is evaluated against the expected and forecast return on invested capital against the appropriate WACC for that division or business.

The Group has externally imposed capital requirements in terms of debt covenants on bank facilities. The covenant requires the Group to maintain a net debt to earnings before interest, tax, depreciation and amortisation (EBITDA) of below 3.5:1. The ratio at 30 June 2015 is 1.81:1 (2014: 1.55:1). Our insurance businesses have externally imposed regulatory capital requirements.

Consistent with others in the industry, the Group monitors capital on the basis of its gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total interest-bearing borrowings less cash resources.

	2015 Rm	2014 Rm
Interest-bearing borrowings*	17 205	14 985
Less: Cash resources	2 271	3 103
Net debt	14 934	11 882
Total equity	19 233	18 109
Gearing ratio	77,6%	65,6%

* Includes R441 million non-redeemable, non-participating preference shares.

There were no defaults or breaches in terms of interest-bearing borrowings during either reporting periods.

There were no reclassifications of financial assets or financial liabilities that occurred during the year. There were no financial assets or liabilities settled or extinguished which did not meet the derecognition requirements.

39. INTEREST IN OTHER ENTITIES

39.1 COMPOSITION OF THE GROUP

Imperial is a diversified, international group of companies involved in mobility. The consolidated financial statements include the accounts of Imperial Holdings Limited (the Company) and all of its subsidiaries at 30 June 2015.

The group holds a majority voting rights in all of its subsidiaries. Non-controlling shareholders have significant interests in three of the Group's subsidiaries. Material associates to the Group are MDS Logistics, MiX Telematics and Ukhamba Holdings. Details are provided below.

39.1.1 The principal operating subsidiaries of the Company and their activities are:

Subsidiary	Place of incorporation	Ownership Interest (%)	Nature of business
Associated Motor Holdings (Pty) Limited*	South Africa	90	Associated Motor Holdings (Pty) Limited imports and distributes passenger and light and heavy commercial vehicles, automotive products, motorcycles and industrial equipment in Southern Africa. It also sells maintenance and warranty products. Further details on the composition of the Associated Motor Holdings (Pty) Limited Group is provided in note 39.1.2.
Boundlesstrade 154 (Pty) Limited	South Africa	90	E-Z-GO, a distributor of golf carts is housed within Boundlesstrade. Its market includes golf courses and estates as well as healthcare and hospitality industries. This subsidiary also houses associates and joint ventures which distribute Chery and Foton motor vehicles.

Subsidiary	Place of incorporation	Ownership Interest (%)	Nature of business
CIC Holdings Limited	Namibia	100	CIC operates within the Fast Moving Consumer Goods Industry through agency agreements with blue chip manufacturers. Its service offering includes selling, merchandising, warehousing, distribution, debtors' administration, and staffing and security solutions. The group has facilities in all the main centres throughout Namibia, Botswana, Swaziland, Mozambique and South Africa.
Imperial Holdings International Cooperation U.A.	Netherlands	100	Business conducted by Imperial Holdings International Cooperation U.A and its subsidiaries comprises integrated logistics solutions and vehicle sales. Further details on the composition of Imperial Holdings International Cooperation U.A. is provided in note 39.1.3.
Imperial Group Limited~	South Africa	100	Business conducted by Imperial Group Limited comprises, vehicle rental, motor trading, automotive parts, property investments, transportation, logistics, sale of motor components, panel beating and group services. Details on the businesses included are provided in note 39.1.4.
Jurgens Ci (Pty) Limited	South Africa	100	Jurgens Ci is Southern Africa's largest manufacturer of caravans, motor homes and specialised conversions. Their network of dealers is throughout South Africa and Namibia, and it exports to Australia.
Midas (Pty) Limited*	South Africa	75	The Midas group markets and distributes quality automotive parts and accessories, D.I.Y and leisure products through selected channels. The group consists of Parts Incorporated Africa, the national hub and spoke distribution business, NAPA, the marketing co-operative to the members of the leading local brands, and the franchises Midas, Motolek, ADCO, CBS and Auto Care & Diagnostics. The Group increased its interest in Midas to 89% after the reporting period.
Regent Insurance Company Limited~ (Held for sale)	South Africa	100	Regent Insurance is a registered short term insurer of motor related value added insurance products, including extended warranties, credit insurance, paint protection, commercial vehicles, goods in transit cover and comprehensive passenger car cover. Regent Insurance operates in South Africa, Botswana and Lesotho.
Regent Life Assurance Company Limited~ (Held for sale)	South Africa	100	Regent Life is a registered life insurer. Its products include credit life, funeral cover, underwritten risk cover and savings products sold primarily through dealers, financial institutions, brokers and affinity schemes. Regent Life operates in South Africa, Botswana and Lesotho.
Imperial Capital Limited	South Africa	100	Imperial Capital is a registered Domestic Treasury Management Company (DTMC) entity. It holds the 68% interest in Eco Health Limited. Eco Health is a leading distributor of pharmaceutical products in Nigeria. Based in Lagos, Nigeria, the company also has operations in Ghana and Dubai. Further details are provided for the non-controlling interest, refer to note 39.4.
Pharmed Pharmaceutical (Pty) Limited	South Africa	62,5	Pharmed specialises in the wholesale supply and distribution of healthcare related products – including ethical, generic, patent and homeopathic medicines; surgical, dental and veterinary products; and medical equipment.

* Further details are provided on non-controlling interest, refer to note 39.4.

~ Certain restrictions apply to this subsidiary, refer to note 39.2.

39. INTEREST IN OTHER ENTITIES CONTINUED

39.1 COMPOSITION OF THE GROUP CONTINUED

39.1.2 Principal subsidiaries of Associated Motor Holdings (Pty) Limited, held directly or indirectly, are as follows:

Subsidiary	Place of incorporation	Ownership Interest (%)	Nature of business
Accordian Investments (Pty) Limited	South Africa	60	Accordian is an importer and distributor of Tata vehicles and parts for South Africa.
Hyundai Auto South Africa (Pty) Limited	South Africa	100	Hyundai Auto SA is an importer and distributor of Hyundai vehicles and parts for Southern Africa. The Group has established a network of dealerships in South Africa, Namibia and Botswana.
Imperial Car Imports (Pty) Limited	South Africa	100	Imperial Car Imports has a 60% interest in Renault SA (Pty) Limited. Renault SA through distribution agreements with Renault SAS France imports and distributes Renault motor vehicles and parts in South Africa.
Kia Motors SA (Pty) Limited	South Africa	100	Kia Motors is an importer and distributor of Kia vehicles and parts for South Africa.
KMSA Holdings (Pty) Limited	South Africa	82,5	KMSA is an importer of all Kawasaki motorcycle and personal watercraft products for Southern Africa.
Uvundlu Investments (Pty) Limited	South Africa	75	Uvundlu houses 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.

39.1.3 Principal subsidiaries of Imperial Holdings International Cooperation U.A.

Subsidiary	Place of incorporation	Ownership Interest (%)	Nature of business
Imperial Logistics International GmbH	Germany	100	The subsidiary houses the Imperial Shipping Group. Imperial Shipping implement efficient transport solutions on Europe's waterways. It has a fleet of inland vessels used on European waterways. In addition to dry cargo, tanker, gas and coastal shipping, the range of services includes container transport and industrial logistics.
Imperial Shipping Paraguay S.A.	Germany	95	Imperial Shipping Paraguay implements transportation of goods and materials on the South American waterways. Currently it has a fleet of inland vessels used on the Rio Parana river, transporting iron ore, grain and other bulk products between Brazil, Paraguay and Argentina.
Neska	Germany	65	A specialist for intermodal shipments of diverse goods, Neska operates bulk and container terminals in the main industrial centres along Germany's inland waterways.
Panopa	Germany	100	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.
Lehnkering Group	Germany	100	Lehnkering specialises in chemical logistics, offering transport, warehousing distribution and extensive value added services such as manufacturing and packaging on behalf of its customers. It has 55 locations in Europe and one in the USA.
Imperial Mobility UK	United Kingdom	100	Imperial Mobility UK is involved 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.
Associated Motors Australia (Pty) Ltd	Australia	90	This operation retails Ford, Mitsubishi and Renault through six dealerships in the Sydney area.
Imres BV	Netherlands	70	Imres, a wholesaler of pharmaceutical and medical supplies to NGO's, hospitals and retailers, operates in the international medical relief industry, targeting mainly African emerging countries with developing healthcare markets and needs.

39. INTEREST IN OTHER ENTITIES CONTINUED

39.1 COMPOSITION OF THE GROUP CONTINUED

39.1.4 Principal businesses of Imperial Group Limited

Business	Place of incorporation	Ownership Interest (%)	Nature of business
Logistics	South Africa	100	These businesses provide a complete logistics solutions including transportation, warehousing, distribution and related value added services in South Africa.
Automotive	South Africa	100	The Automotive business within Imperial Group Limited comprises of bikes, passenger, light, medium and heavy commercial vehicle dealerships in South Africa. The franchise dealerships represent virtually every major OEM brand.
Car rental	South Africa	100	The Car Rental operations housed within Imperial Group Limited comprises of three business units: Car Rental (Europcar and Tempest), Used Car Sales (Auto Pedigree brand) and Panel repair centres. This unit operates in Southern Africa.
Finance	South Africa	100	Provides the treasury function of the Group.

39.2 SIGNIFICANT RESTRICTIONS

The following table shows significant restrictions that apply to three of the Group's subsidiaries. The amounts disclosed represent the carrying values of total assets and total liabilities in the consolidated statement of financial position net of inter-group eliminations.

	Total assets		Total liabilities	
	2015 Rm	2014 Rm	2015 Rm	2014 Rm
Continuing operations				
The externally imposed capital requirements placed on the Group in terms of debt covenants on bank facilities requires that Imperial Group Limited, a wholly owned subsidiary, maintain a ratio of financial indebtedness to the financial indebtedness of the Group that is higher than the ratio of the EBITDA of Imperial Group Limited to the EBITDA of the Group.	13 337	12 397	15 252	13 142
Discontinued operations				
Our long-term insurance operations have regulatory imposed capital adequacy requirements. The capital adequacy requirement is an estimate of the minimum capital that will be required to meet fairly substantial deviations from the main assumptions affecting their business. At 30 June 2015 the capital adequacy requirements was R82 million (2014: R94 million) and the ratio of excess assets to capital adequacy requirements was 5.2 (2014: 3.3).				
Our short-term insurance operations are required to maintain, at all times, a statutory surplus asset ratio and free assets after spreading limitations. The returns submitted by the company to the regulator showed that the company met the minimum capital requirements with a solvency ratio of 46% at 30 June 2015 (2014: 40,2%).	4 618	4 399	2 713	2 742

39.3 BUSINESS COMBINATIONS DURING THE YEAR

Businesses acquired	Nature of business	Operating segment	Date acquired	Interest acquired (%)	Purchase consideration Rm
Pharmed Pharmaceutical (Pty) Limited	Wholesale supply and distribution of healthcare related products	Logistics Africa	July 2014	62,5	148
Imres BV*	Wholesaler of pharmaceutical and medical supplies to mainly African and emerging markets	Logistics Africa	September 2014	75	691
S&B Commercials plc	Mercedes Benz commercial franchise business	Vehicle Retail, Rental and After market Parts	September 2014	100	167
Individually immaterial acquisitions					70
					1 076

* The Group subsequently decreased its interest in Imres B.V. to 70%.

Fair value of assets acquired and liabilities assumed at date of acquisition:	Pharmed Rm	Imres Rm	S&B Commercials Rm	Individually immaterial acquisitions Rm	Total Rm
Assets					
Intangible assets	1	308	36	10	355
Property, plant and equipment	60	8	53	5	126
Transport fleet	5			14	19
Investments and loans				2	2
Inventories	194	126	434	7	761
Trade and other receivables	312	207	129	31	679
Cash resources		12	63	9	84
	572	661	715	78	2 026
Liabilities					
Retirement benefit obligations				1	1
Deferred tax liabilities	1	55	7		63
Interest-bearing borrowings	17	82	329	4	432
Trade and other payables and provisions	307	136	269	36	748
Current tax liabilities	9	9	1	1	20
	334	282	606	42	1 264
Acquirees' carrying amount at acquisition	238	379	109	36	762
Non-controlling interests	(101)	(95)		(3)	(199)
Net assets acquired	137	284	109	33	563
Purchase consideration transferred	148	691	167	70	1 076
Cash paid	148	691	167	53	1 059
Contingent consideration				17	17
Excess of purchase price over net assets acquired	11	407	58	37	513

39. INTEREST IN OTHER ENTITIES CONTINUED

39.3 BUSINESS COMBINATIONS DURING THE YEAR CONTINUED

Reasons for the acquisitions

The Group acquired a 62,5% shareholding in Pharmed Pharmaceuticals (Pty) Limited. This acquisition is in line with the Group's strategy to integrate pharmaceutical wholesaling and distribution into its service offering. Pharmed specialises in the wholesale supply and distribution of healthcare related products, including ethical, generic, patent and homeopathic medicines; surgical, dental and veterinary products; and medical equipment.

The acquisition of 75% shareholding in Imres (5% of which was subsequently sold), is in line with the Group's strategy to expand its participation in the distribution of fast moving consumer goods and pharmaceutical products in Africa. It also complements Imperial's acquisitions of Imperial Health Sciences, Eco Health, Pharmed and the 49% equity interest in MDS Logistics. Imres adds sourcing and procurement capabilities to Imperial's service offering and it can leverage off Imperial's existing network and capabilities on the African continent.

The Group acquired a 100% shareholding in S&B Commercials, a Mercedes Benz commercial vehicle dealership with four main sites that covers North London, Essex and Hertfordshire and operates 5 dedicated customer workshops. The acquisition provided further diversification of our UK commercial vehicle franchise portfolio into the Mercedes brand which continues to grow its share in the UK market in both heavy and light commercial vehicles.

The other businesses were acquired to complement and expand our distribution of motor vehicles parts, pharmaceuticals, transport and business solutions, and cleaning and hygiene services in South Africa, Africa and Europe.

Details of contingent consideration

The contingent consideration requires the Group to pay the vendors an additional total amount of R17 million over three years if the entities' net profit after tax exceeds certain profit targets.

Acquisition costs

Acquisition costs for business acquisitions concluded during the year amounted to R14 million and have been recognised as an expense in profit or loss in the 'Other non-operating items' line.

Impact of the acquisitions on the results of the group

From the dates of acquisition the businesses acquired during the year contributed revenue of R3 309 million, operating profit of R280 million and after tax profit of R163 million. The after tax profit of R163 million includes the after tax impact of the funding cost of R27 million calculated on the cash consideration paid on acquisitions, the fair value loss from the remeasurement of the put option liability of R13 million and the amortisation of intangible assets arising out of the business combinations of R35 million.

Had all the acquisitions been consolidated from 1 July 2014, they would have contributed additional revenue of R3 700 million, operating profit of R320 million and after tax profit of R192 million. The Group's continuing revenue for the year would have increased to R107 844 million, operating profit would have increased to R5 711 million and after tax profit would have increased to R3 038 million. The after tax profit of R192 million includes the after tax impact of the funding cost of R32 million calculated on the cash consideration paid on acquisitions, the fair value loss from the remeasurement of the put option liability of R16 million and the amortisation of intangible assets arising out of the business combinations of R42 million.

Separate identifiable Intangible assets

As at the acquisition date the fair value of the separate identifiable intangible assets was R355 million. This fair value, which is classified as level 3 in the fair value hierarchy, was determined using the Multi-period Excess Earnings Method (MEEM) valuation technique.

The significant unobservable valuation inputs were as follows:

	Imres BV	S&B Commercials
- Discount rates	11,0%	8,0%
- Terminal growth rates	1,0%	2,0%

The assumptions used in arriving at projected cash flows were based on past experience and adjusted for any expected changes.

Other details

Trade and other receivables had gross contractual amounts of R730 million of which R51 million was doubtful. Non-controlling interests have been calculated based on their proportionate share in the acquiree's net assets. None of the resulting goodwill is deductible for tax purposes.

39.4 NON-CONTROLLING INTERESTS IN THE GROUP'S ACTIVITIES

The following subsidiaries have non-controlling interests that are material to the group.

Subsidiary	Principal place of business	Operating segment	Ownership interest held by NCI (%)	
			2015	2014
Associated Motor Holdings (Pty) Limited	South Africa	Vehicle Import, Distribution and Dealerships	10	10
Midas (Pty) Limited	South Africa	Vehicle Retail, Rental and Aftermarket parts	25	25
Eco Health Limited	Nigeria	Logistics Africa	32	32

The following is summarised financial information for AMH, Midas and Eco Health, based on their respective consolidated financial statements prepared in accordance with IFRS, modified for fair value adjustments made at time of acquisition and differences in accounting policies. The information is before inter-company eliminations with other entities in the Group.

R million	AMH		Midas		Eco Health [^]	
	2015	2014	2015	2014	2015	2014
Revenue	23 111	22 336	4 096	3 869	1 944	646
Net profit for the year	701	1 248	172	159	16	16
Net profit attributable to non-controlling interests	97	161	43	41	5	5
Other comprehensive income	161	(411)			68	(22)
Total comprehensive income	862	837	172	159	84	(6)
Income attributable to non-controlling interests	67	120	43	41	27	(3)
Total assets	15 663	14 297	1 172	1 146	1 673	1 354
Total liabilities	10 321	9 394	575	602	1 114	813
Total equity	5 342	4 903	597	544	559	541
Equity attributable to non-controlling interest	655	606	149	140	179	173
Dividends paid to non-controlling interest	54	98	29	25	21	28

[^] Acquired in March 2014. Total comprehensive income in 2014 is for the 4 months ended June 2014.

39. INTEREST IN OTHER ENTITIES CONTINUED

39.5 INTEREST IN ASSOCIATES AND JOINT VENTURES

The following associates are material to the Group. They are all equity accounted.

	MiX Telematics Limited	MDS Logistics PLC	Ukhamba Holdings (Pty) Limited
Nature of relationship with the Group	Operations include vehicle tracking and fleet management. Provides services to Imperial's new and used vehicle dealerships.	Strategic supply chain provider, providing access to new markets in Africa.	Imperial's black economic empowerment partner.
Principal place of business/Country of incorporation	South Africa	Nigeria	South Africa
Ownership interest/Voting rights held	25,3% (2014: 25,6%)	49,0%	46,9%
Fair value of ownership interest (listed)*	R763 million (2014: R882 million)		

* Based on the unadjusted quoted market price at 30 June (Level 1 in the fair value hierarchy).

The following is summarised financial information for MiX, MDS and Ukhamba, based on their respective consolidated financial statements prepared in accordance with IFRS, modified for fair value adjustments made at time of acquisition and differences in accounting policies.

R million	MiX Telematics Limited~		MDS Logistics PLC		Ukhamba Holdings (Pty) Limited	
	March 2015	March 2014	June 2015	June 2014	June 2015	June 2014
Revenue	1 389	1 272	305	289		
Net profit (loss) for the year	149	152	59	55	(150)	388
Other comprehensive income	31	48	(34)	50	(116)	41
Total comprehensive income	180	200	25	105	(266)	429
Total assets	2 229	1 977	639	747	4 160	4 512
Total liabilities	364	305	70	94	2 202	2 361
Total equity	1 865	1 672	569	653	1 958	2 151
Group's interest in net assets of investee at beginning of year	428	249	314	263	1 008	767
Equity acquired		24				
Share of total comprehensive income	46	53	12	51	(124)	201
Share of increase in net assets	(2)	113				
Dividends (received from) paid to associate		(11)	(47)		34	40
Group's proportional interest in net assets of investee	472	428	279	314	918	1 008
Reversal of fair value adjustments on Imperial shares					(918)	(958)
Adjustment for differences in financial year-end	1	10				
Goodwill	62	62				
Carrying value of interest in investee at end of year	535	500	279	314		50

~ Listed on the Johannesburg Securities Exchange with a March year-end.

Immaterial associates and joint ventures

The following summarises the Group's interest in immaterial associates and joint ventures, based on the amounts reported in the Groups consolidated financial statements:

R million	Associates		Joint ventures	
	2015	2014	2015	2014
Group's share of:				
- Net profit	67	64	(15)	2
- Other comprehensive income	(2)		4	(14)
- Total comprehensive income	65	64	(11)	(12)
Carrying value of interest in immaterial associates	301	341	75	18

40. DIRECTORS' AND PRESCRIBED OFFICER'S REMUNERATION AND INTEREST IN SHARES

40.1 DIRECTORS' AND PRESCRIBED OFFICER'S REMUNERATION

	Salary R'000	Bonus R'000	Retirement and medical contributions R'000	Other benefits (Note 1) R'000
Non-executive directors				
SL Botha (Resigned 5/9)				
HR Brody (Note 3)				
P Cooper (Note 7)				
GW Dempster (Note 7)				
ST Dingaen (Note 4)				
S Engelbrecht (Note 8)				
TS Gcabashe				
RL Hiemstra (Note 8)				
P Langeni				
MJ Leeming				
V Moosa				
RJA Sparks				
A Tugendhaft				
Y Waja				
Total June 2015				
Executive directors				
M Lamberti				
M Akoojee	2 987	2 600	493	120
OS Arbee	4 858	4 000	782	360
MP de Canha	4 698	2 500	643	159
P B Michaux	3 826	3 000	634	240
JJ Strydom	3 766	3 000	334	
GW Riemann (Note 5)	3 396	7 075	931	
M Swanepoel	4 277	4 000	843	180
Total June 2015	27 808	26 175	4 660	1 059
Total all directors 2015	27 808	26 175	4 660	1 059
Total all directors June 2014	33 956	40 028	5 912	3 836
Prescribed officer 2015 – C Taucke	4 037	5 492	778	216

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 prior year. The expected value is calculated using a Black Scholes valuation model. There were no allocations during 2015.
3. HR Brody served as an executive director until 28 February 2014 and part of his reported remuneration relates to that period. Other benefits paid to him include payments relating to long-term incentive schemes.
4. Paid by Ukhamba Holdings in respect of its chairperson's fees.
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. The Group's prescribed officer as defined in terms of the Companies Act, 2008 was C Taucke who became a prescribed officer during the year and his remuneration is disclosed above. 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.
7. Appointed during the year.
8. Resigned during the year.

Directors' fees R'000	Subsidiary/ Associate and Sub-committee fees R'000	2015 Total R'000	2014 Total R'000	Expected value of Long Term Incentive awards made in 2015 R'000	Expected value of Long Term Incentive awards made in 2014 R'000
		Total	Total	(Note 2)	(Note 2)
			58		
113	120	233	14 947		
78		78			
78		78			
225	285	510	739		
150	64	214	392		
1 012	293	1 305	1 134		
94	79	173	392		
225	274	499	466		
225	735	960	875		
225	239	464	437		
225	670	895	856		
618	221	839	763		
225	764	989	928		
3 493	3 744	7 237	21 987		
		6 200		8 543	10 329
		10 000	5 242	3 850	3 600
		8 000	9 914	6 360	6 000
		7 700	8 643	5 650	5 500
		7 100	6 736	5 000	4 700
		7 100	6 262		4 100
410		11 812	23 935		
		9 300	8 606	5 650	5 300
410		60 112	69 338	35 053	39 529
3 903	3 744	67 349	91 325	35 053	39 529
3 338	4 255	91 325			
		10 523			

40. DIRECTORS' REMUNERATION AND INTEREST IN SHARES CONTINUED

40.2 INCENTIVE SCHEMES

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

Participation in the share appreciation rights scheme

Directors

	Commencement date	Price on commencement date (R)	Number of rights*	Number of rights exercised	Number of rights forfeited	Number of rights remaining	Vesting date
M Akoojee	14 June 2011	116,59	11 628			11 628	15 September 2014
	13 June 2012	170,57	24 016			24 016	26 August 2015
	11 June 2013	195,20	38 154			38 154	15 September 2016
OS Arbee	2 June 2010	96,71	56 333		1 031	55 302	15 September 2013
	14 June 2011	116,59	23 377			23 377	15 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
MP de Canha	14 June 2011	116,59	25 011			25 011	15 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
M Swanepoel	14 June 2011	116,59	23 377	23 377			15 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
PB Michaux	14 June 2011	116,59	12 200	12 200			15 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	14 June 2011	116,59	9 384	9 384			15 September 2014
	13 June 2012	170,57	29 342			29 342	26 August 2015
	11 June 2013	195,20	48 263			48 263	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 return on invested capital (ROIC) targets relative to weighted cost of capital. The rights vested could be fewer than the number granted.

Participation in the deferred bonus plan

Executive directors

	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
MJ Lamberti	1 March 2014	60 787	60 787			60 787	15 September 2017
M Akoojee	18 June 2010	10 000	3 376		3 376		7 September 2014
			2 445			2 445	26 August 2015
	14 June 2011	5 805	5 805		5 805		7 September 2014
	13 June 2012	4 854	4 854			4 854	26 August 2015
	13 June 2013	3 266	3 266			3 266	15 September 2016
	30 June 2014	18 579	18 579			18 579	15 September 2017
OS Arbee	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			5 872	15 September 2016
	30 June 2014	30 965	30 965			30 965	15 September 2017
MP de Canha	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			6 276	15 September 2016
	30 June 2014	28 384	28 384			28 384	15 September 2017

	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
M Swanepoel	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			5 164	15 September 2016
	30 June 2014	27 352	27 352			27 352	15 September 2017
PB Michaux	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			4 634	15 September 2016
	30 June 2014	24 256	24 256			24 256	15 September 2017
JJ Strydom	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			3 689	15 September 2016
	30 June 2014	21 159	21 159			21 159	15 September 2017

* 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 return on invested capital (ROIC) targets relative to weighted cost of capital. The rights vested could be fewer than the number granted.

40.3 GAINS BY DIRECTORS ON SAR, DBP AND CRP DURING THE YEAR

Directors	2015 R'000	2014 R'000
HR Brody		18 894
OS Arbee	2 465	3 218
M Akoojee	1 969	3 357
MP de Canha	2 560	11 384
M Swanepoel	3 896	8 721
PB Michaux	2 220	6 158
JJ Strydom	1 753	3 884

40.4 DIRECTORS' INTERESTS IN SHARES

	2015		2014	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
Non-executive				
HR Brody			36 682	
GW Dempster	99			
RL Hiemstra			10 406	
SP Kana	9 417			
MJ Leeming		6 928		6 928
RJA Sparks	40 000	20 000	40 000	20 000
Y Waja	3 000		3 000	
	52 616	26 928	90 088	26 928
Executive				
MJ Lamberti	500 000		450 000	
OS Arbee	71 344		56 477	
M Akoojee	34 873		25 692	
MP de Canha	1 725 385		1 686 289	
M Swanepoel	38 672		20 961	
PB Michaux	48 243		38 058	
JJ Strydom	56 865		54 442	
	2 475 382		2 331 919	
	2 527 898	26 928	2 422 007	26 928

There have been no changes in the above interests from the end of the financial year to the date of the annual financial statements.

	Notes	2015 Rm	2014 Rm
ASSETS			
Interests in subsidiaries	2	8 648	9 456
Investments in associates and joint ventures	3	50	1 221
Investments	4	47	47
Trade and other receivables			68
Current tax asset		2	
Interests in subsidiaries classified as held for sale	2	603	
Total assets		9 350	10 792
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and share premium	5	382	382
Other reserves		70	401
Retained earnings		8 418	9 474
Total equity		8 870	10 257
Liabilities			
Non-redeemable, non-participating preference shares	6	441	441
Trade payables and other liabilities	8	39	70
Current tax liabilities			24
Total liabilities		480	535
Total equity and liabilities		9 350	10 792

> COMPANY STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 Rm	2014 Rm
Revenue			
Net operating expenses	10	(19)	(108)
Other non-operating items	11	(196)	(268)
Profit before net financing income		1 261	2 050
Finance cost		(35)	(33)
Finance income		37	62
Profit before tax		1 263	2 079
Income tax	12	12	126
Net profit and total comprehensive income for the year		1 275	2 205

There have been no movements in other comprehensive income in the current and prior year.

	Share capital and share premium Rm	Other reserves Rm	Retained earnings Rm	Total Rm
At 30 June 2013	382	331	9 523	10 236
Total comprehensive income for the year			2 205	2 205
Repurchase and cancellation of 2 971 808 ordinary shares from the open market			(502)	(502)
Charge for amending the conversion profile of the deferred ordinary shares		70		70
Ordinary dividends declared			(1 752)	(1 752)
At 30 June 2014	382	401	9 474	10 257
Total comprehensive income for the year			1 275	1 275
Ordinary dividends declared			(1 597)	(1 597)
Expiration of Lereko call option		(309)	(756)	(1 065)
Direct transfer to retained earnings		(22)	22	
At 30 June 2015	382	70	8 418	8 870

> **COMPANY STATEMENT OF CASH FLOWS**
FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 Rm	2014 Rm
Cash flows from operating activities			
Cash generated by operations	13	1 535	2 263
Finance cost paid		(35)	(33)
Finance income received		37	62
Tax paid	14	(14)	(24)
		1 523	2 268
Cash flows from investing activities			
Disposals (additions) of investments and loans to subsidiaries, associates and joint ventures		107	(169)
Disposal of investments			183
Settlement of contingent consideration liabilities		(33)	(28)
		74	(14)
Cash flows from financing activities			
Repurchase and cancellation of 2 971 808 ordinary shares from the open market			(502)
Dividends paid		(1 597)	(1 752)
		(1 597)	(2 254)
Net movement in cash and cash equivalents			
Cash and cash equivalents at beginning of year			
Cash and cash equivalents at end of year			

1. ACCOUNTING POLICIES

The principal accounting policies adopted and methods of computation used in the preparation of the company's annual financial statements are set out below and are consistent in all material aspects with those applied during the previous year except for the adoption of new and amended statements

1.1 INTEREST IN SUBSIDIARIES

Interest in subsidiaries are carried at cost less accumulated impairment losses. Acquisition-related costs for new interests acquired during the year are recognised in profit or loss.

1.2 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Investments in associates and joint ventures are carried at cost less accumulated impairment losses.

1.3 INVESTMENTS

Investments are carried at cost less accumulated impairment losses.

1.4 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the contract.

Initial measurement

Financial assets and financial liabilities are initially measured at fair value plus transaction costs.

Subsequent measurement

Financial assets comprising of trade receivables are subsequently measured at amortised cost using the effective interest method, less any impairment where appropriate.

Financial liabilities comprising of trade payables and contingent consideration liabilities are subsequently measured at amortised cost using the effective interest method, less any impairment where appropriate.

Derecognition

Financial assets are derecognised when the right to receive cash flows have expired or the company has transferred the financial asset and all the risks and rewards associated with ownership of the financial asset.

Financial liabilities are derecognised when the obligations specified in the contracts are discharged, cancelled or expired.

1.5 REVENUE

Dividend income from interest in subsidiaries, investments in associates and joint ventures and other investments, is recognised when the company's right to receive payment has been established.

1.6 FINANCE COST AND FINANCE INCOME

Finance cost comprises of the preference dividend payable on the non-redeemable, non-participating preference shares. Finance cost is recognised in profit or loss in the period in which it is incurred on a day-to-day basis using the effective interest method.

Finance income is recognised in profit or loss using the effective interest method.

1.7 CAPITAL ITEMS

Capital items includes gains or losses on disposal and impairments of subsidiaries and investment in associates and joint ventures.

1.8 INCOME TAXES

Income tax comprises of current and withholding tax for the year recognised in profit or loss.

Current tax

Current tax assets or liabilities are recognised based on the expected tax payable or refundable. Current tax is calculated on the taxable profit for the period using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Withholding tax

Withholding tax is payable at different tax rates on dividends received from foreign subsidiaries.

1.9 SIGNIFICANT JUDGEMENT AND ESTIMATES

The preparation of the annual financial statements requires the company's management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience and current and economic conditions.

The company uses judgement when assessing the impairments of the investments in subsidiaries, associates and joint ventures, the fair value of the Lereko call option and the fair value of contingent consideration liabilities.

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

Amendments to IFRS 9 – *Financial Instruments* and the new standard for revenue (IFRS 15 – *Revenue From Contracts With Customers*), are expected to have no significant impact on the company's accounting policies and methods of computation.

	2015 Rm	2014 Rm
2. INTERESTS IN SUBSIDIARIES		
Shares at cost, net of impairments	6 495	6 618
Indebtedness by subsidiaries, net of impairments	2 153	2 838
	8 648	9 456
<p>The investment in Regent Insurance and Regent Life have been reclassified as held for sale as the Group plans to dispose of these investments.</p> <p>Details of the company's principal subsidiaries are reflected in note 39 of the consolidated annual financial statements.</p>		
3. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES		
Unlisted shares at cost	45	44
Impairments	(12)	(12)
	33	32
Indebtedness by associates and joint ventures	17	16
Lereko Mobility (Pty) Ltd call option		1 173
	50	1 221
Lereko Mobility (Pty) Ltd (Lereko) call option		
Balance at beginning of year	1 173	1 244
Fair value adjustment through profit or loss	(108)	(71)
Expiration of call option	(1 065)	
Balance at end of year		1 173
4. INVESTMENTS		
Unlisted shares at cost, net of impairments	47	47

	2015 Rm	2014 Rm
5. SHARE CAPITAL AND SHARE PREMIUM		
Authorised share capital		
394 999 000 (2014: 394 999 000) ordinary shares of 4 cents each	15	15
50 000 000 (2014: 50 000 000) deferred ordinary shares of 4 cents each	2	2
15 000 000 (2014: 15 000 000) preferred ordinary shares of 4 cents each	1	1
1 000 (2014: 1 000) redeemable preference shares of 4 cents each		
40 000 000 (2014: 40 000 000) non-redeemable, non-participating preference shares of 4 cents each*	2	2
	20	20
Issued and fully paid share capital		
202 782 278 (2014: 207 815 715) ordinary shares of 4 cents each	8	8
10 193 767 (2014: 11 025 236) deferred ordinary shares of 4 cents each	1	1
Share capital	9	9
Share premium	373	373
Share capital and premium	382	382

* For non-redeemable, non-participating preference shares in issue refer to note 6.

Directors' authority to issue ordinary shares and non-redeemable, non-participating 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 2014;
- > not more than five million of the non-redeemable, non-participating preference shares.

Ordinary shares

The ordinary shares carry one vote per share and are entitled to an ordinary dividend.

Deferred ordinary shares

Ukhamba, the BEE partner that owns an effective 10,1% shareholding in Imperial, facilitated the trading of its shares on an Over the Counter (OTC) Platform to allow our employees and beneficiaries in Ukhamba to monetise their value in Ukhamba. To allow for this, at a general meeting held on 21 October 2013, Imperial shareholders agreed to alter the conversion profile of the deferred ordinary shares to equal predetermined conversions over 12 years. As a result 831 469 deferred shares convert annually, with the last conversion on 30 June 2025. The R70 million cost for altering the conversion profile of the deferred shares was charged to profit or loss in the prior year.

To the end of the current financial year 12 561 622 (2014: 11 730 153) deferred ordinary shares have been converted into ordinary shares.

The deferred ordinary shares carry one vote per share and are not entitled to dividends.

Directors' interests in issued share capital

At year-end the aggregate shareholdings of the directors in the issued ordinary share capital of the company are outlined in note 40 of the consolidated annual financial statements.

	2015 Rm	2014 Rm
6. NON-REDEEMABLE, NON-PARTICIPATING PREFERENCE SHARES		
Non-redeemable, non-participating preference shares at cost	441	441
4 540 041 preference shares 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 R35 million (2014: R33 million) which is included as part of finance cost in profit or loss.		

	2015 Rm	2014 Rm
7. DEFERRED TAX LIABILITY		
Movement in deferred tax		
Balance at beginning of year		146
Prior year overprovision		(146)
8. TRADE PAYABLES AND OTHER LIABILITIES		
Trade payables and accruals at amortised cost	26	30
Contingent consideration liabilities (Level 3 financial instrument)	13	40
	39	70
The fair value of the trade payables and accruals approximate their fair value.		
Movements in contingent consideration liabilities (Level 3 financial instrument)		
Balance at beginning of year	40	74
Settlements	(33)	(28)
Remeasured to profit or loss		(6)
Amounts raised	6	
	13	40
9. REVENUE		
An analysis of the company's revenue is as follows:		
Dividends received from subsidiaries, associates and joint ventures	1 467	2 419
Fees received	9	7
	1 476	2 426
10. NET OPERATING EXPENSES		
The following disclosable items have been included in operating expenses:		
Auditors' remuneration	2	1
Non-executive directors' emoluments*	7	6
Professional fees	5	6
Acquisition costs	5	10
* Refer to note 40 in the consolidated annual financial statements for the executive directors emoluments.		
11. OTHER NON-OPERATING ITEMS		
Remeasurement of financial instruments not held-for-trading	(108)	(63)
Fair value loss on Lereko Mobility (Pty) Ltd call option	(108)	(71)
Other fair value gains		8
Capital items	(88)	(135)
Loss on sale of subsidiaries and businesses	(42)	(7)
Impairment of investments in subsidiaries, loans to subsidiaries and associates	(46)	(128)
Other items		(70)
Charge for amending the conversion profile of the deferred ordinary shares		(70)
	(196)	(268)

	2015 Rm	2014 Rm
12. INCOME TAX		
South African normal tax		
– Current	12	20
Capital gains tax		
– Current		4
– Prior year over provision of current tax	(27)	(6)
– Prior year over provision of deferred tax		(146)
Withholding tax on dividends	3	2
	(12)	(126)
Reconciliation of tax rate:	%	%
Profit before tax – effective tax rate	(1,0)	(6,1)
Tax effect of:		
– Withholding tax on dividends	(0,2)	(0,1)
– Disallowable charges and capital losses	(1,2)	(4,7)
– Exempt income	30,6	32,8
– Fair value adjustment on Lereko Mobility (Pty) Ltd call option	(2,3)	(1,0)
– Capital gains tax		(0,2)
– Prior year overprovision	2,1	7,3
	28,0	28,0
	2015 Rm	2014 Rm
13. CASH GENERATED BY OPERATIONS		
Profit before net financing income	1 261	2 050
Capital items	88	135
Fair value gain on Lereko Mobility (Pty) Ltd call option	108	71
Other fair value gains		(8)
Charge for amending the conversion profile of deferred ordinary shares		70
Acquisition costs	5	10
Working capital movements		
– Decrease (increase) in trade and other receivables	68	(54)
– Increase (decrease) in trade and other payables	5	(11)
	1 535	2 263
14. TAX PAID		
Balance at beginning of year	(24)	(28)
Current tax recognised in profit or loss	12	(20)
Balance at end of year	(2)	24
	(14)	(24)

	2015 Rm	2014 Rm
15. CONTINGENT LIABILITIES		
The company has contingent liabilities in respect of guarantees issued to bankers and others, on behalf of subsidiaries, for facilities in the normal course of business to the extent that they are used. The year-end utilisation of facilities was:	8 942	5 718
The company has contingent liabilities in respect of guarantees issued to bankers and others, on behalf of associates, for facilities in the normal course of business to the extent that they are used. The year-end utilisation of facilities was:	167	84
As part of the NAC sale in 2013 Imperial Holdings have issued a guarantee to secure vendor funding for five years for:	80	80
The company has guaranteed the obligations to the investors in the commercial paper and corporate bonds issued.	6 140	6 441

16. FINANCIAL INSTRUMENTS

Interest rate risk

This is the risk that fluctuations in interest rates may adversely impact the company's assets, liabilities and equity. As the company has no significant interest-bearing financial instruments, the company's income and operating cash flows are substantially independent of fluctuations in market interest rates. Interest payable on the non-redeemable, non-participating preference shares and the interest received on the intergroup loan are exposed to interest risk.

Liquidity risk

This is the risk that the company may not be able to meet its financial instruments as they fall due. The company manages liquidity risk by managing forecast cash flows and ensuring that adequate liquidity needs are maintained.

17. EVENTS AFTER THE REPORTING PERIOD

An ordinary dividend of 445 cents has been declared by the board of Imperial on 24 August 2015.

1. ACCOUNTING POLICIES

INSURANCE AND INVESTMENT CONTRACTS

Classification of contracts

Long-term insurance operations:

Insurance contracts are those contracts where the Regent Life Group (the insurer) has accepted significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. As a general guideline, the Regent Life Group determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

Investment contracts are those contracts that transfer significant financial risk with no significant insurance risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, a credit rating or credit index or other variable.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Investment contracts can however be reclassified as insurance contracts after inception, if insurance risk becomes significant.

Insurance contracts are classified into individual credit life contracts, individual life contracts, annuity contracts, group funeral, group life and group credit life contracts. This classification applies consistently across all long term insurers within Regent Life Group (being Regent South Africa, Lesotho National Life Assurance and Regent Life Botswana).

These contracts are valued in terms of the Financial Soundness Valuation (FSV) basis contained in SAP 104 issued by the Actuarial Society of South Africa.

The statutory actuary reviews the calculation of the liabilities under long-term insurance contracts and investment contracts annually at the statement of financial position date in accordance with prevailing legislation, Generally Accepted Actuarial Standards in South Africa and International Financial Reporting Standards as appropriate. The transfers to or from insurance liabilities are accounted for in the statement of comprehensive income and represents the increase or decrease in contract liabilities, including all necessary provisions and reserves.

The liabilities for investment contracts are set equal to the accumulated fair value of the underlying assets plus a non-unit reserve calculated in accordance with SAP 104. Any deficiency is immediately charged to profit and loss and a provision is raised for losses from the liability adequacy tests.

Investment contracts are initially and thereafter recognised at fair value, with changes in fair value being accounted for in the statement of comprehensive income. The premiums, benefit payments and investment earnings relating to these investment contracts have been excluded from the statement of comprehensive income and accounted for directly as movements in the liability.

Short-term insurance operations:

Contracts under which the short-term insurance operations accept significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder, or other beneficiary, are classified as insurance contracts. Insurance risk is risk other than financial risk, transferred from the holder of the contract to the issuer. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, a credit rating or credit index or other variable. Insurance contracts may also transfer some financial risk.

Reinsurance of long-term and short-term insurance operations:

Contracts entered into with reinsurers by the long-term and short-term operations, under which the group is compensated for losses on one or more contracts, and which meet the classification requirements for insurance contracts, are classified as reinsurance contracts held.

The benefits to which the long-term and short-term operations are entitled under their reinsurance contracts held are recognised as reinsurance assets, consisting of short-term and long-term balances due from reinsurers that are dependent on the expected claims and benefits. Reinsurance liabilities are primarily premiums payable and are recognised as an expense when due. Reinsurance assets are assessed for impairment on an annual basis, reducing the carrying amount of the reinsurance asset to its recoverable amount through the statement of comprehensive income.

Revenue recognition

Long-term insurance operations:

Premiums and annuity considerations on insurance contracts are recognised when due in terms of the contract, other than group schemes. Premium receivable in respect of group schemes that is due after the year end date is ignored. However, where the operating ratios exceed 100%, a deficiency reserve would be established to offset any expected losses up until the next renewal date. Premium income on insurance contracts is shown gross of reinsurance. Premiums are shown before deduction of commission. Premium income received in advance is included in trade and other payables. Amounts received under investment contracts, such as premiums, are recorded as deposits to investment contract liabilities.

Short-term insurance operations:

Gross written premiums comprise the premiums on insurance contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. Premiums are disclosed gross of commission to intermediaries and exclude Value Added Tax. Premiums written include adjustments to premiums written in the prior accounting periods. The earned portion of the premium received is recognised as revenue. Premiums are earned from the date of attachment of risk, over the indemnity period, based on the pattern of risks underwritten less provisions raised for cash-backs.

Insurance results

Long-term insurance operations:

Profits or losses are determined in accordance with the guidance note on Financial Soundness Valuations (SAP 104) and International Financial Reporting Standards. The underlying philosophy of the Financial Soundness Valuation is to recognise profits over the term of each insurance contract. In the valuation of liabilities, provision is made for:

- > The best estimate of future experience;
- > Compulsory margins prescribed in SAP 104; and
- > Discretionary margins determined to release profits to shareholders consistent with policy design and company policy.

Short-term insurance operations:

The underwriting results are determined after making provisions for unearned premiums, outstanding claims, incurred but not reported claims; unexpired risk provision, cash-back provisions and such additional provisions as are considered necessary. The methods used to determine these provisions are as follows:

Unearned premiums

Premiums are earned from the date the risk attaches, over the indemnity period, based on the pattern of the risk underwritten. Unearned premiums, which represent the proportion of premiums written in the current year which relate to risks that have not expired by the end of the financial year, are calculated on the 365th basis for even risk business and other bases that best represent the unearned risk profile for uneven risk business.

Claims

Claims incurred consist of claims and claims handling expenses paid during the financial year together with the movement in the provision for outstanding claims. Claims outstanding comprise provisions for the estimate of the ultimate cost of settling all claims incurred but unpaid at the statement of financial position date whether reported or not, and an appropriate risk margin. Related anticipated reinsurance recoveries are disclosed separately as assets. These estimated reinsurance and other recoveries are assessed in a manner similar to the assessment of claims outstanding.

While the directors consider that the gross provisions for claims and the related reinsurance recoveries are fairly stated on the basis of the information currently available to them, the ultimate liability will vary as a result of subsequent information and events and may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made, and disclosed separately if material. The methods used to value these provisions, and the estimates made, are reviewed regularly.

Incurred but not reported – IBNR

Provision is made in the policyholders' liabilities under insurance contracts for the estimated cost at the end of the year for claims IBNR at that date. IBNR provisions are calculated using run-off triangle techniques or as a multiple, based on the average historical reporting delay, of the claims reported in the three weeks following the valuation date but where the claims event occurred prior to valuation date. These liabilities are not discounted due to the short-term nature of outstanding claims. Outstanding claims and benefit payments are stated gross of reinsurance.

Unexpired risk provision

Provision is made for unexpired risks arising to the extent that the expected value of claims and claims handling expenses attributable to the unexpired periods of contracts in force at the statement of financial position date exceeds the unearned premiums provision in relation to such contracts and attributable investment income after the deduction of any deferred acquisition costs.

Cash-back provisions

A provision is made for the accrued expected obligations to policyholders to the extent that the premiums for these benefits are already received and other terms and conditions are met within the period leading up to the expected cash back.

Deferred acquisition costs

The costs of acquiring new and renewal insurance business that is commission and other acquisition costs, primarily related to the term products of that business, are deferred. Deferred acquisition costs are amortised on a pro-rata basis over the contract term. Similarly, any reinsurance commissions received are deferred and recognised as income over the term of the reinsurance contract.

Cell Captives

The group operates cell captives on behalf of entities that wish to participate in the insurance result of a particular category of insured risk. Preference shares are issued to those participants giving them the right to share profits on an agreed basis. To reflect the substance of the transaction it is consolidated and the participant's share of profits is treated as a non-controlling interest.

Summary of global workforce

South African (including foreign nationals)
Non-South African

Total workforce**Summary of the employment equity report terms of section 22 of the Employment Equity Act of South Africa**

Occupational levels	Male			
	A	C	I	W
Permanent staff				
Top management	1	1	6	90
Senior management	27	10	41	340
Professionally qualified and experienced specialists and mid-management	280	190	309	1 367
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	2 382	967	792	2 467
Semi-skilled and discretionary decisions-making	9 360	1 738	623	921
Unskilled and defined decision-making	4 040	576	93	59
	16 090	3 482	1 864	5 244
Non-permanent staff	220	25	18	40
	16 310	3 507	1 882	5 284

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

The above is an aggregation of all South African operating entities

							2015	2014
							37 654	38 766
							13 707	12 905
							51 361	51 671
							Total	Total
Female				Foreign nationals			2015	2014
A	C	I	W	M	F			
6	3	4	7		2	120	159	
13	5	16	77			529	588	
144	95	141	789	6	9	3 330	3 242	
848	402	303	1 409	47	10	9 627	10 541	
2 344	818	404	1 205	70	18	17 501	15 200	
1 091	152	4	17	35	2	6 069	6 421	
4 446	1 475	872	3 504	158	41	37 176	36 151	
113	21	14	27			478	2 615	
4 559	1 496	886	3 531	158	41	37 654	38 766	

CORPORATE INFORMATION

DIRECTORS (AS AT 30 JUNE 2015)

TS Gcabashe* (chairman)
A Tugendhaft** (deputy chairman)
MJ Lamberti (chief executive officer)
M Akoojee
OS Arbee
MP de Canha
P Cooper*
GW Dempster*
T Dingaan*
P Langeni*
MJ Leeming*
PB Michaux
MV Moosa**
RJA Sparks*
JJ Strydom
M Swanepoel
Y Waja*

* Independent ** Non-executive

EXECUTIVE COMMITTEE

MJ Lamberti (chief executive officer)
OS Arbee (chief financial officer)
M Akoojee
MP de Canha
BJ Francis
PB Michaux
JJ Strydom
M Swanepoel

Group internal audit executive

G Nzalo, BCom, CA (SA), CIA

Group treasurer

WF Reitsma, BTech Banking, MCom, FIBSA, CAIB, PBSA, FIFM

Group legal advisor and company secretary

RA Venter, BCom, LLB, LLM

Investor relations manager

E Mansingh
email: emansingh@ih.co.za

Group head of risk

BJ Francis, BCompt (Hons), CIA, MBA (IE)

Group head of sustainability

MR Sharfuddin, BBA, IMP (Insead)

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Name and registration number

Imperial Holdings Limited
1946/021048/06

Share transfer secretaries

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Website

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Email

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JSE information

Ordinary share code: IPL

ISIN: ZAE000067211

Preference share code: IPLP

ISIN: ZAE000088076

Shareholders' diary

Final dividend payment: 28 September 2015

Annual general meeting: 3 November 2015

Interim results released: 23 February 2016

Final results released: 23 August 2016

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