LEADERS IN
MOBILITY

INTEGRATED ANNUAL REPORT 2015

IMPERIAL™
LEADERS IN MOBILITY

LEADERS IN
MOBILITY

DRIVING THE PARENTING ADVANTAGE

Founded in 1948 as a car dealership in Johannesburg, South Africa, Imperial Holdings has applied its capabilities to grow into new products, businesses and markets. Today, our 51 000 people serve our customers from more than 1 200 locations in 31 countries on five continents. With revenue in excess of R110 billion, we continue to extend the leading positions of our five divisions in carefully chosen segments and specific niches of the logistics and vehicles value chains. For over six decades, through economic cycles, political transition and social transformation, the underlying theme of Imperial's development has been leadership in mobility.

The Integrated Annual Report for 2015 continues the Imperial story. It explains how the group is responding decisively to industry trends and managing the challenges in its operating environments. It explains how, in this context, the group is leveraging its leadership in its two major areas of mobility, logistics and vehicles, to deliver capability-based growth and focused value creation for its stakeholders.

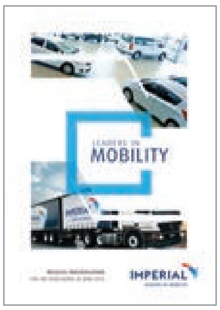
In an environment of profound structural and systemic change, defending and extending the group's leadership requires new vision and understanding, discipline and agility. The changes underway at Imperial are therefore transformational. They begin with greater strategic clarity at corporate and business level. They call for sharper execution that increases returns on capital and executive effort. They compel us to deliver social value by enhancing our core business operations. They target productivity and efficiency improvements through a simplified group structure. And, by deepening a culture of empowered accountability, they will drive focused long-term value creation for all our stakeholders.

While retaining the entrepreneurial creativity and capital management excellence that underpinned our success in the past, we are implementing the strategy, structures and mindset that will shape our success in the future.

CONTENTS

INTEGRATED ANNUAL REPORTING AT IMPERIAL

Our reporting publications, in combination, are intended to provide our stakeholders with an integrated assessment of how Imperial Holdings Limited (Imperial, the group, parent) is driving its growth, returns and sustainability.

	Publications	Indices/reporting frameworks	Assurance	Cross-reference
	Our Integrated Annual Report to stakeholders explains the group's business model, strategy and risks, performance and prospects, and governance in relation to the factors that affect its ability to create value over time. The report includes summarised consolidated annual financial statements, extracted from the full consolidated annual financial statements. It also includes data and commentary extracted from the group's Sustainable Development Report. A register of the group's compliance with the 75 King III principles is available online at **www.imperial.co.za**. The complete audited consolidated annual financial statements are also available online at **www.imperial.co.za**.	Imperial is listed on the JSE Limited under share code IPL. JSE Listings Requirements. South African Companies Act, 2008. International Integrated Annual Reporting Council's Integrated Annual Reporting Framework (IR Framework). King III Report on Corporate Governance (King III). International Financial Reporting Standards (IFRS). SAICA Financial Reporting Guides.	Audit committee reviewed and recommended the reports for board approval. Deloitte & Touche issued an unmodified audit opinion on the summarised and consolidated annual financial statements for the year ended 30 June 2015. Board review and approval. Any forecast financial information in this report has not been reviewed or reported on by the auditors.	**FOR MORE INFORMATION** refers readers to related information in the Integrated Annual Report.
	Our Sustainable Development Report, available online at **www.imperial.co.za**, complements our Integrated Annual Report by expanding on our approach to sustainable development and our performance in this regard, in a way which can be accessed and used by a broad stakeholder audience. A response table to the relevant GRI G4 indicators is available at **www.imperial.co.za**. 	The group is a constituent of the JSE Socially Responsible Investment (SRI) Index. G4 guidelines of the Global Reporting Initiative (GRI) on a core basis.	Social, ethics and sustainability committee reviewed and recommended the report for board approval. A readiness assessment was conducted by Deloitte & Touche to assess key non-financial data collection processes and accuracy of key indicators. Limited assurance has been obtained for 2015 from Deloitte & Touche on the group's electricity usage, Scope 2 emissions and road fatalities. The limited assurance report is available online at **www.imperial.co.za**.	**imperial.co.za** refers readers to supplementary information on our website.
	Stakeholders may access the group's interim and annual financial results announcements and presentations online at **www.imperial.co.za/inv-annuals.php**			

ABOUT OUR INTEGRATED ANNUAL REPORT

We are pleased to present Imperial Holding's Integrated Annual Report for the year ended 30 June 2015.

The Integrated Annual Report corresponds to a period in which leadership redefined the group's business model and clarified the group and divisional strategies to deliver capability-based growth and focused value creation to its stakeholders, in a challenging operating environment. This is reflected in the changes made to the Integrated Annual Report, particularly in respect of the integrated annual reporting principles of materiality, connectivity and conciseness. We understand that our reputation as a business will be enhanced by a balanced approach to reporting and we have striven to be objective and transparent in compiling our Integrated Annual Report.

It is our intention to continually improve our reporting to stakeholders, in providing the assessments by leadership that stakeholders require to evaluate the group's ability to create value over time. This is especially important in challenging the current investment thesis that Imperial's performance and prospects are far more influenced by external factors than the actions of leadership. We have taken into account feedback from management across the group, providers of capital through an investor perception study that was undertaken during the year, and evaluations of our 2014 Integrated Annual Report by Deloitte & Touche and EY in making improvements to our 2015 Integrated Annual Report.

Although we have not explicitly adopted the six capitals categorisation, which form part of the IR Framework's fundamental concept of value creation, they are in evidence throughout the Integrated Annual Report; particularly in our business model on page 8, our group strategic thrusts on pages 12 to 19, our key relationships on page 22, and in the performance assessments that group and divisional management provide in the balance of the Integrated Annual Report.

Scope and boundary

The Integrated Annual Report covers the group's subsidiaries over which it has operational control, including those outside South Africa. Leased facilities are treated as group-owned for reporting purposes. It excludes businesses that have been sold or discontinued, but includes businesses that are held for sale – specifically Regent Group, which is classified as a discontinued operation in the financial statements. Entities that are not operationally controlled, including assets that are owned but not operated by the group, are not included in the scope of the Integrated Annual Report. Although our operations have undergone expansion and reorganisation during the year, the size, structure, ownership and products and services offered are not materially different to those covered in our 2014 report.

Materiality determination

For the purposes of providing stakeholders with focused and concise reporting on strategy, performance and prospects, we have identified five material issues for the business, which are considered critical to the group's ability to deliver capability-based growth and focused value creation for its stakeholders. These material issues provide the key themes for our Integrated and Sustainable Development reports.

GROUP MATERIAL ISSUES

1. Driving focused growth
2. Accessing and allocating capital to achieve risk-adjusted return on invested capital (ROIC)
3. Reducing our exposure to currency risk
4. Staffing for performance and succession
5. Enhancing societal impact and legitimacy among all stakeholders

Management identified these material issues through an assessment of key risks, divisional workshops and discussions with senior and key relationship managers within the group. Whereas the Integrated Annual Report covers all of these group material issues, and each division emphasises those issues that are critical to their respective operating contexts and strategies, further detail on the themes that relate most closely to sustainable development is provided in the Sustainable Development Report.

A snapshot of each material issue, how the group is responding to it and where stakeholders can find further information in both the Integrated Annual Report and the Sustainable Development Report, is provided on page 28.

Integrated thinking at Imperial

As an employer, supplier, client, taxpayer and investment, Imperial ranks among South Africa's larger companies, with a direct or indirect impact on tens of thousands of lives in our operations around the world. We are mindful that the effects of our commercial activities on broader society are potentially significant and as fiduciaries we strive at all times to exercise due care in our dealings with stakeholders. We do so in an era when the legitimacy of business is at an all-time low and the creation of shareholder value is a necessary but insufficient condition for sustainability. We therefore subscribe to the view that corporate sustainability is founded on accountability for decisions that impact people, planet and profits in the long term.

We know that the foundation of our performance and progress is the provision of competitively priced products and services of high quality, conducted within all laws and regulations, and to high ethical standards. But there are additional responsibilities attached to a corporation of Imperial's size and reach. Among the most important of these is the demonstration of our societal relevance, not through redistribution as a charitable donor, but in the businesses we operate.

Management is committed to deepening its understanding of the concept of shared value creation – creating concurrent economic and societal value by identifying viable new business activities that address societal needs – and adopting it in the way Imperial does business. A formal economic impact and stakeholder study is underway to form a clearer picture of how Imperial affects our direct and indirect stakeholders. We anticipate that this analysis will not only inform the social and environmental initiatives we undertake in future and support improved reporting and communication to all stakeholders, but will also help, over time, to embed long-term integrated thinking and decision-making that serves shared value creation within the group.

Approval

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

On behalf of the board:

THULANI GCABASHE
CHAIRMAN

MARK J LAMBERTI
CHIEF EXECUTIVE OFFICER

17 September 2015

Feedback

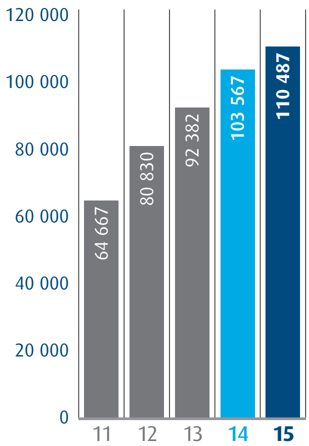
We welcome feedback from our stakeholders to improve our reporting. Any questions relating to our Integrated Annual Report can be directed to:

Esha Mansingh: Investor relations manager – emansingh@ih.co.za

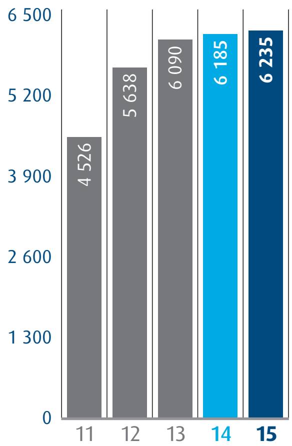
OUR PERFORMANCE

2015 FINANCIAL HIGHLIGHTS

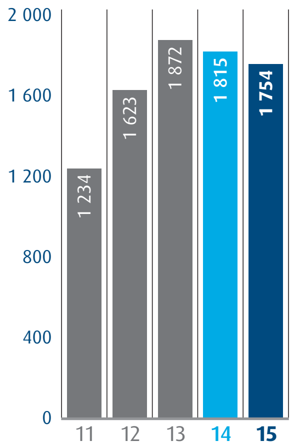
REVENUE
(R MILLION)



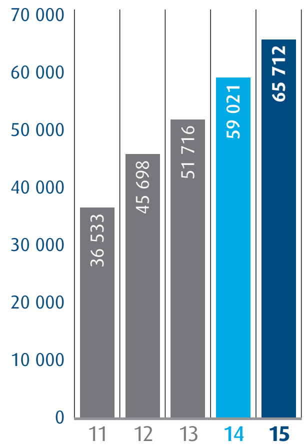
OPERATING PROFIT
(R MILLION)



CORE EARNINGS PER SHARE
(CENTS)



TOTAL ASSETS
(R MILLION)



REVENUE
7% TO
R110,5 BILLION
(37% foreign)

OPERATING PROFIT
1% TO
R6,2 BILLION
(32% foreign)

HEPS
1 624 CENTS
PER SHARE

CORE EPS
3%
1 754 CENTS
PER SHARE

EPS
6%
1 582 CENTS
PER SHARE

- **22%** LOGISTICS AFRICA
- **17%** LOGISTICS INTERNATIONAL
- **24%** VEHICLE IMPORT, DISTRIBUTION AND DEALERSHIPS
- **33%** VEHICLE RETAIL, RENTAL AND AFTERMARKET PARTS
- **4%** FINANCIAL SERVICES

- **21%** LOGISTICS AFRICA
- **18%** LOGISTICS INTERNATIONAL
- **25%** VEHICLE IMPORT, DISTRIBUTION AND DEALERSHIPS
- **32%** VEHICLE RETAIL, RENTAL AND AFTERMARKET PARTS
- **4%** FINANCIAL SERVICES

2015 SUSTAINABILITY HIGHLIGHTS

ENVIRONMENT

TOTAL SCOPE 1 AND 2 EMISSIONS:

1,106 MILLION

TONNES CO_2

SAFETY

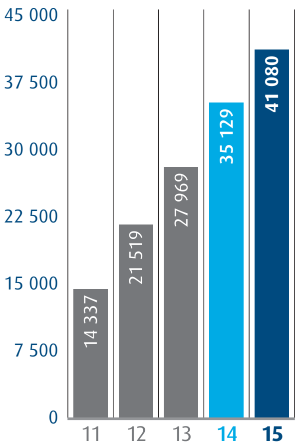
746 MILLION
KILOMETRES TRAVELLED

0,138
INJURIES PER MILLION KILOMETRES

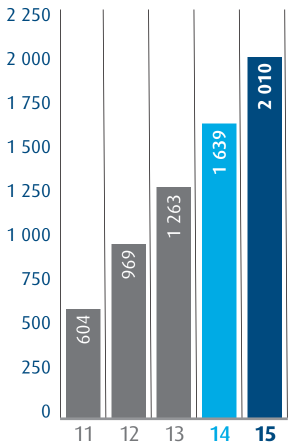
0,693
ACCIDENTS PER MILLION KILOMETRES

0,008
FATALITIES PER MILLION KILOMETRES

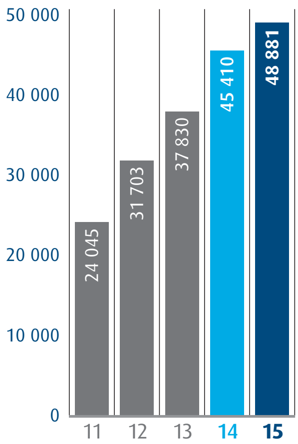
REVENUE FOREIGN BUSINESS (R MILLION)



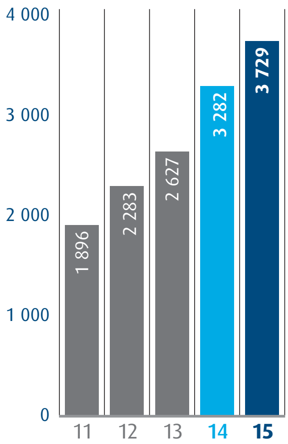
OPERATING PROFIT FOREIGN BUSINESS (R MILLION)



REVENUE NON-VEHICLE BUSINESSES (R MILLION)



OPERATING PROFIT NON-VEHICLE BUSINESSES (R MILLION)



FREE CASH FLOW
111% TO
R4,5 billion

RETURN ON INVESTED CAPITAL
12%

WEIGHTED AVERAGE COST OF CAPITAL
9%

RETURN ON EQUITY
17%

FINAL CASH DIVIDEND
6% TO
445 CENTS
PER SHARE

- **25%** LOGISTICS AFRICA
- **15%** LOGISTICS INTERNATIONAL
- **15%** VEHICLE IMPORT, DISTRIBUTION AND DEALERSHIPS
- **26%** VEHICLE RETAIL, RENTAL AND AFTERMARKET PARTS
- **19%** FINANCIAL SERVICES

- **20%** LOGISTICS AFRICA
- **15%** LOGISTICS INTERNATIONAL
- **24%** VEHICLE IMPORT, DISTRIBUTION AND DEALERSHIPS
- **24%** VEHICLE RETAIL, RENTAL AND AFTERMARKET PARTS
- **17%** FINANCIAL SERVICES

- **14%** VEHICLE IMPORT, DISTRIBUTION AND DEALERSHIPS
- **25%** VEHICLE RETAIL, RENTAL AND AFTERMARKET PARTS
- **43%** LOGISTICS AFRICA
- **16%** LOGISTICS INTERNATIONAL
- **2%** FINANCIAL SERVICES

- **42%** CONTRIBUTION TO UKHAMBA DEVELOPMENT TRUST
- **13%** CONTRIBUTION TO I-PLEDGE
- **45%** OTHER

TRAINING

TRAINING SPEND:
R295 MILLION

TRAINING SPEND PER EMPLOYEE:
R5 753

TRAINING HOURS:
827 000

TRAINING HOURS PER EMPLOYEE:
16

OUR **BUSINESS** MODEL

The Imperial Group, unlike a conglomerate, operates in two specifically chosen areas of mobility. The group leverages its leadership in its logistics and vehicles value chains to achieve capability-based growth and focused value creation for all stakeholders.

Driving parenting advantage

To ensure its sustainability in an environment of profound structural and systemic change, we are refocusing Imperial Holdings' role as parent. Retaining the energy of its entrepreneurial origins and its well-developed capital management capability, Imperial Holdings' role now extends to greater value-adding intervention in its subsidiaries. This is aimed at maximising management's influence over the growth, returns and sustainability of the group, and minimising the correlation between external drivers and the group's valuation.

Parent role definition

SHAPE THE GROUP'S PORTFOLIO TO ACHIEVE FOCUSED GROWTH

> Deliberately shape the portfolio within our two major areas of mobility, to achieve targeted returns on invested capital and executive effort.
> Acquire, merge, integrate and drive the profitability of businesses that are strategically aligned.
> Dispose of non-core, strategically misaligned and under-performing businesses.

RAISE, ALLOCATE AND CONTROL CAPITAL FOR VALUE ACCRETION

> Access debt funding at competitive rates and value-accretive equity funding as appropriate.
> Evaluate existing businesses, and our investments in organic and acquisitive growth, according to targeted risk-adjusted returns.
> Lower capital intensity and control working capital within planned limits.

ENSURE STRATEGIC CLARITY AT SUBSIDIARY LEVEL

> Guide and approve subsidiary business strategies, ensuring competitiveness in their chosen markets over the medium to long term.
> Ensure each business has considered and will meet the reasonable expectations of its key stakeholders over time.

DEVELOP EXECUTIVE CAPABILITY FOR PERFORMANCE AND SUSTAINABILITY

> Identify, select, develop and reward exceptional executive leaders.
> Implement structures to ensure that leadership becomes a major determinant of strategic progress and sustainable performance.
> Inculcate a high-performance culture that balances entrepreneurial creativity with the best professional management practices.

Enabling focused value creation

As the arbiter and controller of standards, Imperial Holdings develops the appropriate policies, approval frameworks and related oversight processes. It also actively manages those resources and relationships pivotal to sustaining focused value creation for all stakeholders. A balance is struck between maintaining a lean and effective corporate centre, and one sufficiently resourced to direct, govern and capacitate the divisions to deliver focused growth and risk-adjusted returns.

Funding and returns

> Imperial Holdings has well-developed structures and processes in place to ensure disciplined capital allocation and effective balance sheet management.
> Relationships with debt and equity providers, including minority and black economic empowerment (BEE) shareholders, and the broader investment community are managed by Imperial Holdings.

People and culture

> Human resources (HR) is moving from a transactional to a transformational focus, to harness the energy and potential of the group's people.
> A talent management framework and the related architecture is being implemented to drive the performance, succession and transformation of the group's executive and senior management.

Empowering market-leading divisions

The group's businesses have strong market positions and operate under five divisions, based on different strategic drivers. This structure supports the identification of opportunities to capture growth, margin and synergies within and adjacent to the logistics and automotive value chains. These opportunities are defined by the industry structure and our functional capabilities, client relationships, scale and assets at divisional level, rather than a predisposition to any specific geographies. Divisional management are empowered to execute within clearly defined strategic and authority limits, and expected professional management practices.

Two major areas of mobility

LOGISTICS

CONSUMER AND INDUSTRIAL FOCUS

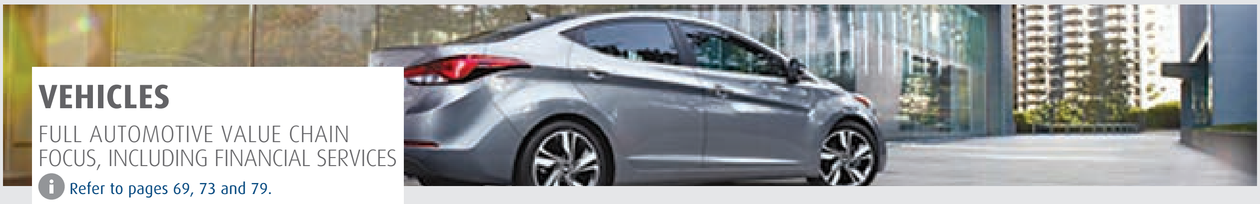
Refer to pages 58 and 64 for full divisional value chain.

AFRICA

Leading logistics provider across the entire supply chain in South Africa, and distributor of consumer goods and pharmaceuticals in East, West and Southern Africa.

INTERNATIONAL

Occupies leading positions in niche segments of the supply chain, specifically related to contract logistics, mainly in Europe.



VEHICLES

FULL AUTOMOTIVE VALUE CHAIN FOCUS, INCLUDING FINANCIAL SERVICES

Refer to pages 69, 73 and 79.

IMPORT, DISTRIBUTION AND DEALERSHIPS

Exclusive importer and distributor of 16 automotive and industrial brands, covering virtually all segments of the value chain. Vehicles are retailed through 126 owned dealerships in South Africa, six in Australia, and eight in sub-Saharan Africa.

RETAIL, RENTAL AND AFTER-MARKET PARTS

Represents 16 passenger and 12 commercial vehicle brands and operates the largest network of franchised dealerships in South Africa. Retails commercial vehicles in the UK. Operates two car rental brands. Distributes parts and accessories.

VEHICLE-RELATED FINANCIAL PRODUCTS AND SERVICES

Develops and distributes innovative vehicle-related financial products and services through dealer and vehicle finance channels, and a national call centre.

Technology and innovation

- Imperial Holdings ensures the appropriate IT expertise at divisional and business level, to enable effective investment in IT systems that meet business needs, drive operating efficiency and differentiate our products and services for clients.
- Imperial Holdings sets the necessary governance and control framework to regulate IT investments.

Stakeholders and reputation

- Imperial Holdings is developing a more consolidated, research-based approach to stakeholder management.
- The intent is to integrate stakeholder priorities and expectations more effectively into decision-making, thereby enhancing societal relevance and legitimacy.

Governance and risk management

- A commitment to superior governance, transparency, disclosure and communication underpins the group's business model.
- As part of refocusing the group's role, legal entities, key management structures and systems, and governance processes are being reviewed to simplify the organisation and reduce costs.

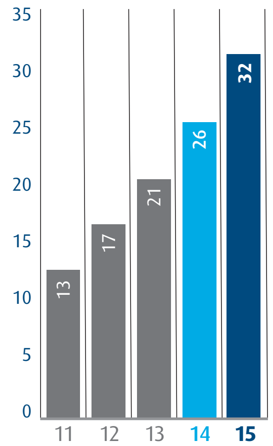
OUR OPERATING CONTEXT

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

External factors, both positive and negative, have had a major impact on the group's performance and hence its valuation in the past six years. The main reasons for this are:

> The sensitivity of the Vehicle Import, Distribution and Dealerships division to movements in the rand exchange rate in relation to the major currencies in which its vehicle imports are denominated; and its cyclical exposure to new vehicle sales in its major area of operation, South Africa.

FOREIGN BUSINESS OPERATING PROFIT AS A PERCENTAGE OF GROUP (%)

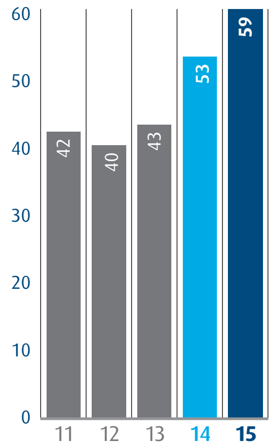


> The relative size of the group's domestic businesses, which in 2015 equated to 63% and 68% of revenue and operating profit respectively, makes the group susceptible to the deterioration in the South African macro-economic and socio-political environment.

To address these factors, the group's strategy has focused on diversifying its income streams.

The group has penetrated the vehicle value chain to create defensive annuity income that is less cyclical, specifically from vehicle-related financial services. Furthermore, it has employed the cash flows generated by its vehicle businesses to grow the logistics operations in higher-growth economies in the rest of Africa and outside the continent, predominantly in Europe.

NON-VEHICLE BUSINESSES OPERATING PROFIT AS A PERCENTAGE OF GROUP (%)



The group's performance has also been adversely affected by:

> The low commodity price cycle, which constrains activity in the consumer and industrial markets we operate in and increases the cost sensitivity of our clients;

> The threat of terrorism destabilising the group's key African markets, specifically Kenya and Nigeria; and

> A slower than expected economic recovery in the Eurozone.

Although the contribution of the non-South African businesses has grown steadily, it has not been sufficient to shield the group from the economic headwinds in South Africa in the last few years and, specifically, the dramatic margin contraction in the Vehicle Import, Distribution and Dealerships division, due mainly to the weakening rand.

The **South African operating context** has been characterised by mounting socio-political challenges, which have compounded the poor performance of the domestic economy. Negative factors have included low and slowing economic growth, a volatile and steadily depreciating currency, high and rising unemployment, excessive consumer debt, violent social and labour unrest, an increasing regulatory burden, a scarcity of skills, high rates of crime and corruption, and electricity shortages. The pressure on consumers, and the impediments to the business environment and the flow of direct foreign investment, have seen consumer and business confidence at 10- and 15-year lows, and have resulted in downgrades to the country's sovereign debt ratings.

The group's **non-South African operations** have operated in varying external circumstances. In most sub-Saharan Africa countries improving gross domestic product, urbanisation and increasing consumption off a low base have contributed to higher rates of growth relative to South Africa, which is expected to continue over the medium to long term. Currently, however, this potential is being dampened in Nigeria and Kenya by violent political activism and terrorism. Europe and the United Kingdom have continued to recover from a stubborn recession, but at a sluggish pace. Business-specific rather than external factors have determined the progress of the group's operations in South America, Australia and the United States, which remain small.

OUR STRATEGY

Imperial's strategy seeks to drive capability-based growth and focused value creation through greater strategic clarity and financial discipline at group and divisional level.

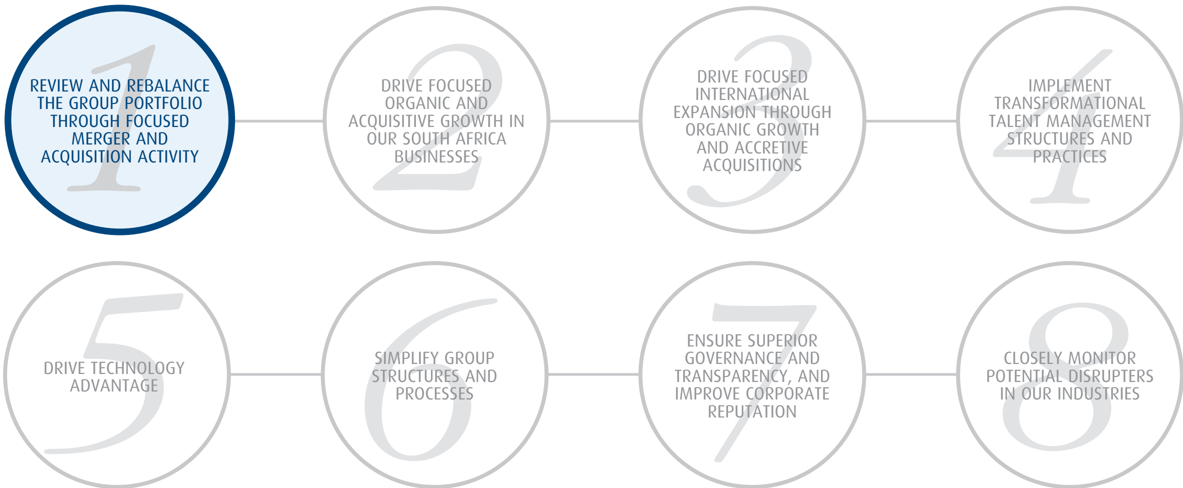
In this regard, return on invested capital (ROIC) > weighted average cost of capital (WACC) + risk-adjusted premium has been set as the overarching target for evaluating the group's portfolio of businesses, and allocating capital to the group's organic and acquisitive growth strategy. In setting the target, management aims to improve the group's return on capital, as the key indicator of shareholder value creation, while acknowledging that any erosion of shareholder value will over time undermine the group's ability to meet the needs of all its stakeholders.

The key themes informing the strategy are:

- The group will leverage its capabilities, client relationships, scale and assets to drive aggressive organic growth.
- Larger "transformational" acquisitions, and bolt-on acquisitions, will be considered to deepen the group's penetration within or in areas adjacent to its vehicles and logistics value chains, and to achieve niche domination or scale relevance outside South Africa.
- The South African logistics market is largely saturated with limited growth opportunities, specifically for acquisitions which are constrained by the group's large market shares. The focus here will therefore be mainly on organic growth.
- The logistics business in the rest of Africa is considered to be the key driver of Imperial's asset-light growth strategy, given the generally positive macro-economic outlook and the degree of fragmentation in logistics markets across the continent. The aim is for these operations to equal the contribution of the South African logistics operations by 2020.
- Similarly, the group will pursue asset-light organic and acquisitive growth opportunities in Europe and other regions where we can apply our capabilities and client relationships.
- Notwithstanding the impact of challenging macro-economic factors on our Vehicle Import, Distribution and Dealerships division, both our vehicle businesses in South Africa will remain a solid source of operating cash flows that will increase with any upturn in the macro-economic cycle.
- Given these considerations, further diversification of revenue and profit streams through the rebalancing of the group's portfolio is an imperative.

Page 43 For a discussion on the group's strategy in relation to its material issues, refer to the CEO's report.

Our strategic thrusts



The major initiatives that will drive our strategic progress are encapsulated in eight strategic thrusts, which provide a precisely worded set of objectives and guidelines against which management can act and report to the board.

STRATEGIC THRUST

1 REVIEW AND REBALANCE THE GROUP PORTFOLIO THROUGH FOCUSED MERGER AND ACQUISITION ACTIVITY

INTENT AND OBJECTIVES:

Release capital, and sharpen executive focus and return on effort, by disposing of businesses that are non-core, strategically misaligned, underperforming or provide a low return on effort.

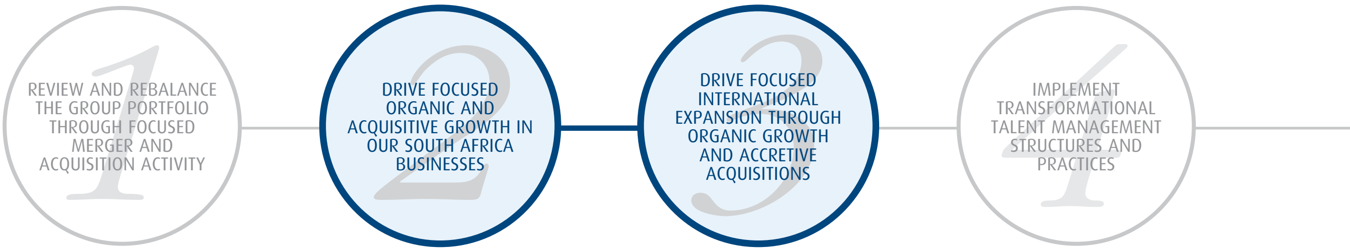
Identify, assess and close strategically aligned and bolt-on acquisitions.

PERFORMANCE AGAINST STRATEGIC THRUST:

- Effective 9 July 2014, the Logistics Africa division acquired 62,5% of the issued share capital of Pharmed, a pharmaceutical wholesaler in South Africa, for a cash consideration of R148 million. Pharmed generates turnover of R612 million.
- Effective 1 September 2014, the Logistics Africa division acquired a 70% interest in Imres, a wholesaler of pharmaceutical and medical supplies, for a cash consideration of R647 million (€46 million). Headquartered in Lelystad in the Netherlands with a facility in India, Imres has annual revenues of approximately R1,2 billion (€88 million).
- Effective 1 September 2014, the Vehicle Retail, Rental and Aftermarket Parts division acquired 100% of the issued share capital of S&B Commercials plc for a cash consideration of R167 million (£9 million). S&B Commercials plc is a Mercedes-Benz (commercial and van) and Fuso dealer in the UK with annual turnover of approximately R1,7 billion (£96 million).
- The proposed sale of Imperial`s interest in Regent to The Hollard Insurance Group is the first major disposal of a non-core business.

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 vehicles and logistics businesses and enjoy no strategic, competitive or financial advantage from Imperial's ownership. Therefore, and consistent with its espoused strategy to invest in its core capabilities, Imperial has decided to dispose of the business and insurance licenses of Regent. As motor-related financial services remain core to the group's strategy, the transaction will be structured to allow the group to retain access to the income flows generated by the distribution of vehicle-related insurance and value-added products through the group's dealership network with the use of cell captives.

Since the issuing of the last cautionary renewal, the due diligence is progressing positively and the parties have agreed to extend the initial three-month exclusivity period to the end of September when shareholders will be advised of developments.



STRATEGIC THRUST

2 DRIVE FOCUSED ORGANIC AND ACQUISITIVE GROWTH IN OUR SOUTH AFRICA BUSINESSES

INTENT AND OBJECTIVES:

Leverage the strategic positioning and competitive advantage of South African businesses, to drive organic growth at targeted margins and ROIC, through:

- Defensible competitive value propositions for clients;
- Operational excellence; and
- Deployment of replenishment capital no greater than current depreciation.

More specifically, within the two value chains, the following objectives will be pursued:

- **Logistics:** market aggressively for organic growth of revenue and profit throughout the entire logistics value chain by:
  - Achieving niche differentiation or scale; and
  - Driving competitive advantage through efficiency initiatives that lower costs and reduce the environmental footprint of operations, which is of increasing importance to clients.
- **Vehicles:** maximise all revenue and profit opportunities throughout the value chain by:
  - Securing market shares of certain imported passenger and commercial brands, with strong support from dedicated and multi-franchise dealerships in the Vehicle Import, Distribution and Dealerships division;
  - Focusing on becoming dealers of choice for OEMs and principals, and providers of value and service excellence for clients in the Vehicle Retail, Rental and Aftermarket Parts division; and
  - Building on Imperial's vehicle range, dealership network and expertise to create an integrated vehicle-related financial services proposition that engenders the loyalty of the South African motoring public.

Any opportunities for acquisitive growth will be focused on deepening penetration into the logistics or vehicles value chains, with the acquired assets having inherent potential for revenue and profit growth, and integrated rapidly into existing structures.

PERFORMANCE AGAINST STRATEGIC THRUST:

- **Logistics Africa**
  - Continues to drive organic growth through client retention and new client engagement, and expanding further in its existing client base.
  - The acquisition of Pharmed during the year augments Imperial Health Sciences in support of Imperial's strategy to integrate pharmaceutical wholesaling and distribution into its service offering. Based in Durban and Johannesburg, South Africa, it purchases product from pharmaceutical companies, and warehouses, distributes and sells to hospitals, private pharmacies and dispensing doctors.
- **Vehicle Import, Distribution and Dealerships**
  - Progressing plans to deepen the client value proposition, and expand the dealer network to increase market share of major vehicle brands.
- **Vehicle Retail, Rental and Aftermarket Parts**
  - Progressing plans to acquire selected dealerships to maintain strong market share.
- **Financial Services**
  - Progressing plans to defend and grow market share by differentiating its services in the market and strengthening its direct sales capability, as well as developing innovative customer-orientated products.

Pages 56 to 81 For more information on specific plans at divisional level to answer this strategic thrust, refer to the divisional reviews

5 DRIVE TECHNOLOGY ADVANTAGE

6 SIMPLIFY GROUP STRUCTURES AND PROCESSES

7 ENSURE SUPERIOR GOVERNANCE AND TRANSPARENCY, AND IMPROVE CORPORATE REPUTATION

8 CLOSELY MONITOR POTENTIAL DISRUPTERS IN OUR INDUSTRIES

STRATEGIC THRUST

3 DRIVE FOCUSED INTERNATIONAL EXPANSION THROUGH ORGANIC GROWTH AND ACCRETIVE ACQUISITIONS

INTENT AND OBJECTIVES:

Optimise current assets and capabilities to drive organic growth of existing non-South African businesses to increase market share, achieve targeted margins, and business- and country-specific risk-adjusted ROIC, through:

> Competitive value propositions for clients;
> Operational excellence;
> Exploiting all opportunities for expense reduction and productivity improvements; and
> Optimising working capital and capital structure for growth and ROIC.

More specifically, within the value chains, the following objectives will be pursued:

> **Logistics:** increase utilisation of capability and capacity by distributing more products for more principals in the rest of Africa; and optimise niche domination and scale throughout the logistics supply chain in International Logistics, while seeking to diversify away from maturing industries by deploying capabilities into new industries and sectors.

> **Vehicles:** establish viable footprints in motor distribution and vehicle-related financial services in targeted markets outside South Africa.

In terms of acquisitive growth, the objectives include:

> Targeting asset-light acquisitions of FMCG, pharmaceutical and vehicle distribution businesses in Southern, West or East Africa.
> Identifying and concluding acquisitions outside Africa based on each division's capabilities and adjacent growth opportunities.

PERFORMANCE AGAINST STRATEGIC THRUST:

> **Logistics Africa (outside South Africa)**
- The controlling interest acquired in Imres adds sourcing and procurement capabilities to the division's offering, with the potential to leverage off Imperial's existing network and capabilities on the African continent. It operates in the international medical relief industry, targeting mainly African and emerging countries with developing healthcare markets, as a wholesaler of pharmaceutical and medical supplies to its client base, which includes NGOs, hospitals and retailers. Imres plays a key role in the supply chain to end users and its service offering includes sourcing, inbound logistics, supplier audits, quality control, warehousing, distribution and transport coordination. Its product portfolio includes pharmaceuticals, medical kits, hospital equipment and related medical products.

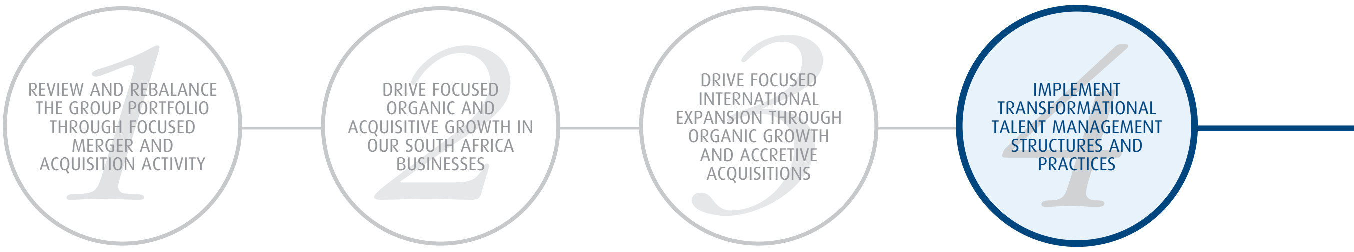
> **Logistics International**
- The division is driving its strategy for organic growth through a restructuring that presents "one face to the client" for all of its businesses in Germany and key strategic hubs in Europe.
- Outside Europe, the division is focused on leveraging clients' internationalisation strategies by applying its existing capabilities and assets. Of note is the division's entry into the South American inland shipping market, which is performing to expectations and returning good results. The success of this initiative has demonstrated its ability to successfully transfer its core capabilities to new markets, which will continue to be a focus in the year ahead.

> **Vehicle Import, Distribution and Dealerships**
- The division is targeting distribution opportunities in the rest of Africa in right-hand drive markets that can be accessed from its South African base, including Nissan distribution in Kenya, Tanzania and Malawi. It is also exploring expansion opportunities in Australia.

> **Vehicle Retail, Rental and Aftermarket Parts**
- The division has progressed its plans to grow market share in the commercial vehicle sector in the UK through the acquisition of S&B Commercials. This acquisition has enhanced the division's dealer network by adding new territories to its Mercedes-Benz footprint while further diversifying its brand representation in the United Kingdom.

> **Financial Services**
- Opportunities are being investigated to grow into new markets outside South Africa.

Pages 56 to 81 For more information on specific plans at divisional level to answer this strategic thrust, refer to the divisional reviews.



STRATEGIC THRUST

4 IMPLEMENT TRANSFORMATIONAL TALENT MANAGEMENT STRUCTURES AND PRACTICES

INTENT AND OBJECTIVES:

Implement leading-edge talent management processes to drive performance, succession and transformation, specifically focused on the Imperial Executive Forum (the most senior leaders within the group). Specific objectives include:

> Define three- to five-year talent requirements (capabilities, growth, succession);
> Address imminent succession challenges;
> Calibrate internal talent with external stars;
> Define and invest in targeted leadership development initiatives;
> Inculcate an executive succession and developmental ethos; and
> Review compensation structures.

PERFORMANCE AGAINST STRATEGIC THRUST:

It is critical to achieve this thrust as it forms the basis for achieving the group's other strategic thrusts. Three major initiatives are underway to establish a focused platform for leadership development, and assist the divisional CEOs to implement performance-enhancing people management practices. They will also drive a shift from a culture focused on operational and financial performance, particularly over short-term time horizons, to developing increased capability for strategic thinking that sustains long-term value creation.

To be achieved over the next 18 months, these initiatives are:

> The **Imperial Executive Forum**, which brings together approximately 150 of the group's most senior leaders. It provides a forum for communication on important group issues and drives customised capability and leadership development focused on performance, succession and transformation. A key focus of the initiative includes identifying individual successors and measuring the desired leadership capabilities. To ensure it achieves its objectives, the group will invest an initial R30 million a year in the initiative.
> A robust **Talent Management Strategy and Framework** is being implemented to identify the talent that meets the group's requirements, and determine metrics to assess the three- to five-year talent pool. The focus of this initiative extends to reviewing our remuneration structures as part of defining the employee value proposition per segment. PwC has been engaged to review the group's reward and recognition philosophy and to align it to world-class practice.
> A new **HR Architecture** will be implemented to support these initiatives by providing a foundation for effective people practices and processes through:
  – Ensuring compliance with relevant people-related regulations;
  – Achieving greater alignment of people management practices across the group;
  – Enabling line managers to make better decisions that will be based on accurate, easily accessible people-related data; and
  – Empowering employees to manage their own careers across the group.

Page 44 For more information on how this strategic thrust is being addressed, refer to the CEO's report and the Sustainable Development Report online.

5 DRIVE TECHNOLOGY ADVANTAGE
6 SIMPLIFY GROUP STRUCTURES AND PROCESSES
7 ENSURE SUPERIOR GOVERNANCE AND TRANSPARENCY, AND IMPROVE CORPORATE REPUTATION
8 CLOSELY MONITOR POTENTIAL DISRUPTERS IN OUR INDUSTRIES

STRATEGIC THRUST

5 DRIVE TECHNOLOGY ADVANTAGE

INTENT AND OBJECTIVES:

Invest in technology for control, efficiency and differentiation. Establish group oversight, standards and approve divisional implementation, specifically ensuring objective assessment of chief information officer (CIO) capability in all divisions and conducting peer reviews of all technology investments greater than R20 million.

PERFORMANCE AGAINST STRATEGIC THRUST:

- The group currently has strategic IT projects being implemented in five key businesses, and will spend approximately R1 billion on technology projects in the 2015 and 2016 financial years.
- All divisions now have competent CIOs.
- An annual self-assessment questionnaire detailing the principles and guidelines of expected IT policies, processes and behaviours, which are independently verified by the Imperial IT audit function, has been implemented in all divisions.

A quarterly CIO forum, chaired by the executive of risk management, operates across all divisions to enhance the effectiveness of IT implementation, including risk management and achieving cross-functional synergies.

Pages 56 to 81 For more information on specific plans at divisional level to answer this strategic thrust, refer to the divisional reviews.

STRATEGIC THRUST

6 SIMPLIFY GROUP STRUCTURES AND PROCESSES

INTENT AND OBJECTIVES:

Improve productivity and reduce costs by eliminating complexity in organisation structures, reporting lines, legal structures, minorities, boards and accounting.

PERFORMANCE AGAINST STRATEGIC THRUST:

- The purchase of minority interests and the reduction of legal entities has commenced, together with the rationalisation of businesses into larger operating companies.
- Logistics International is restructuring its businesses according to its service offerings and implementing a new management structure, as well as enhancing the related corporate management tools and processes.
- Vehicle Import, Distribution and Dealerships is revising the structure of its constituent businesses.
- The proposed sale of Regent will reduce the complexity of the group's regulatory compliance requirements.

1 REVIEW AND REBALANCE THE GROUP PORTFOLIO THROUGH FOCUSED MERGER AND ACQUISITION ACTIVITY

2 DRIVE FOCUSED ORGANIC AND ACQUISITIVE GROWTH IN OUR SOUTH AFRICA BUSINESSES

3 DRIVE FOCUSED INTERNATIONAL EXPANSION THROUGH ORGANIC GROWTH AND ACCRETIVE ACQUISITIONS

4 IMPLEMENT TRANSFORMATIONAL TALENT MANAGEMENT STRUCTURES AND PRACTICES

STRATEGIC THRUST

7 ENSURE SUPERIOR GOVERNANCE, TRANSPARENCY AND IMPROVE CORPORATE REPUTATION

INTENT AND OBJECTIVES:

Practice superior governance, transparency, disclosure and communication to ensure credibility among all stakeholders.

The following key management structures, systems, and governance processes are being reviewed to ensure effectiveness:

- Levels of authority;
- Risk structures and processes;
- Social, ethics and sustainability structures and processes;
- Stakeholder mapping and analysis;
- The group's Guiding Principles;
- Corporate social investment initiatives;
- Industry memberships and supported organisations; and
- All group advertising.

Page 41
For more information on how this strategic thrust is being answered refer to the chairman's report.

Page 45
For more information on how this strategic thrust is being answered refer to the CEO's report.

Page 56 to 81
For the divisional reviews.

For more information refer to the Sustainable Development Report online.

PERFORMANCE AGAINST STRATEGIC THRUST:

- We are currently undertaking a detailed stakeholder survey, to understand the perceptions of key stakeholders and identify potential areas of risk in our relationships with them. We anticipate that this analysis will enable us to sharpen our approach to stakeholder engagement at all levels, further enhancing our ability to make a positive impact on society through our business activities.
- As part of its commitment to enhance its reputation as an active corporate citizen, the group continues to focus on education, road safety, healthcare and reducing its environmental impact.

  - **Education of employees' dependants,** through the Next Generation Scholarships programme which was established in 2015. The programme awards scholarships for the second year of tertiary study onwards, to the children of employees with at least five years' service and whose total compensation is less than R600 000 a year. The awards made in 2015 will enable 57 students to fund their degrees, subject to them passing all subsequent years of required study.
  - **Education, through the Imperial and Ukhamba Community Development Trust**, which supports learning by providing libraries and training assistant librarians to achieve the improvement of literacy and numeracy outcomes at underprivileged Gauteng schools. At the end of 2015, 16 Imperial and Ukhamba libraries had been established with a further 10 planned for the next two years, with a staff complement of about 90. The initiative touches the lives of some 20 000 learners.
  - **Road safety, through national road safety initiatives**, undertaken in partnership with national and provincial government. By the end of June 2015, scholar patrol programmes had been implemented in 660 schools nationwide, reaching over a quarter of a million learners, and more than 5 013 car seats had been collected in partnership with Wheel Well and redistributed to needy families. Through the I-Pledge campaign, over 584 900 South Africans have pledged their commitment to follow road safety rules in South Africa. The group spent approximately R3,6 million on these initiatives in 2015.
  - **Healthcare provision through the Unjani Clinics**, operated by the Africa Logistics business. The clinics provide affordable primary healthcare services to over 32 000 patients annually through a low-cost, sustainable model which creates community employment and empowers owner-operators based in communities. During the financial year, ten clinics were opened bringing the total to 16 and resulting in the creation of an additional 23 jobs. During 2015, R15 million was invested in Unjani, and similar funding has been committed for the 2016 and 2017 financial years.
  - **Reducing the group's fuel consumption**, to around 257 million litres of road fuel over a distance of over 747 million kilometres, a decrease of 1% on the previous year. In 2015 the group recorded a 2% increase in emissions from 2014, with 82% of our Scope 1 emissions resulting from fuel usage and 18% from Scope 2 emissions.
  - **Numerous ongoing initiatives are focused on reducing environmental impact** in electricity and water consumption and waste management at divisional level. Due to the scale of our business and the numerous facilities we manage, this is an important way of ensuring that we reduce our collective impact on the environment. During the year, the group's businesses reduced electricity costs by 2% to under R334 million.
  - **Community-based environmental projects**, focused mainly on waste management.

STRATEGIC THRUST

8 CLOSELY MONITOR POTENTIAL DISRUPTERS IN OUR INDUSTRIES

INTENT AND OBJECTIVES:

Actively monitor the competitive, financial, technological and regulatory developments that could disrupt, threaten or impede the progress of Imperial.

PERFORMANCE AGAINST STRATEGIC THRUST:

The following developments are being monitored given their potential impact on the group's businesses:

- As the largest user of fuel in South Africa, the proposed carbon tax regime for South Africa and the conversion to Euro 6 fuel specifications.
- The shift in logistics from a supply chain orientation (all activities related to sourcing, producing and delivering a final product) to an integrated value chain orientation (integration and enhancement of all internal and external processes to increase the perceived value of a product or service to end users), which will require increasingly specialised and sophisticated skills and information systems.
- The shift in consumer requirements to cheaper, more fuel efficient and technologically enabled vehicles and a digitally enabled buying experience.
- The availability of technical and management skills, particularly as we grow our African operations, which may require the development of an expatriate policy to support greater mobility of people across the group.
- The exponential rate of change in business and social systems with the increasing convergence of information and communications technology e.g. customers investigating and choosing our buying options online.

OUR KEY RISKS

RISK	CONTEXT	RESPONSE
SOUTH AFRICAN CURRENCY WEAKNESS IMPACT ON DIRECT IMPORTS OF NEW VEHICLES	The weakening of the rand severely affects the pricing of new vehicles, and therefore the competitiveness and performance of the Vehicle Import, Distribution and Dealerships division, which continues to contribute a large portion of the group's revenue and profits.	> Specific actions to ameliorate the impact on the Vehicle Import, Distribution and Dealerships division include: – An established hedging policy; – Regular reviews by the assets and liabilities committee (ALCO). > Manage the platform for forex hedging and assist with hedging strategies and review hedging instruments. > Diversify the group's portfolio of businesses and geographical presence over time.
SLOW GROWTH IN SOUTH AFRICA AND EUROPE	In South Africa, unemployment and social unrest continues to impede economic growth, limiting growth in our local businesses in both the logistics and vehicles value chains. In Europe, the subdued rate of economic recovery is limiting the growth of our businesses in this region.	> Ongoing focus on financial discipline and operational efficiencies. > Focus on niche products and services within our current offerings. > Ensuring agility in our operating model. > Active monitoring of costs and margins. > Clear strategies for organic and acquisitive growth. > Diversification across sectors and geographies.
SUCCESSION AND TALENT MANAGEMENT	As a major determinant of our success, the attraction and retention of professional, qualified and competent leaders is imperative. The retirement of key senior management within the next three years has elevated the importance of succession planning, requiring that we identify critical positions and individuals to ensure continuity. More broadly, the limited pool of qualified skills in South Africa, and the impact of an ageing population in both our South African and European businesses, are challenges in accessing the talent we need to resource our strategy.	> Succession is a key focus of specific group HR initiatives underway. > A key focus of the Imperial Executive Forum includes identifying individual successors and measuring the desired leadership capabilities. > Key talent at top management level is being evaluated and a top talent database is being developed. > A coordinated talent management strategy and related HR architecture is being implemented, which will also address transformation requirements. > The talent management strategy takes the group's strategic intent to expand geographically into account.
CREDIT EXTENSION AND CLIENT AFFORDABILITY IN THE RETAIL MARKETS	The growth in our vehicles businesses (including vehicle-related financial services) is dependent on the ability of customers to access credit and the appetite of banks to lend. The indebtedness of the South African consumer is therefore a cause for concern.	> Market assessment of client affordability. > Monitoring of bank appetite to extend credit. > Building alliances with more than one bank. > Growing annuity revenue streams.
THIRD-PARTY DEPENDENCE AND RELIANCE	We are dependent on our relationships with OEMs in our vehicles businesses, and must comply with the agreements we have with them. In our logistics businesses we manage a complex network of suppliers, including sub-contractors, on whom we rely to deliver superior service to our clients.	> Proactive relationship and contract management with key suppliers and clients. > Formalised and proactive management of service and product level expectations. > Supplier development, including training and financial support, to ensure the quality and cost of products and services. > Monitoring suppliers for compliance with the group's ethical standards. > Ongoing oversight and monitoring of contract renewals and negotiations.

RISK	CONTEXT	RESPONSE
ACQUISITION AND BUSINESS INTEGRATION OF NEW COMPANIES	As the group's acquisition strategy gathers momentum, there is a risk of entering markets that are not well understood. Also, the group may need to rely on outside partners in this respect.	> Clearly defined expansion areas have been identified. > Strong group mandate relating to investments in place. > Regular review of acquisition risks and criteria at executive level. > Formal post-acquisition reviews process.
LABOUR RELATIONS	Increasing labour disruptions and unprotected strikes are having an adverse effect on our businesses and customers, and impact our cost base.	> Active participation in industrial labour councils. > Agility and diversification of supply chain channels. > Review of operational labour plans to ensure continuity of services. > Diversification and spread of risk across industries and geographies.
FUNDING AND GEARING MANAGEMENT	The impact of an aggressive acquisition strategy, compounded by additional working capital requirements, may result in the group operating at higher gearing ratios.	> The assets and liabilities committee monitors gearing and liquidity exposures as well as credit rating guidelines. > All investment decisions in capex or acquisitions follow strict approval criteria. > Review WACC (risk adjusted) and ROIC by division on a monthly basis. > Tight working capital disciplines are practised.
INFORMATION TECHNOLOGY (IT) STRATEGY AND EXECUTION OF INFRASTRUCTURE, SYSTEMS AND APPLICATIONS	It is imperative to ensure we select the best possible IT systems to support current and future business requirements, and that we control costs and minimise disruption.	> IT strategy alignment review done per division. > Divisional project management capability within CIO office. > Board oversight and monitoring of material IT projects.
REGULATORY AND COMPLIANCE	As a multinational group, Imperial is subject to a wide range of legislation, which it monitors to ensure compliance, with approximately 200 pieces of legislation material to the group. The most material laws and regulations in South Africa that impact the group's businesses include Treating Customers Fairly, the Competition Act, the Consumer Protection Act, the Protection of Private Information Bill, the Labour Relations Act, the Employment Equity Act, the revised dti Broad-based Black Economic Empowerment (BBBEE) Codes and the regulations imposed by the Financial Services Board. Additional requirements and a new penalty regime listed in these Acts could affect our profitability and may have adverse reputational consequences in instances of non-compliance.	> The group has a legal compliance programme designed to increase awareness of, and enhance compliance with, applicable legislation. > Selected specialist areas are centralised where the compliance risk is high. > Proactive monitoring, input and operational implementation plans and frameworks are in place for emerging legislation. > Increased capability in legal and compliance units. > The transformation committee has implemented a project to review best practice employment equity recommendations. > BBBEE initiatives and targets are consistently monitored and independently verified, including scorecards at divisional level. > Improvement in BBBEE performance at a group or divisional level, as appropriate, determines 20% of the incentives paid to all South African-based group executives. > An executive has been appointed to drive and report on transformation initiatives. > Actively assessing and responding to the impact of the revised BBBEE Codes at group and divisional level.

OUR KEY RELATIONSHIPS

Our stakeholder universe is defined as entities or individuals that may be affected by the organisation's activities, products and/or services, as well as those whose actions can be expected to affect the ability of the group to successfully implement its strategies and achieve its objectives.

OWNERS

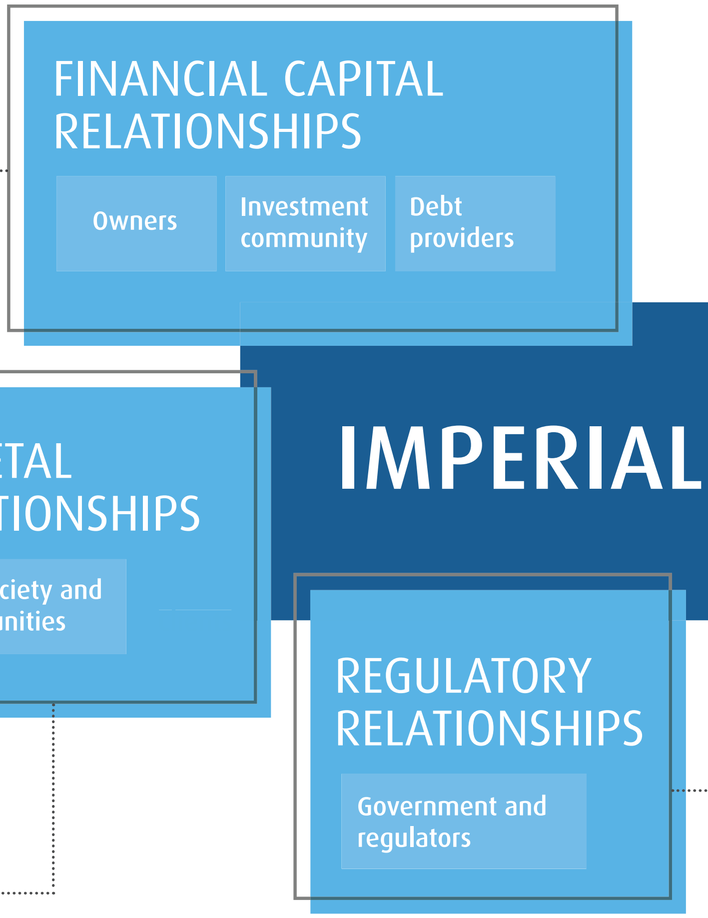
Share owners expect favourable long-term returns on their investments in our group, and have the inalienable right to exercise effective ownership over their equity. Any dilution of this right by management for any reason whatsoever will irretrievably undermine our corporate integrity, and cannot be tolerated.

INVESTMENT COMMUNITY

Research analysts facilitate an understanding of the group for our owners and prospective investors, who provide the capital we need to execute on our strategy. Collectively, the investment community supports the effective functioning of equity markets, which is essential to attracting capital at a fair price.

DEBT PROVIDERS

We work with debt providers to access debt funding at competitive rates in different jurisdictions, facilitated by our balance sheet and credit rating.



CIVIL SOCIETY AND COMMUNITIES

Our social licence to operate depends on being a good corporate citizen and maintaining constructive relationships with the communities in which we operate.

Our stakeholders include a wide range of groups and individuals, with varying levels of involvement with the business, and diverse and sometimes conflicting interests and concerns that we need to balance. In 2015, we commissioned a detailed stakeholder study, to better understand the perceptions of key stakeholders and identify potential areas of risk in our relationships with them. This study is scheduled for completion during the 2016 financial year.

BUSINESS RELATIONSHIPS

Clients | Suppliers and OEMs | Business partners

CLIENTS

Our clients' needs drive the nature of the products and services we offer and the way in which we deliver them. Strong competition in our areas of mobility and changes to our clients' operating contexts require that we strengthen our customer focus and unlock value for our clients.

SUPPLIERS AND OEMs

Our suppliers are critical to our client relationships given their role in the quality and delivery of products and services, and their adherence to our ethical standards. A number of OEMs we represent have specific criteria that cover various aspects of how we retail their product.

BUSINESS PARTNERS

Strategic partnerships, including finance partners and joint ventures, enable deeper penetration into value chains and greater reach of our products and services. BEE partners are critical to meeting our moral obligations and delivering on elements of our BEE scorecard.

HUMAN CAPITAL RELATIONSHIPS

Employees | Organised labour

EMPLOYEES

Every employee contributes skills, perspective and energy to building, maintaining and deepening the relationships with our clients and other stakeholders on which our survival depends. Together, within the framework set by Imperial, our employees determine the quality of the working environment and the group's ability to attract and retain individuals of calibre at all levels. Investment in the development of their capabilities and skills is an imperative.

ORGANISED LABOUR

Many of our employees choose union representation in exercising their rights. While we respect their choice to do so, it can never diminish our obligation to interact directly with them as individuals in a fair, open and respectful manner.

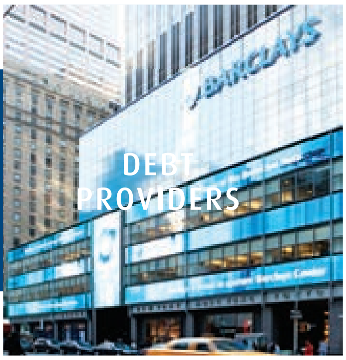
GOVERNMENT AND REGULATORS

The Imperial Group is subject to various regulations across multiple jurisdictions.

FINANCIAL CAPITAL RELATIONSHIPS

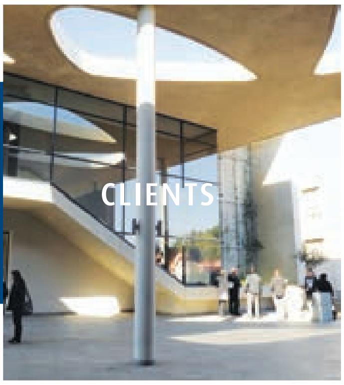
KEY ISSUES	HOW WE ARE MANAGING THESE ISSUES
Cyclicality of the Vehicle Import, Distribution and Dealerships division, linked to the volatility of the rand	Rand volatility is actively managed by diversifying the division's currency exposure and taking a longer-term view on its forward cover. The division's share of brands in the South African car parc contributes to revenue and margin growth given its participation in all aspects of the vehicles value chain, particularly in aftersales service, parts and financial services.
The potential for longer-term growth opportunities in the logistics businesses	Logistics Africa is executing on a clear strategy for driving growth, with a specific focus on higher-growth African consumer economies and expanding into adjacent offerings in South Africa. Logistics International has measures in place to drive organic growth, and an asset-light international expansion strategy.
Sustainability of margins in the group's divisions	All divisions are aiming to maintain margins through various initiatives, including driving operational excellence and cost efficiencies, and rationalising their portfolios of businesses.
Our operating context, particularly macro-economic risk in the jurisdictions in which we operate	The divisional strategies are responsive to their operating contexts and macro-economic risk.

KEY ISSUES	HOW WE ARE MANAGING THESE ISSUES
The group's strategy for portfolio development and creating shareholder value	The group's revised strategy and how it intends to increase shareholder value has been communicated to the investment community through ongoing engagements with management including results presentations, investor roadshows and an Investor Day that was held in June 2015.



KEY ISSUES	HOW WE ARE MANAGING THESE ISSUES
Rating agencies' assessments of Imperial	Ongoing engagement with rating agencies to keep them updated on operational and financial developments affecting the group.
Maintaining debt assessment metrics at acceptable levels	The assets and liabilities committee monitors key debt metrics and recommends action where required.
Ability to borrow locally and internationally	Maintaining relationships with local and international banks.

BUSINESS RELATIONSHIPS



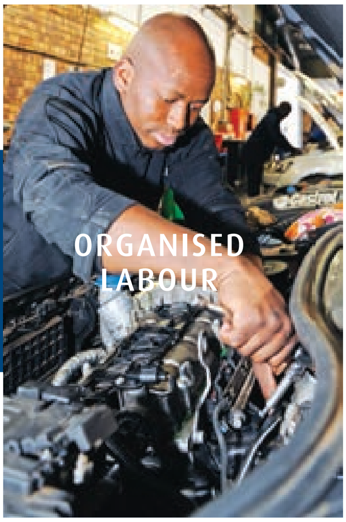
KEY ISSUES	HOW WE ARE MANAGING THESE ISSUES
Customer experience and service delivery	The vehicles businesses have various initiatives in place to improve the face-to-face and online customer experience and service, including staff training on product knowledge and engagement, dealership optimisation, feedback surveys and administrative enhancements.
	Logistics Africa focuses on reliable service delivery and driving value through supply chain integration and optimisation. Logistics International expands its logistics offering by following customers into new jurisdictions and adjacent market sectors.
	LiquidCapital's MotorHappy initiative simplifies customers' experience of its product suite.

KEY ISSUES	HOW WE ARE MANAGING THESE ISSUES
Product quality, service delivery and customer satisfaction	We regularly conduct formal assessments of product and service quality and customer satisfaction, and engage with suppliers accordingly.
Sustainability of suppliers and business continuity	We conduct supplier audits and assess the sustainability of the supply chain. In South Africa, some businesses provide supplier development and capital funding.
Ethical compliance and environmental standards	We have a supplier code of conduct in place and monitor compliance with local and international regulatory standards.

KEY ISSUES	HOW WE ARE MANAGING THESE ISSUES
Return on investment	Our procurement guidelines extend to strategic partnerships. Performance criteria include return on equity and invested capital.
Broad-based empowerment	Supporting the growth and development of our BEE partners, and improving their contribution to divisional and group scorecards, is an ongoing focus area.
Partners' ability to deliver long-term supply	We carefully develop and monitor ongoing compliance with service level agreements.
Mutual understanding of the long-term strategic intent of the group and partnerships to deliver the group's strategic plan	We communicate the group's strategic plan and requirements to partners, to optimise their input and ability to deliver.

HUMAN CAPITAL RELATIONSHIPS

KEY ISSUES	HOW WE ARE MANAGING THESE ISSUES
Managing our talent	We are implementing a new Talent Management Strategy and Framework to ensure consistency of practices across the group, and have established the Imperial Executive Forum of the top 150 leaders across the group, to assess and develop the group's senior leaders.
Developing our people	Integrated training and development programmes are in place in all divisions at various levels of the group. Development of senior executives is conducted through leading South African and international business schools, and the Imperial Executive Forum.
Local employment in international operations	We aim to recruit and develop talent locally, only using expatriates where local skills are not available or management oversight is required to integrate new acquisitions.



KEY ISSUES	HOW WE ARE MANAGING THESE ISSUES
Protecting workers' rights and adhering to bargaining council agreements	We provide feedback on adherence to bargaining council agreements and regularly engage with shop stewards and union representatives at divisional level.
Disruptions due to strike action in South Africa	Engagement with labour representatives is ongoing. Logistics Africa is following the process agreed with the national bargaining council.
In Germany, amalgamation of employees in the logistics sector into other sector groups such as motor manufacturing	We participated extensively during the year in sector representation on new minimum wage requirements. Union representatives are members of certain boards.

REGULATORY RELATIONSHIPS

GOVERNMENT AND REGULATORS

KEY ISSUES	HOW WE ARE MANAGING THESE ISSUES
Creating a climate of trust and collaboration	Our senior executives interface regularly with government and political leaders through various business, industry and sector organisations.
Ensuring compliance with legal and regulatory requirements	Systems and control processes are being implemented to monitor developments and ensure compliance. Reports on compliance are made to the relevant board committees, noting areas of concern and rectification required. We keep abreast of regulatory and policy developments and provide input through industry associations.
Public debate on the healthcare industry in Africa	Logistics Africa shared insights on the benefits of harmonising drug regulations in Africa at the second Africa Pharmaceutical Summit and Exhibition in Accra, Ghana, and sponsors the 'People that Deliver' conference on human resources in healthcare.

SOCIETAL RELATIONSHIPS

CIVIL SOCIETY AND COMMUNITIES

KEY ISSUES	HOW WE ARE MANAGING THESE ISSUES
Job creation and skills development	The Imperial Logistics Academy facilitates workplace entry and provides support for tertiary education, and offers higher education distance learning programmes in partnership with the Open Learning Group. The Vehicle Retail, Rental and Aftermarket Parts division operates the largest technical training network for vehicle-related trades in South Africa.
Responsibly disposing of waste	During the year we took further steps to grow our community-based waste disposal business, Pandae Green.
Promoting road safety	Our community-based road safety initiatives include scholar patrols and car seats for children. The Financial Services division provides trucking clients with real-time analytics of driver behaviour.
Invest in socio-economic development	The Imperial and Ukhamba Community Development Trust improves education through providing libraries and literacy programmes at Gauteng schools. Our Unjani programme provides primary healthcare and job creation through 17 clinics.

OUR **MATERIAL** ISSUES

GROUP MATERIAL ISSUE 1

DRIVING FOCUSED GROWTH

We define focused growth as building on and expanding our capabilities to create shareholder value, in a strategically disciplined and focused manner. Logistics is our major growth vector, with vehicles businesses the major source of operating cash flow. In South Africa our focus is to grow organically. In the rest of Africa and Europe we will maximise organic growth and seek acquisitions and opportunities to deepen our penetration within our two value chains and move into areas adjacent to them.

RELEVANT STAKEHOLDER

- Owners
- Debt providers
- Investment community
- Employees
- Organised labour
- Clients
- Suppliers & OEMs
- Business partners
- Government and regulators

KEY RISKS

- Impact of rand weakness on direct imports of new vehicles
- Acquisition and business integration of new companies
- Funding and gearing management
- Labour disruptions
- Credit extension and client affordability in retail markets
- Slow economic growth in South Africa and Europe

STRATEGIC THRUST

- Review and rebalance the group portfolio through focused merger and acquisition activity
- Drive focused organic growth in our South African businesses
- Drive focused international growth through organic growth and accretive acquisitions
- Drive technological advancements
- Simplify group structures and processes
- Closely monitor potential disruptors in our industry
- Grow in the rest of Africa and internationally

ACHIEVEMENTS DURING THE YEAR

- Logistics Africa acquired 62,5% of the issued share capital of Pharmed, a pharmaceutical wholesaler in South Africa.
- As part of its clear strategy to drive growth in Africa, Logistics Africa acquired a 70% interest in Imres, a wholesaler of pharmaceutical and medical supplies.
- In the UK, the Vehicle Retail, Rental and Aftermarket Parts division acquired 100% of the issued share capital of S&B Commercials plc.
- The proposed sale of Imperial`s interest in Regent to The Hollard Insurance Group is the first major disposal of a non-core business.
- Logistics Africa implemented a number of initiatives to lower fuel consumption, focusing both on the configuration and streamlining of trucks to reduce fuel consumption, and route optimisation.
- Net new contract gains in the Logistics divisions.
- Enhanced working capital management, currency hedging management and vehicle ordering.

GROUP MATERIAL ISSUE 2

ACCESSING AND ALLOCATING CAPITAL TO ACHIEVE RISK-ADJUSTED RETURN ON CAPITAL INVESTED

The group accesses debt funding at competitive rates. Capital is allocated from the centre to existing assets, organic growth or acquisitions in those sectors and jurisdictions where targeted growth will be achieved, based on our clear strategy and expected returns.

RELEVANT STAKEHOLDER

> Owners
> Debt providers
> Investment community
> Employees
> Business partners

KEY RISKS

> Funding and gearing management
> Acquisition and business integration of new companies
> Impact of rand weakness on direct imports of new vehicles
> Slow economic growth in South Africa and Europe

STRATEGIC THRUST

> Review and rebalance the group portfolio through focused merger and acquisition activity
> Drive focused organic growth in our South African businesses
> Drive focused international growth through organic growth and accretive acquisitions, including in the rest of Africa
> Drive technology advantage

ACHIEVEMENTS DURING THE YEAR

> ROIC > WACC + risk-adjusted premium (by major jurisdiction) has been set as the overarching target for evaluating the group's portfolio of businesses, and allocating capital to the group's organic and acquisitive growth strategy.
> Group WACC: 8,8%
> Group ROIC: 11,8%
> The achievement of this target has been set as a major determinant of executive remuneration.

Group material issues
The top five material issues the group must manage to ensure value creation for all its stakeholders.

The CEO's review on page 42 discusses our material issues. The business model on page 8 sets out the group's role in relation to its subsidiaries.

Relevant stakeholder
The stakeholders who are most impacted by, or have the greatest impact on, our material issues.

Our stakeholders, key issues raised and our responses are set out on pages 22 to 27.

Strategic thrust
The strategic focus areas which enable the group to address its material issues.

Our strategic thrusts are discussed in detail on pages 12 to 19.

Key risks
The top risks being managed to ensure the successful execution of strategy, in relation to the group's material issues.

For more detail on our key risks, see the risk table on page 20.

Achievements during the year
Key activities and developments during the year towards addressing the group's material issues.

GROUP MATERIAL ISSUE 3

REDUCING OUR EXPOSURE TO CURRENCY RISK

The revenue and profit streams specifically affected by the volatility of the rand, mainly in relation to directly imported vehicles, must in time become a smaller part of Imperial. This will be achieved by developing non-currency related revenue and operating profit opportunities in the vehicles value chain, and accelerating organic and acquisitive growth in the rest of the group. Hedging instruments are used to manage ongoing operational currency risk.

RELEVANT STAKEHOLDER

> Owners
> Debt providers
> Investment community
> Employees
> Clients
> Suppliers and OEMs

KEY RISKS

> Impact of rand weakness on direct imports of new vehicles

STRATEGIC THRUST

> Review and rebalance the group portfolio through focused merger and acquisition activity
> Drive focused organic growth in our South African businesses
> Drive focused international growth through organic growth and accretive acquisitions

ACHIEVEMENTS DURING THE YEAR

> 8% growth in non-vehicle revenue (including Regent) to R48,9 billion (44% of group revenue).
> 14% growth in non-vehicle operating profit (including Regent) to R3,7 billion (59% of group operating profit).
> 17% growth in foreign revenue (including Regent) to R41,1 billion (37% of group revenue).
> 23% increase in operating profit from foreign operations (including rest of Africa) to R2,0 billion (32% of group operating profit).
> Enhanced currency exposure management.

See the Vehicle Import, Distribution and Dealerships divisional review on **page 68** for more information.

GROUP MATERIAL ISSUE 4

STAFFING FOR PERFORMANCE AND SUCCESSION

The performance and sustainability of Imperial will be assured by talented leadership. We have embarked on a structured process to assess and develop Imperial's 150 most senior executives, which will also address our short-term succession and transformation requirements. To attract and develop the desired level of talent throughout the group, we are determined to establish Imperial as an employer of choice in our sectors.

RELEVANT STAKEHOLDER

> Employees
> Organised labour
> Government and regulators

KEY RISKS

> Labour disruptions
> Succession and talent management

STRATEGIC THRUST

> Implement transformational talent management structures and processes
> Closely monitor potential disruptors in our industry

ACHIEVEMENTS DURING THE YEAR

> The Imperial Executive Forum was established to assess and develop the 150 most senior executives across the group and address succession and transformation requirements.
> A Talent Management Strategy and Framework is being implemented to build and assess the group's talent pool.
> A new HR Architecture is being developed to support the above initiatives by providing a foundation for effective people practices and standardised processes.
> The Imperial Training Academies offer training in seven automotive trades. In 2015, 1 017 new apprentices joined the programmes. 121 people qualified in 2015 after successful completion of the three-year programme. The total investment in academies over three years amounts to R106 million.
> Total skills development spend of R39 million in 2015.

The Sustainable Development Report provides more detail on talent management initiatives.

GROUP MATERIAL ISSUE 5

ENHANCING SOCIETAL IMPACT AND LEGITIMACY AMONG ALL STAKEHOLDERS

At its core, Imperial enables the movement of people and goods in society. The scale of certain group businesses positions them as systemically important to their host environments. We touch the lives of hundreds of thousands of people around the world as an employer, a provider and purchaser of goods and services, a property owner, a taxpayer and a major user of energy and infrastructure. The responsibility attached to each of these roles demands a thorough understanding and management of the societal impact of our core activities well beyond conventional commercial considerations.

RELEVANT STAKEHOLDER

- Employees
- Clients
- Suppliers and OEMs
- Organised labour
- Government and regulators
- Civil society and communities

KEY RISKS

- Labour disruptions
- Third-party dependence and reliance
- Reputation and brand perception
- Regulatory compliance
- Failure to achieve group and national emissions targets

STRATEGIC THRUST

- Implement transformational talent management structures and processes
- Ensure superior governance and transparency, and improve corporate reputation
- Closely monitor potential disruptors in our industry

ACHIEVEMENTS DURING THE YEAR

- A detailed economic impact and stakeholder survey is being undertaken to understand perceptions of key stakeholders and identify potential areas of risk in our relationships.
- 16 libraries have been established, with a further 10 planned for the next two years, through the Imperial and Ukhamba Community Development Trust; currently the Trust impacts 20 000 learners.
- As part of the group's road safety initiatives, scholar patrol programmes have been implemented in 660 schools nationwide, reaching over a quarter of a million learners, and more than 5 013 car seats have been redistributed.
- Healthcare services are provided through 16 Unjani clinics which service over 32 000 patients annually.
- Total CSI spend of R27,3 million.
- Under the Next Generation scholarship programme, 57 children of Imperial staff received bursaries for university study across South Africa, at a cost of R2 million.

See the Sustainable Development Report for more information.

OUR **INVESTMENT** CASE

The refocusing of Imperial's business model and the execution of its strategy will increase management's influence over the group's growth, returns and sustainability in a rapidly changing operating context. Over time this will reduce the disproportionate impact of external factors on the group's prospects and hence its investment case.

Against this backdrop, the significant features of Imperial's investment proposition are:

> A JSE-listed industrial group, headquartered in South Africa, with a large and growing portfolio of businesses focused on logistics and vehicles mainly in Africa and the Eurozone.
> Defensible market leadership in logistics and vehicles in South Africa.
> Defensible market leadership in inland shipping and contract logistics in Europe.
> Fast growth in niched distribution and distributorship of consumer goods and pharmaceuticals to the relatively high-growth consumer markets and economies of Southern, East and West Africa.
> Coherent strategies for rapid foreign growth to counter the limited growth opportunities arising from high South African market shares in vehicles and logistics.
> Coherent strategies for non-currency susceptible revenue and profit growth in the vehicles value chain, to decouple the group's performance and valuation from the impact of currency volatility on directly imported vehicles.
> Return on invested capital above the weighted average cost of capital is the prime financial metric used to assess operating performance and evaluate investment decisions on capital, organic development or acquisitions, and is a major determinant of executive compensation.
> Strong balance sheet and a stable investment grade Moody's rating with established long-term debt facilities, providing the capacity for investment in replacement capital expenditure, organic growth and acquisitions without compromising dividend yield.
> Business model that facilitates strategic and financial control and value-adding interventions by the holding company and operating latitude and client responsiveness by subsidiaries.
> Management depth, with relevant expertise and experience.

NON-EXECUTIVE DIRECTORS

Thulani Sikhulu Gcabashe (57)

BA (Botswana), MURP (Ball State Univ, USA), PED, IMD Lausanne, CD (SA)

Thulani is the retired CEO of Eskom, the Executive Chairman of BuiltAfrica Holdings and a director of Standard Bank Group Limited. Thulani was appointed to the board in January 2008 and as chairman in April 2008.

He will resign from the board at the annual general meeting (AGM) on 3 November 2015, to assume the position of chairman of Standard Bank Group Limited.

Michael John Leeming (71)

BCom, MCom, FCMA, FIBSA, AMP (Harvard)

Mike is a former executive director of Nedcor. He has served as chairperson of the Banking Council of South Africa and as president of the Institute of Bankers. He is currently a non-executive director of the Altron Group and Woolworths. Mike was appointed to the board in November 2002. He retired as a director on 31 August 2015.

Phumzile Langeni (41)

BCom (Acc), BCom (Hons)

Phumzile is the executive chairperson of Afropulse Group, a woman-led investment, investor relations and corporate advisory house. She is currently the chairperson of Astrapak Holdings and the Mineworkers' Investment Company. She also serves as an independent non-executive director of Massmart Holdings, Metrofile and Primedia. She is a trustee of the KZN Growth Fund. She was appointed to the board in June 2004.

Graham Wayne Dempster (59)

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

Graham was an executive director of Nedbank Group Limited and Nedbank Limited and retired in May 2014 with over 30 years' service in the Nedbank Group. He was appointed the Chief Operating Officer in August 2009 and was previously the Managing Director of Nedbank Corporate, having joined the group in 1980 in the Corporate Finance Division of UAL Merchant Bank. Graham was a member of the board of Ecobank Transnational Incorporated until the end of July 2015. He is a non-executive director of Telkom. He was appointed to the board on 24 February 2015 and recently became a member of the audit committee.

Mohammed Valli Moosa (58)

BSc

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

Peter Cooper (59)

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

Peter is the immediate past Chief Executive Officer of RMB Holdings Limited (RMH) and Rand Merchant Insurance Holdings Limited (RMI). His early career was in the financial services sector, first as a tax consultant and later specialising in corporate and structured finance with UAL Merchant Bank. He joined Rand Merchant Bank in 1992 as a structured finance specialist and transferred to RMB Holdings in 1997, where he was appointed to the board in 1999. He continues to serve as a non-executive director of RMH, RMI, RMB Structured Insurance, Outsurance, and as an alternate director of FirstRand. He was appointed to the board on 24 February 2015 and recently appointed chair of the newly constituted investment committee.

Thembisa Dingaan (42)

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

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

She is the past chairperson of Ukhamba Holdings, an empowerment shareholder in Imperial. She is currently a director of Absa Bank, the Development Bank of Southern Africa, Mustek Limited, Telkom SOC Limited, and Sumitomo Rubber South Africa. She was appointed to the board in November 2009.

Roderick John Alwyn Sparks (56)

BCom (Hons), CA (SA), MBA

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

NON-EXECUTIVE DIRECTORS CONTINUED

Younaid Waja (63)

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

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

Dr Suresh Kana (60)

BCom (Hons), MCom, CA (SA)

Suresh was the Chief Executive Officer for PwC Southern Africa, Senior Partner for PwC Africa, and served on the PwC Global Board. He currently serves as a non-executive director of Murray and Roberts Holdings Limited, JSE Limited, Illovo Sugar Limited and is a Professor of Accounting at the University of Johannesburg. Suresh was appointed to the board of Imperial on 1 September 2015, with a view to him being appointed independent non-executive chairman of the board from the conclusion of the company's Annual General Meeting on 3 November 2015.

Raboijane Moses Kgosana (60)

BCompt (Hons), CA (SA)

Moses is a past Chief Executive of KPMG South Africa. He is also a past chairman of the Accounting Practices Board and served as member of the IFRS Advisory Council (SAC) of the International Accounting Standards Board (IASB). He is a trustee of the Thuthuka Bursary Fund and is also a member of Business Leadership South Africa and the Institute of Directors in South Africa (IoDSA). Moses is a former President of the Association for the Advancement of Black Accountants of Southern Africa (ABASA) which was established to promote the interests of black men and women engaged in the accounting profession. He was appointed to the board and as chairman of the audit committee on 1 September 2015.

Ashley (Oshy) Tugendhaft (67)

BA, LLB

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

Refer to pages 90 to 97 for board committee memberships.

EXECUTIVE DIRECTORS

Mark James Lamberti (65)

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

Mark was appointed as the group's chief executive officer (CEO) on 1 March 2014.

From 2008 until 2014 Mark was the CEO and a major shareholder of Transaction Capital. He served as its non-executive chairperson until March 2014 when he resigned to devote his attention fully to Imperial.

In April 2014, he also resigned as non-executive chairperson of the board of Massmart Holdings, a position he assumed in 2007 after serving for almost 19 years as founder, architect, CEO and major shareholder.

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

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

Mohammed Akoojee (36)

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

Mohammed is the executive director responsible for mergers, acquisitions, strategy and investor relations for the group. He joined the group in 2009, having previously worked within the corporate finance and investment banking team at Investec. Prior to joining Investec, Mohammed worked for Nedbank Securities as an investment analyst. He is also a director of DAWN, Ukhamba Holdings, and various subsidiary and divisional boards of Imperial. Effective 1 October 2015, Mohammed will be appointed as CEO of the rest of Africa Logistics division and will resign from the Imperial Holdings board.

Osman Suluman Arbee (56)

BAcc, CA (SA), HDip Tax

Osman is the group's chief financial officer (CFO).

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

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

Osman is a member of various Imperial subsidiary and divisional boards, including the United Kingdom, Germany and the Netherlands, a trustee of the Imperial Pension and Provident Fund and the Ukhamba Trust which manages the interests of the black employees of the group.

He was appointed to the board in July 2007 and as CFO on 1 July 2013.

EXECUTIVE DIRECTORS CONTINUED

Johann Jurie Strydom (40)

BBus Sc, FIA, CFA, MBA (MIT)

Jurie is the CEO of the Regent Insurance group of companies which houses the insurance operations of Imperial. Jurie joined the group in 2007 as chief actuary of Regent Life and was appointed to the Regent Life board in the same year. In 2008 he was instrumental in the merger of the operations of Regent Life and Regent Insurance, forming the Regent group as it is today.

Jurie has held senior leadership roles in the South African financial services industry since 2001 when he qualified as an actuary. During that time he managed broker distribution for Sanlam Life before becoming managing director of Alexander Forbes Life. He is a Sloan Fellow from the Massachusetts Institute of Technology (2011).

He was appointed to the executive committee in February 2012 and to the board in November 2013.

Philip Bernard Michaux (55)

Philip is the CEO of the Vehicle Retail, Rental and Aftermarket Parts division. He started his career in the motor industry in 1981 with Saficon Holdings and has held various management positions within the industry over the years. He spent the first 23 years within the Mercedes-Benz franchise. Imperial acquired Saficon in 1995, which resulted in him joining the group. He was the managing director of Cargo Motors until 2006 at which time he was promoted to CEO of the Automotive Retail division. In 2013 his portfolio was expanded to include the Car Rental division. This portfolio has been further expanded to include Aftermarket Parts. He was appointed to the executive committee in October 2011 and was appointed to the board in May 2014.

Manuel Pereira de Canha (65)

Manny is the CEO of Associated Motor Holdings, responsible for the distribution, industrial retail and allied services businesses. Manny has extensive experience in the motor and import industries. He was part of the founding team of Imperial and worked for Imperial in various positions from 1969 to 1985. From 1986 he was a director of Automotive Holdings Ltd in Western Australia. He re-joined Imperial in 1995 and was appointed to the board in November 2002.

Marius Swanepoel (54)

BCom Acc (Hons)

Marius is the CEO of Imperial Logistics Africa.

He joined the group in 1994 when Imperial acquired Highway Carriers, where he was financial director since October 1990. Marius was appointed as financial director of Imperial Transport Holdings in 1997 and CEO of Imperial Logistics Transport & Warehousing in 2001. In October 2005, he was appointed CEO of Imperial Logistics Africa. In May 2007 he joined the Imperial executive committee and was appointed to the board in November 2009.

Marius started his career with SARS in Cape Town after completing his articles at auditing firm Brink, Roos & Du Toit.

Under his leadership, Imperial Logistics Africa has been recognised for numerous achievements, including National Business Awards, various Logistics Achiever Awards in 2013 and the Supply Chain Educator Award for 2014.

Executive committee

The group executive committee comprises all executive directors and the group commercial executive.

Berenice Joy Francis (39)

BCompt (Hons), CIA, MBA (IE)

Berenice is the group's commercial executive. Her responsibilities include risk, talent management and group marketing. She joined the group in 2008 and was appointed to the executive committee in June 2009. She is a member of the audit committee of the National Treasury and chairs its risk committee. She is a past vice president of the Institute of Internal Auditors (IIASA) and the Institute of Risk Management SA (IRMSA) and currently chairs the Education and Technical committee of IRMSA. Prior to joining the group, she was the chief risk officer for the State IT Agency.

Thulani S Gcabashe

OVERVIEW

This review, my last as chairman, describes a year of considerable development and transformational change for Imperial.

Amid turbulent global and local conditions your group registered progress in relation to its refocused strategic objectives and delivered a pleasing financial performance under the circumstances. The new insights and influences brought to bear by the direction of a changing board and the leadership of the CEO in his first full financial year at the helm, underpinned the progress made.

Leadership has been successful in evolving the group's business model and clarifying the group and divisional strategies to deliver capability-based growth and focused value creation for its stakeholders. The redefinition of the group's business model has clarified Imperial's parenting role, with its key interventions aimed at:

> Shaping the group's portfolio to achieve focused growth
> Raising, allocating and controlling capital for value accretion
> Ensuring strategic clarity at subsidiary level
> Developing executive capability for performance and sustainability.

The group has also continued to advance its strategic objectives to grow non-vehicle and foreign business. The first objective is serving to decouple the group's performance from the impact of rand weakness on the Vehicle Import, Distribution and Dealerships division, and the second to counter the limited growth opportunities in South Africa where Imperial has high market shares in logistics and vehicles.

REVIEW OF THE YEAR

Despite signs of recovery in the second half of calendar 2014, global economic growth expectations for 2015 declined as developed markets recovered at a slower pace than expected, China's growth slowed and developing markets faced two transitions: lower commodity prices that punished exporters; and US dollar strength (in anticipation of tightening monetary conditions) that exerted pressure on capital inflows and currencies.

South Africa was a victim of these developments and although the economy continued to grow, it was at a very low rate. Average GDP growth during the year was about 1,8%, and regrettably, the downward trend is expected to continue. The period was again characterised by higher unemployment, a volatile exchange rate (the rand depreciated 10,3% against the US dollar), a downgrade of sovereign ratings, lower commodity prices and low export growth. Fragile consumer and business confidence, and pervasive electricity shortages exacerbated the generally tough business environment.

South Africa's policy responses to the changing global and local economic environment have focused more on short-term solutions rather than the structural changes required to the make the economy more sustainable. In such a climate, more than ever, business, government and labour need to work together to find workable and sustainable solutions to changing the country's growth and development trajectory, but there has been limited evidence of this. Instead, adversarial relationships between employers and organised labour have prevailed. Policy uncertainty and a deficit of trust between government and business continue to manifest in depressed investor confidence.

Imperial Holdings will continue to interact at all leadership levels to contribute to changing this environment. Our membership and active participation in business and industry organisations creates many opportunities for dialogue with government and politicians at the highest level. In these forums, our approach is to exchange information and ideas that might contribute to coherence around the objectives of the National Development Plan and a better understanding of our national obligations.

In the rest of Africa increasing fiscal and monetary stability in certain of our markets is starting to improve economic performance. Wealth creation is resulting in a steady growth of the middle classes, with the associated increase in urbanisation and demand for goods and services. This notwithstanding, the impact of the global downturn, lower oil prices and increasing security instability in some areas will have a negative impact on the growth potential in these markets in the short to medium term.

The sluggish economic recovery in the Eurozone, specifically in Germany, continued to hamper the group's businesses in the region.

In this very challenging environment, Imperial's performance for the year was marginally positive with a 1% growth in operating profit, and headline earnings per share flat at 1 624 cents. This performance gives the board confidence that the strategic direction of the group, and the progress made over the year to enhance its longer-term prospects and reputation, will continue to stand the group in good stead.

The balance that is being achieved within the group's portfolio of businesses, provided by the mix of activities across logistics, vehicles and financial services, and in different geographies, is effectively diversifying the group's risk and supporting its ability to continue delivering focused growth and value creation for stakeholders.

GOVERNANCE AND SUSTAINABILITY

The markets in which we operate have become less predictable, necessitating that we continually assess the way we balance risk and opportunity. This is an essential function of the group's leadership. The appropriateness of the skills and experience available to direct the company's activities must therefore be continually assessed. As a result of the self-assessment undertaken during the year, we used the opportunity of retiring directors to bolster the financial and investment skills on the board. In the process we were able to improve on the number of independent non-executive directors, as well as the racial profile of the board.

Our efforts to develop our people to meet both the skills-mix requirement in the business, and the transformation imperatives in our South African operations, proceeded with great impetus. Under the leadership of the CEO, with the support of a dedicated executive team, new human capital development initiatives were implemented. Support for these initiatives and monitoring of progress has taken place under the auspices of the board's social, ethics and sustainability committee.

Enhancing Imperial's ability to make a positive impact on society through our business activities and strengthening the group's reputation as an active corporate citizen is an important aspect of the group's strategy. The group has continued to focus on reducing its environmental impact, with initiatives in place to increase fuel efficiency and reduce emissions in our businesses, specifically in the logistics division where environmental impact is a material risk. More broadly, numerous initiatives focused on reducing electricity and water consumption, and managing waste responsibly, are ongoing. Due to the scale of our business and the numerous facilities we manage, this is an important way of reducing our collective impact on the environment.

From a social development perspective, the group is active in several key sectors, with the most noteworthy outlined here. In education, the Imperial and Ukhamba Community Development Trust works to improve literacy and numeracy outcomes at Gauteng schools, touching the lives of some 20 000 learners. In road safety, the group has implemented a number of national road safety initiatives in partnership with national and provincial government. To date over 250 000 children have received road safety training in our scholar patrol initiative. In healthcare, through the Unjani Clinics which are operated by the Africa Logistics division, we provide affordable primary healthcare services to communities through a low-cost, sustainable model which services over 32 000 patients a year and creates community employment. In the 2015 financial year, the group spent a total of R27 million (up from R17 million the year before) on its corporate social investment initiatives.

Ultimately, the group's reputation and legitimacy is premised on its compliance with the letter and spirit of the laws, standards and codes that are applicable to it as a multinational group. We have a legal compliance programme designed to increase awareness of, and enhance compliance with, applicable legislation. Selected specialist areas are centralised where the compliance risk is high. In the past year, the group has also enhanced the capability of its legal and compliance units to ensure that compliance risk is tightly managed and the implications of emerging legislation are properly understood.

BOARD CHANGES

During the financial year Messrs Hubert Brody, Gerhard Riemann, Tak Hiemstra and Schalk Engelbrecht resigned as non-executive directors as did Mr Mike Leeming subsequent to year end. Together these gentlemen rendered 70 years of invaluable service during some challenging and rewarding periods of Imperial's history. Our gratitude accompanies best wishes for their future endeavours.

Messrs Peter Cooper and Graham Dempster were appointed as directors during the financial year as were Messrs Moses Kgosana and Suresh Kana subsequent to the year end. I welcome the new members and Suresh Kana as my successor, in the knowledge that their experience and expertise will enrich Imperial's deliberations.

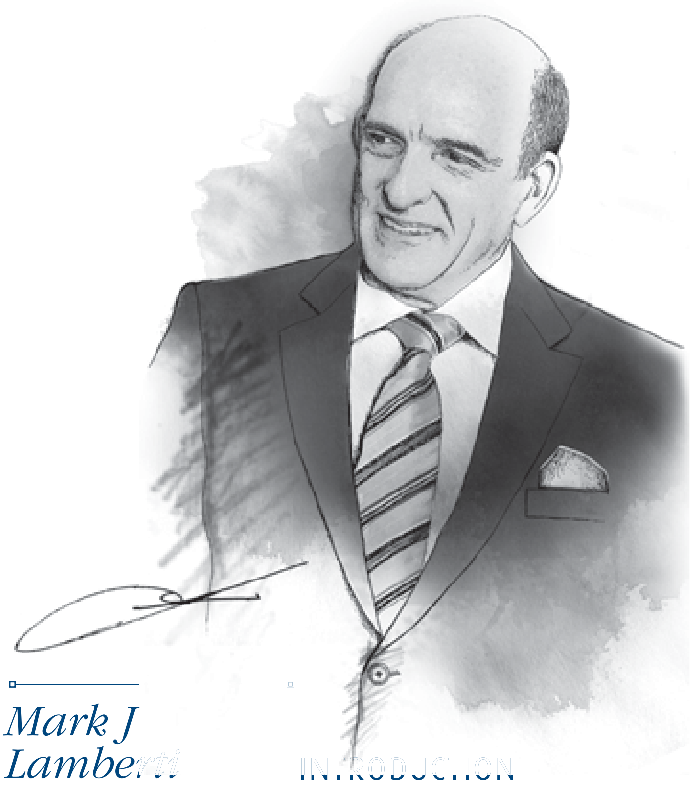
APPRECIATION

As I conclude my seven-year tenure as chairman of your group I wish to express my appreciation to my fellow directors for the support they have given me over the years. The board as a whole has provided excellent leadership to the company which has seen it grow and diversify its portfolio of businesses in selected markets in the rest of Africa, Europe and South America. I believe the strategic foundation has been laid for Imperial to continue to strengthen its leadership in mobility in its chosen sectors and geographies.

Finally, I leave Imperial feeling confident that under the direction of dynamic non-executive directors and the leadership of its CEO, Mark Lamberti and a superlative executive team, new heights can and will be reached.

17 September 2015

Detailed information on the group's sustainability initiatives, including a review by the chairman of the social, ethics and sustainability committee, is provided in the Sustainable Development Report online.



Mark J Lamberti

INTRODUCTION

Imperial is a better group today than it was a year ago.

There is proof of this on many fronts, not least in a stable operating profit performance despite a consistent deterioration of the business environment throughout the year. The group's ability to weather a R558 million fall in the profitability of our Vehicle Import, Distribution and Dealerships division due to rand weakness is quantitative evidence of generally improved strategic, operational and financial management.

Less visible to stakeholders are three qualitative improvements that are fast permeating the ethos of Imperial. The first is a quest for excellence in every facet of our endeavour – there is nothing in Imperial that cannot and must not be improved on. The second is increasing innovation in response to rapid external change – Imperial's formulae for past success are being continually challenged and where necessary substituted. The third is group-wide investment in the identification and development of executive talent – Imperial's performance and sustainability will be secured only by thoughtful leaders who can navigate the complexity and challenges of an increasingly global organisation.

ENVIRONMENT

In South Africa, which generated 63% and 68% respectively of Imperial's revenue and operating profit, the weak economic conditions resulted in softer demand for Imperial's products and services and aggressive competition on every front. Vehicle buyers were highly price sensitive, trading down to smaller or pre-owned vehicles, consumer goods volume growth was weak and bulk commodity volumes were in decline.

Our transport, distribution, consumer and pharmaceutical distributorship, and financial services businesses in the rest of Africa, which together generate 10% and 13% respectively of Imperial's group revenue and operating profit, showed comparatively higher growth, although off a lower base. Whereas the higher growth of African economies in recent years was muted by lower commodity prices and softer currencies, these factors had limited impact on our business in the rest of Africa during the year. The acquisitions made in strategic growth areas such as pharmaceuticals and fast moving consumer goods contributed significantly to overall performance.

In the Eurozone, weak volumes in the industries we serve particularly in Germany, exerted pressure on Imperial's volumes, rates and utilisation. The region, which includes the United Kingdom where Imperial performed well, accounted for 24% of group revenue and 18% of group operating profit.

PERFORMANCE

Despite the steady deterioration of trading conditions throughout the 2015 financial year, a marked improvement in second half performance and the acquisition of Pharmed, Imres and S&B Commercials, resulted in the Imperial Group achieving record revenue of R110,5 billion and record operating profit of R6,2 billion. Four of the Group's five divisions produced record revenues and operating profits.

A final cash dividend of 445 cents per share was declared, up 6%, resulting in a full-year dividend of 795 cents per share for 2015 compared to 820 cents per share in 2014.

GROUP HIGHLIGHTS

RECORD REVENUE OF

R110,5 BILLION

RECORD OPERATING PROFIT OF

R6,2 BILLION

STABLE OPERATING PROFIT PERFORMANCE DESPITE DETERIORATION OF BUSINESS ENVIRONMENT

FOUR OF FIVE DIVISIONS PRODUCED RECORD REVENUES AND OPERATING PROFITS

GENERALLY IMPROVED STRATEGIC, OPERATIONAL AND FINANCIAL MANAGEMENT

GROUP-WIDE INVESTMENT IN IDENTIFYING AND DEVELOPING EXECUTIVE TALENT

Detail and commentary on Imperial's financial position and performance is contained in the chief financial officer's report and on **pages 46 to 51**.

Details on the divisional operating performance are contained in the segmental commentary of Imperial's five divisions on **pages 56 to 81**.

The definition of Imperial Holdings' role is set out in our business model on **pages 8 and 9**.

These results reflect the progress made on Imperial's previously espoused intent to decouple the group's performance from the impact of rand weakness on directly imported vehicles. Progress towards this objective has been achieved by developing less correlated activities within the vehicles value chain, and by increasing non-vehicle and foreign revenues and operating profits.

Non-vehicle revenue and operating profit increased 8% to R48,9 billion (43% of group revenue) and 14% to R3,7 billion (59% of group operating profit) respectively. Foreign revenue increased 17% to R41,1 billion (37% of group revenue) and foreign operating profit increased 23% to R2 billion (32% of group operating profit). Rest of Africa revenue increased 50% to R11.2 billion (10% of group revenue) and operating profit increased 60% to R835 million (13% of group operating profit).

STRATEGY

Imperial's strategy is to drive growth and value creation through holding company (or parenting) interventions that enhance the ability of subsidiaries to compete and win in their chosen markets. Such interventions over the past year included: shaping Imperial's portfolio to achieve focused growth; raising, allocating and controlling capital for value accretion; ensuring strategic clarity at subsidiary level; and developing executive capability for performance and sustainability.

The results of recent years have proven that the Imperial Group's performance is materially undermined by the impact of a rapidly weakening rand on the profitability of directly imported vehicles. An overarching objective is therefore to decrease the correlation between rand volatility and performance, while increasing management's influence over Imperial's growth, returns and sustainability.

To this end, on 12 March 2015 the board approved "Imperial 2016 – 2019", a three-year strategy to create stakeholder value by achieving the following objectives:

> Release capital and sharpen executive focus and return on effort, by disposing of assets that are non-core, strategically misaligned, underperforming or of low return on effort
> Dilute the impact of rand volatility on the group by accelerating the organic and acquisitive growth of all businesses less currency sensitive than vehicle imports
> Accelerate organic and acquisitive growth internationally, to counter the group's limited growth opportunities as a South African market leader in logistics and vehicles
> Expand the strategic and leadership capabilities of Imperial's 150 most senior executives
> Drive simplification, innovation, technological advantage and governance.

MATERIAL ISSUES

The core tenets of this strategy are reflected in five material issues that underpin the group's ability to deliver capability-based growth and focused value creation for Imperial's stakeholders in the medium term.

Driving focused growth

Our approach to growth is to build on and expand our capabilities to create shareholder value within our chosen lines of mobility. We aim to be strategically disciplined and focused, recognising our limitations and the risks of moving beyond business models, markets and geographies of reasonable familiarity. When we see compelling strategic and financial merit in doing so we will form compensatory relationships with principals, partners, clients or executives.

In South Africa our focus is to grow organically given the size and maturity of our domestic businesses. In Africa and Europe we will maximise organic growth and continue to seek acquisitions and adjacent opportunities that benefit from our ownership and deepen our penetration of the value chains.

We believe this approach will achieve niche domination or scale relevance, maximise returns on capital and executive attention, and mitigate key risks and regulatory constraints while emphasising the complementarity of our two major lines of mobility:

> "Logistics" will be Imperial's major growth vector. Strict capital allocation disciplines will be applied in pursuit of mainly international organic and acquisitive growth opportunities.

> "Vehicles" will be Imperial's major source of operating cash flow. Strict operating disciplines will be applied to mitigate consumer and currency volatility in a low-growth environment, with growth, cash holdings, annuity income and returns enhanced by vehicle-related financial services.

We further believe that strategic discipline heightens rather than stifles entrepreneurial creativity and provides a basis for executive compensation aligned to shareholder value creation.

Accessing and allocating capital to achieve risk-adjusted return on capital invested

Imperial's balance sheet and Moody's rating provides access to local and international debt capital at competitive rates. The group accesses and allocates capital from the centre to those sectors and jurisdictions where targeted growth will be achieved, based on clear strategy and expected returns. Investment in existing assets, organic growth or acquisitions is based on the medium-term achievement of a return on invested capital (ROIC) in excess of the weighted average cost of capital (WACC), with the latter risk adjusted by major jurisdiction. The achievement of ROIC > WACC is a major determinant of executive compensation.

Reducing our exposure to currency risk

The negative impact of a fast-weakening rand on the performance of Imperial was manifest once more in the decline of the Vehicle Import, Distribution and Dealerships division's 2015 profits. Without in any way suppressing that division's absolute profitability, cash generation and returns, those revenue and profit streams specifically affected by the volatility of the rand, must in time become a smaller part of Imperial. To this end we will continue to maximise hedging instruments while developing every non-currency related revenue and operating profit opportunity in the vehicles value chain and accelerating the organic and acquisitive growth of the rest of the group.

Staffing for performance and succession

We believe that the performance and sustainability of Imperial will be assured by talented leadership. Building on an extraordinary depth of executive experience and expertise, we have embarked on a structured process to assess and develop Imperial's 150 most senior executives to equip them with the strategic and leadership skills necessary to respond effectively to the competitiveness, innovation and volatility faced by all businesses today.

This process will also address the specific short-term succession and transformation requirements facing Imperial, by identifying internally and externally, appointing and developing talented individuals, to lead Imperial in the years ahead.

Initiatives over the past year include: the implementation of a new talent management framework; the introduction of standardised human capital metrics and architecture; compensation benchmarking; and the appointment of 16 new executives to the most senior two layers of management including transitional arrangements for new CEOs to Hyundai, Renault and Logistics Rest of Africa.

We are mindful that the attraction and development of the desired level of talent requires a compelling employee value proposition, particularly in foreign markets where different requirements prevail, and we are determined to establish Imperial as an employer of choice in our sectors.

Enhancing societal impact and legitimacy among all stakeholders

Our understanding of sustainability is simple. Corporations cannot endure without meeting the reasonable demands of all stakeholders, any one of whom has the power to halt progress. These stakeholder demands relate primarily to the value that accrues to or is denied them by the organisation's everyday existence and activities. Any attempt to compensate for a failure to meet these demands with corporate social investment is futile.

At its core, Imperial enables the movement of people and goods in society. The scale of certain group businesses positions them as systemically important to their host environments. We touch the lives of tens of thousands of people around the world as, inter alia, an employer, a provider and purchaser of goods and services, a property owner, a taxpayer and a major user of energy and infrastructure. The responsibility attached to each of these roles demands a thorough understanding and management of the societal impact of our core activities well beyond conventional commercial considerations.

To this end, and consistent with our quest to enhance the breadth and reliability of non-financial data, we commissioned an economic impact and stakeholder study to quantify the direct and indirect impact of Imperial's activities on broader society with a view to understanding, enhancing and reporting on our corporate contribution in future years. The study will also enable us to better understand the perceptions of key stakeholders and identify and address potential areas of risk in our relationships with them.

PROSPECTS

The factors contributing to heightened uncertainty and volatility in economies, markets and industries globally are well publicised, as are the additional consequences of unemployment, low growth and confidence, increasing socio-political tensions, and electricity supply failures facing South African business. None of these are expected to change markedly in the short to medium term.

The factors most relevant to the fortunes of Imperial are: the weakening of the rand against the currencies in which we import new vehicles; the poor state of the South African economy; a much slower than expected recovery of the German economy; and the impact of political uncertainty and a sustained low oil price on the economy and currency of Nigeria.

In the absence of a marked deterioration in current conditions we expect Imperial to produce single digit growth of revenue and operating profit for continuing operations in 2016.

The group has embarked on various strategies to enhance the value added by Imperial Holdings and the competitiveness and sustainability of its subsidiaries. We are confident that these initiatives will improve risk adjusted returns and unlock shareholder value in the medium term.

APPRECIATION

Today 51 361 people choose to devote their working lives to the interests of Imperial and its stakeholders. In the current business climate this frequently demands extraordinary diligence and commitment. I thank them all for their contribution to Imperial's 2015 performance, in particular the many whose efforts go way beyond expectations.

17 September 2015

Osman S Arbee

SOLID PERFORMANCE AND IMPROVED BALANCE SHEET AND CASH FLOW

Imperial produced a satisfactory result in challenging trading environments in all its key markets. All divisions showed good revenue and operating growth, except the Logistics International division which was marginally up on last year and the Vehicle Import, Distribution and Dealerships division, which declined.

TRADING ENVIRONMENT

The challenging trading environments have been fully outlined in the chief executive officer's report and are summarised for context to the results as follows.

South Africa has been impacted by a weak currency, load shedding, lower private consumption and low business confidence. The demand for Imperial's products and services has been negatively impacted with vehicle buyers trading down to smaller or pre-owned vehicles and consumer goods and bulk commodity volume growth being weak.

In the European Logistics operations volumes, rates and utilisation have been impacted by the slow recovery in the industries that we serve.

In the rest of Africa there are concerns around the economic and political stability in the regions in which we operate and the potential negative impact on consumer growth due to lower commodity prices.

STRATEGIC SALE OF THE INSURANCE BUSINESS: DISCONTINUED OPERATIONS

The Regent Insurance business has grown strongly since its establishment, a large portion of the revenue and profits are unrelated to the Group's core vehicles and logistics businesses and enjoy no strategic, competitive or financial advantage from Imperial's ownership. Imperial has decided to dispose of the business. The sale of Regent is considered to be highly probable in terms of the accounting standards. A buyer has been identified and is currently performing the due diligence, which is progressing positively. 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 held for sale' and its liabilities under 'Liabilities directly associated with assets held for sale'. We are required 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.

FINANCIAL HIGHLIGHTS

Revenue up 7% to
R110,5 billion

Operating profit up 1% to
R6,2 billion

HEPS remained stable at
1 624 cents per share

Core EPS down 3% to
1 754 cents per share

Free cash flow increased from R2,1 billion to
R4,5 billion

Return on invested capital of
12%

Return on equity of
17%

Full year dividend of
795 cents per share
(2014: 820)

RESULTS OVERVIEW

Summarised profit and loss for the year ended 30 June	Total 2015	Continued 2015	Dis-continued 2015	Restated 2014	% change
Revenue	110 487	107 453	3 034	103 567	7
Operating profit	6 235	5 671	564	6 185	1
Operating margin (%)	5,6	5,3	18,6	6,0	
Net finance cost	(1 194)	(1 194)	–	(926)	29
Income from associates	32	33	(1)	76	
Profit before tax	4 599	4 044	555	4 957	(7)
Income tax expense	(1 213)	(1 035)	(178)	(1 330)	
Net profit for the year	3 386	3 009	377	3 627	
Attributable to owners of Imperial	3 054	2 735	319	3 272	
Attributable to non-controlling interest	332	274	58	355	
Effective tax rate	26,6%			27,2%	

Restated: Vehicles on rental to car hire companies were reclassified out of Inventory into Vehicles for hire; no impact on operating profit.

Revenue growth of 7% to R110,5 billion was attributable mainly to the acquisitions of Pharmed, Imres and S&B Commercials during the year and Eco Health contributing for the full financial year. Revenue for continuing operations, excluding Regent, was R107,5 billion, up 7%.

The group's operating profit grew by 1% and operating margins reduced from 6,0% to 5,6% mainly due to the decrease in profits and margins in the Vehicle Import, Distribution and Dealerships division, caused by a weakening rand, on the competitiveness and profitability of the division. Operating profit from continuing operations, excluding Regent, declined by 1% to R5,7 billion.

Logistics Africa performed well, with revenue and operating profit up 15% and 25% respectively. The rest of Africa contributed with an excellent performance benefiting from good organic growth and acquisitions which are performing in line with or ahead of expectations. South Africa benefitted from operational efficiencies and a favourable market position in South Africa in a challenging environment.

Logistics International's operating profit in euros was slightly up on the prior year, impacted by lower volumes, rates and utilisation. Revenue was up 2% and operating profit up 1% in euros.

As predicted, the Vehicle Import, Distribution and Dealerships division faced extremely challenging trading conditions during the year with volumes and operating margins under pressure. Revenue was up 1% and operating profit down 37%.

The Vehicle Retail, Rental and Aftermarket Parts division had a solid performance supported by strong performance from its vehicle dealerships and the acquisition of S&B Commercials in the UK. The Car Rental business was negatively impacted by lower volumes in all markets and the Aftermarket Parts profits were flat. Revenue and operating profit was up 10% and 7% respectively.

Operating profit from Motor-related Financial Services and Products is up 6% as a result of aggressive fund management and tight cost control.

The Insurance business achieved an operating margin of 18,6% against 15,6% in the prior year. The increase is mainly due to the growth in underwriting income (up 46%), moderated by the decline in investment income (down 25%).

Net finance costs increased 29% to R1,2 billion on increased debt levels and an increase in the group's blended cost of debt. The increase in debt is due to acquisitions, additional working capital and capital expenditure. Despite the higher net finance costs, interest covered by operating profit remains sound at 5.2 times (2014: 6.7 times).

Income from associates and joint ventures contributed R32 million (2014: R76 million) and declined mainly due to the negative performance of Ukhamba, resulting from the impairment of its investment in DAWN. The joint venture, through which we import and distribute Chery and Foton products, was under pressure and recorded losses in the current year. Mix Telematics, in which Imperial holds a 25,3% shareholding, contributed R33 million, down 18% from the prior year.

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

Net profit attributable to non-controlling interests (minorities) reduced from R355 million to R332 million. The increase in minorities as a result of the recent acquisitions was more than offset by significantly lower profits from the Vehicle Import, Distribution and Dealerships division which has the most significant minorities.

The return on average equity of the group was 17%. The group's return on invested capital (ROIC) was 12% and weighted average cost of capital (WACC) was 9%. The table below summarises the reconciliation from earnings to headline and core earnings:

R million	2015	2014	% change
Net profit attributable to Imperial shareholders	**3 054**	3 272	(7)
Profit on disposal of assets	**(85)**	(192)	
Impairments of goodwill and other assets	**95**	84	
Profit on sale of businesses	**(17)**	(74)	
Other	**84**	17	
Tax effects of re-measurements	**13**	42	
Non-controlling interest	**(9)**	2	
Headline earnings	**3 135**	3 151	(1)
Amortisation of intangibles	**415**	336	
Foreign exchange gain on intergroup monetary items	**(104)**	–	
Future obligations under an onerous contract	**–**	64	
Charge for amending conversion profile of deferred ordinary shares	**–**	70	
Re-measurement of contingent considerations, put option liabilities and business acquisition costs	**63**	20	
Non-controlling interest and other	**(37)**	(3)	
Tax effects	**(85)**	(119)	
Core earnings	**3 387**	3 519	(4)

Attributable earnings in the prior year were enhanced by the profit on disposal of property, plant and equipment (R192 million) and the sale of the Tourism businesses. Included in 'other' above, is the loss on sale of shares and the impairment of Ukhamba's investment in DAWN which reduced attributable earnings in the current year.

The major difference between the year-on-year performance of headline earnings and core earnings is the foreign exchange gain (once off) on intergroup monetary items (R104 million), partially offset by the additional amortisation of intangibles arising from business combinations of R79 million. In the prior year the headline earnings were negatively impacted by the onerous contract provision in the German business and the charge for amending the conversion profile of the deferred ordinary shares.

FINANCIAL POSITION OVERVIEW

	June 2015 Rm	Restated* June 2014 Rm	% change
Goodwill and intangible assets	**7 193**	6 766	6
Investment in associates and joint ventures	**1 351**	1 418	
Property, plant and equipment	**10 967**	10 469	
Transport fleet	**5 610**	5 322	
Vehicles for hire*	**3 603**	2 945	22
Investments and loans**	**357**	2 468	(86)
Net working capital* and ***	**9 874**	8 033	23
Other assets	**1 428**	1 516	
Assets classified as held for sale	**4 618**	–	
Net debt	**(14 493)**	(11 441)	27
Non-redeemable, non-participating preference shares	**(441)**	(441)	
Other liabilities	**(8 121)**	(8 946)	(9)
Liabilities directly associated with assets classified as held for sale	**(2 713)**	–	
Total shareholders' equity	**19 233**	18 109	
Total assets	**65 712**	59 021	11
Total liabilities	**46 479**	40 912	14

* *Vehicles on rental to car hire companies were reclassified out of Inventory into Vehicles for hire.*
** *The decrease in Investments and loans relating to Regent's investments now classified as "held for sale".*
*** *Net working capital includes working capital arising from acquisitions and the prior year includes negative working capital of R929 million for Regent.*

Property, plant and equipment increased by R498 million to R11 billion, mainly due to further investment in properties.

Goodwill and intangible assets rose to R7,2 billion from R6,8 billion as a result of the Imres, S&B Commercials and Pharmed acquisitions.

The transport fleet increased due to the R789 million expansion of the shipping fleet in the Logistics International division.

Vehicles for hire are up R658 million due to increases in: forklifts and industrial equipment, demonstration vehicles and vehicles rented to other car rental companies.

Net working capital increased by 23%. After restating 2014 to exclude the Regent Insurance business the increase is 11%. This is due to acquisitions, and increases in receivables and inventory which has been partly offset by an increase in payables. As a result, our average net working capital turn reduced to 13.0 times from 14.6 times compared to the prior year.

Net debt (excluding preference shares and including Regent's cash resources) to equity was higher at 69% compared to 62% at June 2014.

Total assets increased by 11% to R66 billion (2014: R59 billion) mainly due to acquisitions, higher levels of working capital and capital expenditure.

Regent's assets have been reclassified to assets held for sale.

Net debt was higher than June 2014 due to the increase in working capital, acquisitions and capital expenditure. The net debt level is within the target gearing range of 60% to 80%; the net debt to EBITDA ratio at 1.6 times (2014: 1.4 times) still leaves room for further expansion of the group.

Shareholders' equity was impacted negatively by: a put option liability of R473 million relating to the minority shareholdings in Imres; the strengthening of the rand against the euro, which resulted in a loss in the foreign currency translation reserve of R309 million; and a R93 million reduction resulting from the re-measurement of defined benefit plans in the Logistics International business.

CASH FLOW OVERVIEW

	June 2015 Rm	Restated* June 2014 Rm
Cash generated by operations before movements in working capital	**9 049**	8 674
Movements in net working capital* and **	**(50)**	(2 701)
Cash generated by operations before capital expenditure on rental assets	**8 999**	5 973
Capital expenditure on rental assets*	**(1 531)**	(811)
Interest paid	**(1 180)**	(926)
Tax paid	**(1 301)**	(1 267)
Cash flows from operating activities	**4 987**	2 969
Net new business acquisitions	**(938)**	(297)
Capital expenditure (non-rental assets)	**(2 988)**	(2 788)
Equities, investments and loans	**(1 025)**	969
Dividends paid and share buy-backs	**(1 780)**	(2 442)
Other	**(217)**	(383)
Increase in net debt	**(1 961)**	(1 972)
Free cash flow	**4 514**	2 138

* *Vehicles on rental to car hire companies were reclassified out of Inventory into Vehicles for hire.*
** *Movements in net working capital exclude working capital arising from acquisitions.*

Cash generated by operations before capital expenditure on rental assets was R9 billion compared to R6 billion last year. This was mainly due to more effective working capital management. After interest, tax payments and capital expenditure on rental assets, net cash flow from operating activities increased to R5,0 billion from R3,0 billion last year.

The main contributors to the net R938 million invested in new business acquisitions during the year were Imres, Pharmed and S&B Commercials.

Net replacement and expansion capital expenditure excluding rental assets, was 7% higher than the prior year, which included substantial investment by the Logistics International division in South America, investment in fleet in the Logistics Africa division and higher investments by the South African businesses in properties.

Outflows from equities, investments and loans resulted mainly from our Insurance business investing in foreign equities and longer term deposits.

Dividends of R1,7 billion were paid during the year.

FUNDING

	June 2015 Rm	June 2014 Rm
Gross debt (excluding preference shares)	**16 764**	14 544
Less: Cash resources	**(2 271)**	(3 103)
Net debt before Regent's cash	**14 493**	11 441
Less: Regent's cash	**(845)**	–
Net debt	**13 648**	11 441
Net debt to equity (Preference shares included as equity)	**69%**	62%
Net debt to equity (Preference shares included as debt)	**73%**	66%

Net debt of R13,6 billion increased by R2,2 billion from June 2014. This increase includes the funding of acquisitions, related working capital and higher capital expenditure. The group's debt is of a long-term nature (73% long term) with 54% at floating rates.

The funding of the group's requirements for this financial year was adequately catered for from banking facilities and as no corporate bonds matured, the negative impact on liquidity in the South African debt capital markets from ABIL did not affect the group.

Favourable conditions in the international debt market allowed the group to refinance a euro syndicated loan which was maturing in September 2016. This new five-year syndicated revolving credit facility for €350 million was successfully placed with a group of banks.

The group's Domestic Treasury Management Company (DTMC) that was registered with the South African Reserve Bank in May 2014 enhanced the group's funding capability and R2 billion worth of facilities have been concluded.

Total banking facilities of the group of R23,3 billion include R4,7 billion of asset-based finance facilities, R13,6 billion of the borrowing facilities are of a long-term nature. R9,4 billion of undrawn facilities were available at June 2015.

In September 2015, Imperial's corporate bond IPL 5 for R500 million matures and sufficient long-term banking facilities are available to meet the redemption. The ALCO assesses the group's liquidity position on a quarterly basis. After the redemption of IPL 5 there will be capacity of R4,7 billion under the Domestic Medium Term Note programme and R3,2 billion under the Commercial Paper programme should there be a need to access the debt capital markets.

Moody's reaffirmed the group's credit ratings at Baa3, (Stable Outlook).

Capital management and capital allocation are controlled and reviewed at least annually by group finance and group treasury. The allocation of equity and debt by division is reviewed and the appropriate weighted average cost of capital (WACC) determined in order to evaluate investments and measure performance on a risk adjusted basis applicable to the various types of businesses and geographies.

ORDINARY DIVIDENDS

A final dividend of 445 cents per share (2014: 420 cents per share) has been declared, which brings the full-year dividend to 795 cents per share (2014: 820 cents per share).

PROSPECTS

Imperial's financial position remains strong. In the absence of a marked deterioration in current conditions, we expect Imperial to produce single digit growth of revenue and operating profit for continuing operations in 2016.

17 September 2015

FIVE-YEAR REVIEW

	Definitions	2015 Rm	2014 Rm	2013 Rm	2012 Rm	2011 Rm
Extracts from statement of profit or loss						
Revenue		**110 487**	103 567	92 382	80 830	64 667
Operating profit		**6 235**	6 185	6 090	5 638	4 526
Net financing costs		**(1 194)**	(926)	(744)	(681)	(554)
Share of result of associates and joint ventures		**32**	76	86	46	34
Income tax expense		**(1 213)**	(1 330)	(1 405)	(1 382)	(1 272)
Tax rate (%)		**26,6**	27,2	28,1	29,3	30,7
Net profit attributable to non-controlling interests		**332**	355	392	408	346
Headline earnings		**3 135**	3 151	3 458	3 007	2 608
Extracts from statement of cash flows						
Cash generated by operations (before capital expenditure on rental assets, net financing costs and tax paid)		**8 999**	5 973	7 191	7 440	6 077
Cash flow from investing activities (including capital expenditure on rental assets)		**(6 482)**	(2 927)	(4 708)	(4 230)	(1 931)
Net debt (raised) repaid		**(1 961)**	(1 972)	(2 250)	(625)	959
Free cash flow	1	**4 514**	2 138	3 658	3 770	3 452
Extracts from statement of financial position						
Total assets		**65 712**	59 021	51 716	45 698	36 533
Operating assets	2	**56 944**	55 968	48 443	41 575	32 815
Operating liabilities	3	**23 167**	22 802	21 174	18 046	14 495
Net working capital	4	**9 874**	8 033	5 694	4 606	3 245
Net interest-bearing debt	5	**14 493**	11 882	9 165	6 642	4 418
Imperial owners' interest		**18 868**	17 540	16 241	14 666	11 974
Non-controlling interests		**1 838**	1 569	1 295	1 223	1 043
Ratios						
Efficiency						
Revenue to average net operating assets (times)	6	**3,3**	3,4	3,6	3,9	3,7
Revenue relating to sales of goods to average inventory (times)	7	**4,5**	4,8	4,7	4,5	5,3
Revenue to average net working capital (times)		**12,3**	15,1	17,9	20,6	21,1
Profitability						
Operating profit to average net operating assets (%)	8	**18,6**	20,5	24,0	26,9	25,8
Operating profit to average gross operating assets (%)		**11,0**	11,8	13,5	15,2	14,5
Operating margin (%)	9	**5,6**	6,0	6,6	7,0	7,0
Return on average shareholders' interest (%)	10	**16,8**	19,4	21,3	22,4	22,2
Return on invested capital (%)	11	**11,8**	13,0	16,2	16,3	16,5
Weighted average cost of capital (%)	12	**8,8**	9,1	8,8	9,7	10,1
Solvency						
Interest cover by operating profit (times)		**5,2**	6,7	8,2	8,3	8,2
Net interest-bearing debt to EBITDA (times)		**1,7**	1,4	1,1	0,9	0,7
Total equity to total assets (%)		**29,3**	30,7	33,9	34,8	35,6
Net interest-bearing debt as a percentage of total equity (%)		**75,4**	65,6	52,3	41,8	33,9
Liquidity						
Free cash flow to net profit for the year (times)		**1,33**	0,59	0,99	1,11	1,19
Free cash flow to headline earnings (times)	13	**1,44**	0,68	1,06	1,25	1,32
Unutilised facilities		**9 372**	6 703	5 880	6 045	8 000

	Definitions	2015 Rm	2014 Rm	2013 Rm	2012 Rm	2011 Rm
Investing in the future						
Cost of new acquisitions		**1 076**	911	776	2 241	1 178
Expansion capital expenditure		**2 515**	1 957	1 682	1 125	687
Net replacement capital expenditure		**2 004**	1 642	1 395	1 467	841
Capital commitments		**2 289**	2 285	935	1 112	1 007
Statistics						
Total new and used vehicles and motorcycles sold		**211 412**	208 740	206 462	198 131	168 661
Number of transport fleet vehicles (owned)		**7 133**	5 676	6 431	6 312	6 030
Number of vehicles for hire (car rental only)		**14 917**	15 356	17 602	16 599	17 026
Number of employees		**51 361**	51 671	51 007	47 699	40 898
Employee costs		**15 647**	14 576	12 824	10 703	8 713
Wealth created per employee		**475**	444	412	380	360
Total taxes and levies paid	14	**1 496**	1 748	1 438	1 572	1 543
Share performance						
Basic headline earnings per share (cents)		**1 624**	1 625	1 805	1 566	1 370
Basic core earnings per share (cents)		**1 754**	1 815	1 872	1 623	1 234
Dividends per share (cents)		**795**	820	820	680	480
Earnings yield (%)	15	**8,8**	8,1	8,6	9,1	11,3
Price earnings ratio (times)	16	**11,4**	12,3	11,6	11,0	8,9
Net asset value per share (cents)	17	**9 696**	9 037	8 324	7 479	6 137
Market prices (cents)						
– Closing		**18 550**	20 000	20 968	17 200	12 125
– High		**20 634**	22 290	22 600	17 729	13 245
– Low		**16 418**	16 080	17 150	9 420	8 450
Total market capitalisation at closing prices	18	**37 616**	41 563	43 788	36 093	25 320
Value of shares traded		**34 159**	43 446	51 766	30 099	26 937
Value traded as a percentage of average capitalisation (%)		**86**	102	130	98	124
Exchange rates used						
Rand to euro						
– average		**13,37**	14,07	11,43	10,38	9,49
– closing		**13,55**	14,51	13,04	10,39	9,55
Rand to US dollar						
– average		**11,44**	10,38	8,84	7,75	7,06
– closing		**12,15**	10,62	10,01	8,20	6,70
Rand to British pound						
– average		**18,02**	16,87	13,85	12,27	11,15
– closing		**19,11**	18,11	15,22	12,87	10,85
Rand to Nigerian naira						
– average		**0,06**	0,06			
– closing		**0,06**	0,06			
Rand to Botswana pula						
– average		**1,20**	1,17	1,09	1,05	1,07
– closing		**1,23**	1,21	1,16	1,07	1,03
Rand to Australian dollar						
– average		**9,54**	9,52	9,06	7,99	6,80
– closing		**9,40**	9,96	9,01	8,40	6,57

Definitions:

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

IMPERIAL™
LEADERS IN MOBILITY

VALUE-ADDED STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

	2015 Rm	%	2014* Rm	%
Revenue	**110 487**		103 567	
Paid to suppliers for materials and services	**86 085**		80 621	
Total wealth created	**24 402**		22 946	
Wealth distribution				
Salaries, wages and other benefits (note 1)	**15 647**	64	14 576	64
Providers of capital	**2 974**	11	3 368	15
– Net financing costs	**1 194**	5	926	4
– Dividends, share buybacks and cancellations	**1 527**	6	2 120	9
– Dividends to non-controlling interests	**253**	1	322	1
Central and local governments (note 2)	**1 495**	6	1 729	8
Reinvested in the group to maintain and develop operations	**4 286**	18	3 273	14
– Depreciation, amortisation and recoupments	**2 906**		2 514	
– Future expansion	**1 380**		759	
	24 402	100	22 946	100
Value-added ratios				
– Number of employees (continuing operations)	**51 361**		51 671	
– Revenue per employee (R'000)	**2 151**		2 004	
– Wealth created per employee (R'000)	**475**		444	
Notes				
1 Salaries, wages and other benefits				
Salaries, wages, overtime, commissions, bonuses, allowances	**14 249**		13 316	
Employer contributions	**1 397**		1 260	
	15 647		14 576	
2 Central and local governments				
South African normal tax	**930**		1 125	
Withholding and secondary tax on companies	**17**		11	
Foreign tax	**277**		349	
Rates and taxes	**86**		82	
Skills development levy	**83**		62	
Unemployment Insurance Fund	**80**		76	
Carbon emissions tax	**22**		24	
	1 495		1 729	

* *Restated for the change in accounting policy as described in note 2.1 on page 133.*

LOGISTICS

- Africa -

Logistics Africa provides outsourced supply chain management, servicing the Southern, West and East African markets through three regional hubs.

The division maintains its leading position in the South African logistics and supply chain industry through reliable and high-quality service delivery, commitment to its clients' business and innovation to drive improvement. Across sub-Saharan Africa, the division provides a comprehensive and integrated demand-driven route to market as a distributor of consumer and pharmaceutical goods.

KEY DATA

R million	2015	2014	% change
Revenue	25 347	22 090	15
Operating profit	1 587	1 270	25
Operating margin (%)	6,3	5,7	
Return on invested capital (%)	10,7	12,0	
Weighted average cost of capital (%)	8,2	8,8	

OVER
22 000
EMPLOYEES
(**2014:** 23 198)

R50 BILLION
IN RETAIL GOODS DELIVERED ACROSS THE CONTINENT

MORE THAN **170 WAREHOUSES** STRATEGICALLY LOCATED THROUGHOUT THE CONTINENT WITH OVER **1,5 MILLION M² OF WAREHOUSING SPACE**

INFRASTRUCTURE AND REPRESENTATION IN **12 AFRICAN COUNTRIES**

CROSS-BORDER TRANSPORTATION INTO **18 COUNTRIES**

TOTAL SCOPE 1 AND 2 CO_2 EMISSIONS OF
624 026 TONNES
(**2014:** 660 607 tonnes)

CONTRIBUTED
R13 MILLION
TO THE WELLNESS FUND THROUGH THE BARGAINING COUNCIL
(**2014:** R8 million)

TOTAL SOCIO-ECONOMIC DEVELOPMENT SPEND OF
R2 MILLION
(**2014:** R1,4 million)

FOR MORE INFORMATION
on Logistics Africa's sustainability initiatives, see the Sustainable Development Report.

TRAINING SPEND:
R109 MILLION
(**2014:** R99 million)

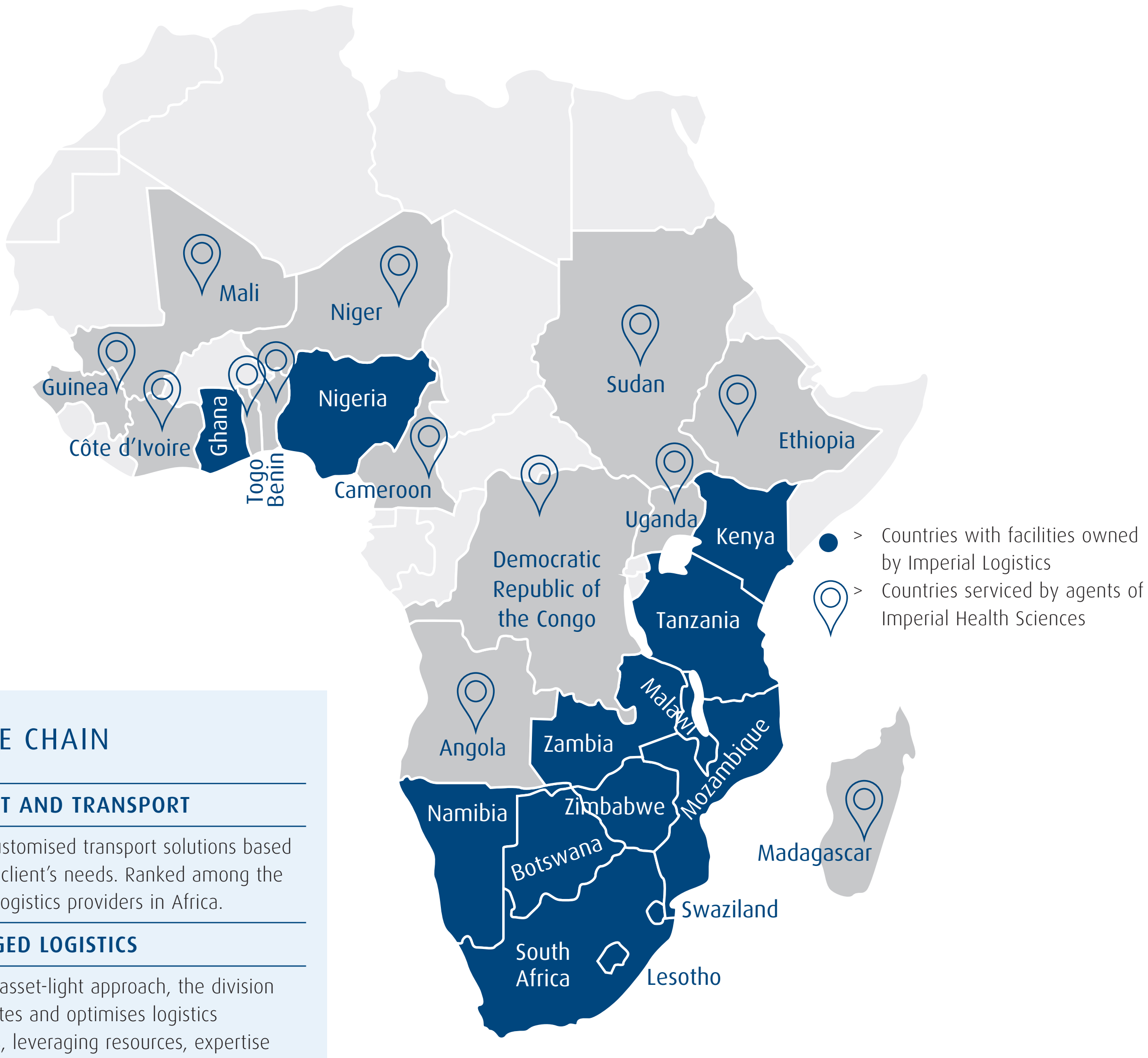
NUMBER OF TRAINING HOURS: OVER
459 000
(**2014:** 367 000)

INJURIES PER MILLION KILOMETRES TRAVELLED:
0,059
(**2014:** 0,099)

FATALITIES PER MILLION KILOMETRES TRAVELLED:
0,0106
(**2014:** 0,0151)

KILOMETRES TRAVELLED:
472 MILLION
(**2014:** 464 million)

TOTAL ROAD FUEL USAGE:
200 514 KILOLITRES
(**2014:** 207 677 kilolitres)



VALUE CHAIN

FREIGHT AND TRANSPORT

Offers customised transport solutions based on each client's needs. Ranked among the leading logistics providers in Africa.

MANAGED LOGISTICS

With an asset-light approach, the division coordinates and optimises logistics activities, leveraging resources, expertise and best of breed technologies for maximum client benefit.

WAREHOUSING AND DISTRIBUTION

Offers a large network of world-class customisable warehousing, storage and handling solutions.

SUPPLY CHAIN INTEGRATION

Assists clients in optimising their supply chains, applying deep experience of multiple supply chains and advanced technology solutions.

DEMAND-DRIVEN ROUTE-TO-MARKET FULFILMENT

Offers an integrated, end-to-end value proposition and is uniquely placed to take clients' products from source to point of sale.

DIFFERENTIATORS

In South Africa, the division is differentiated by its:

- Proven ability to improve clients' competitiveness, as evidenced by the retention of long-term relationships and ongoing service innovation.
- Operations of scale, specialised expertise, extensive regional footprint and ability to create innovative solutions to client-specific logistics challenges.
- Ability to provide an end-to-end service offering and thus provide tangible value-add to clients through a fully integrated supply chain.
- Organisational agility and entrepreneurial style together with its commitment to corporate responsibility.

In the emerging markets of sub-Saharan Africa, the division is further differentiated by its:

- Unique distributor approach based on the needs of emerging markets, supported by acquisitions and local partnerships, and benefiting from exclusive relationships with principals.
- Role in growing its customers' consumer and pharmaceutical brands by bringing products to market in a trading environment where logistics are challenging and sales and marketing channels are relatively underdeveloped.

MATERIAL ISSUES

South Africa

- Economic uncertainty and the impact of low growth, labour and electricity disruptions on the division and its clients.
- Margin pressure due to the increasingly competitive logistics market and excess supply capacity in the market.
- Impact of new codes of good practice for broad-based black economic empowerment (BBBEE) on the division's preferential procurement status with clients.
- Impact on service reliability due to disputes with organised labour.

Rest of Africa

- Potential impact on consumer growth in Africa due to volatile global economic conditions and lower commodity prices.
- Ongoing concerns around economic and political stability in sub-Saharan Africa.
- Weakening currencies putting pressure on the pricing of imported goods.

Value drivers	Operating context
Gross domestic product, personal consumption expenditure and manufacturing growth in South Africa	> GDP growth in South Africa remaining subdued. > Upward pressure on interest rates potentially limiting growth in personal consumption expenditure. > Depressed manufacturing and mining sectors.
Outsourcing of logistics and demand for supply chain expertise and consulting	> Low growth and challenging environment in South Africa resulting in clients implementing cost-cutting measures. > Specialisation and complexity associated with integrated supply chain management and skills shortages within organisations sustaining demand for supply chain expertise and consulting.
Rising wealth and urbanisation in selected African countries	> Growing middle class in many African countries continues to drive demand for consumer and pharmaceutical goods.
Value proposition to multinational principals, including footprint of distributorships	> South African and multinational companies continue to expand into Africa given higher growth in many African countries. > Infrastructure and routes to market for principals still largely underdeveloped.

STRATEGY

The Logistics Africa division remains focused on expanding and leveraging its footprint in selected African countries to enhance revenue growth. It is also strengthening its integrated logistics capabilities which will enable deeper penetration into its clients' supply chains. Strategically the division aims to equal the contribution of its rest of Africa operations to that of its South African operation by 2020.

In South Africa, the division leverages its scale, expertise and technology to provide high-value logistics services that lower total costs and offer superior reliability for its clients, to ensure that its services and delivery remain industry-leading. Continued reliable service delivery and innovation support organic growth through client retention and new client engagement, and enable greater service expansion within its existing client base.

In the rest of Africa, the division's growth strategy follows a three-phased approach:

Africa growth strategy

1. Expanding its footprint and growing scale through further acquisitions to access new markets and channels.
2. Leveraging this footprint to drive volume through entering into strategic relationships with additional principals.
3. Actively seeking opportunities for consolidation to realise inter-regional synergies, including people and systems.

In line with its value proposition for the rest of Africa, the division is consciously building its managed logistics capabilities and introducing value-added services such as merchandising to establish and grow its clients' consumer brands in its chosen markets.

Rest of Africa value proposition to principals

GET **YOU** THERE

SELL YOUR PRODUCT

BUILD YOUR BRAND

A key focus for the division is on simplifying its Southern African businesses by reducing operational and administrative complexity, finding synergies between individual businesses and further strengthening its specialisation in different aspects of supply chain management.

In addition, the division is driving the implementation of a new integrated enterprise resource planning system across its businesses. Other projects will focus on strengthening its sales capability, as well as people development and recruitment to ensure the division's strategy is resourced sufficiently.

The division applies best practice in areas such as vehicle quality and safety across all its markets. Among the division's sustainability focus areas, its fuel savings and energy management initiatives are expected to contribute positively to operational efficiency.

The division has a formalised joint development board which supports succession and talent development through initiatives to develop executive talent and high-potential employees, with a specific focus on building leadership, business development and finance capabilities. The Imperial Academy provides additional training on business-critical aspects such as supply chain management. The Academy is accredited with the Transport Education and Training Authority (TETA).

FOR MORE INFORMATION
on Logistics Africa's sustainability initiatives, see the Sustainable Development Report.

Engagement with Transnet on its road to rail strategy is ongoing. The road to rail strategy seeks to reduce the adverse impact of the transport of freight suited to rail on national road infrastructure and reduce the cost of logistics for cargo owners throughout Southern Africa. The division is working with Transnet to find opportunities for joint development of multimodal logistics services in support of these objectives.

The new codes of good practice for BBBEE, although challenging, present an opportunity for competitive differentiation and the division is engaging with its South African clients in this regard. Supplier and enterprise development initiatives are already underway, and the division is considering options for meeting the new ownership requirements. The deadline for the logistics industry to comply with the new codes has been extended to 1 June 2016.

The risk of strike action disruptions during wage negotiations in South Africa remains a concern. The division is following the process as agreed with the National Bargaining Council for the Road Freight and Logistics Industry, and will aim to limit potential disruptions to productivity.

The division is the heaviest user of road-related fuel in the group, accounting for 62% of total road fuel consumption. A number of initiatives were implemented during the year, focusing both on the configuration and streamlining of trucks to reduce fuel consumption, driver training and route optimisation. By increasing the efficiency of a client's supply chain, the division can reduce the use of fuel and the cost of transport as well as easing road congestion and reducing the potential for road traffic accidents. In addition to vehicle upgrades, some of the greatest gains in increasing fuel efficiency have come from improvements in logistics planning – reducing kilometres travelled to transport goods through the application of Transport Management Services (TMS) systems.

Acquisition strategy

In pursuing acquisitions, the division applies an asset-light approach that will contribute positively to earnings going forward. Its approach is aligned to the group target which calls for return on invested capital to exceed the risk-adjusted weighted average cost of capital in the medium term. Minority shareholders are retained for a few years with profit warranties in place.

Acquisition focus:	Major acquisition in the 2015 financial year:
South Africa	**Pharmed**
Acquisitions that will enable it to expand into adjacent offerings.	The division acquired 62,5% of Pharmed, a Durban- and Johannesburg-based wholesaler of pharmaceuticals, as an adjacent complementary offering to its Southern African logistics capabilities. Pharmed provides warehousing, distribution and selling of pharmaceuticals to hospitals, private pharmacies and dispensing doctors, which will be integrated into the division's existing service offerings.
Rest of Africa	**Imres**
Acquisitions that grow its footprint and scale and consolidate its market position in providing a route to market for pharmaceuticals and consumer goods.	The division acquired a 70% shareholding in Imres, a Netherlands-based wholesaler of a range of medical supplies with a diversified client base in the international medical relief industry with a strong presence in Africa. Imres adds sourcing and procurement capabilities to the division's offering and complements its other acquisitions in the pharmaceuticals sector, with potential opportunities for leveraging the division's existing network, capabilities and customer base in Africa.

PERFORMANCE

In South Africa the division continued to perform satisfactorily in a testing environment, benefiting from operational efficiencies and its favourable market position as the country's leading provider of end-to-end logistics solutions. New contract gains compensated for marginal or negative volume growth in the mining, manufacturing and retail sectors.

The industrial logistics businesses servicing the manufacturing, mining, commodities, chemicals and construction industries experienced declining volumes, which depressed revenue growth and operating margins.

The consumer logistics businesses showed muted revenue growth but good operating profit growth, due mainly to the acquisition of Pharmed and a turnaround at Imperial Cold Logistics. Volume growth in our manufacturing client base is lacklustre.

The division's operations in the rest of Africa continued their strong performance, with revenue and operating profit growing by 58% and 89% respectively, supported by good volume growth and the contribution of strategically aligned acquisitions in the pharmaceuticals sector (Imres and Eco Health). The division's strategy to be a significant distributor and logistics provider of consumer goods and pharmaceutical products in Southern, East and West Africa is on track, with acquisitions performing in line or ahead of expectations.

NET CAPITAL EXPENDITURE OF

R1,0 BILLION

(2014: R887 MILLION)

OUTLOOK

Looking ahead, the division will continue to drive its acquisitive and organic growth strategies to firmly establish itself as a leading logistics provider in sub-Saharan Africa with strong earnings contribution from its operations outside South Africa. Economic conditions in South Africa are anticipated to remain challenging over the medium term. Growth in the consumer environment in the rest of Africa operating countries is expected to maintain its positive trend. Real growth in revenue and operating profit is expected for this division in the 2016 financial year.

Based in Germany, Logistics International provides complete logistics solutions including industrial contract logistics, warehousing, inland waterway shipping, bulk and container terminal operations, contract manufacturing in the chemical industry and related value-added services across European markets.

The division is a leading logistics partner to the automotive, chemical, steel, aluminium, agriculture, paper and machinery industries. During the year under review, the division embarked on a strategic restructure of its businesses, which included consolidating its constituent businesses into two divisional pillars.

FOR MORE INFORMATION
The new divisional structure is presented on page 66.

KEY DATA

Euro million	2015	2014	% change
Revenue	**1 391**	1 368	2
Operating profit	**70**	69	1
Operating margin (%)	**5,0**	5,0	

Rand million	2015	2014	% change
Revenue	**19 071**	19 249	(1)
Operating profit	**958**	971	(1)
Operating margin (%)	**5,0**	5,0	
Return on invested capital (%)	**8,2**	7,7	
Weighted average cost of capital (%)	**6,3**	6,5	

OVER
8 200
EMPLOYEES

OPERATES **600** INLAND VESSELS

2 MILLION M² OF STORAGE CAPACITY (INCLUDING **20** HAZARDOUS GOODS WAREHOUSES)

IN SOUTH AMERICA, OPERATES FOUR CONVOYS (FOUR PUSH BOATS AND **48** BARGES) ON THE RIO PARANÁ

TOTAL SCOPE 1 AND 2 CO_2 EMISSIONS OF
306 441 TONNES
(**2014:** 234 863 tonnes)

TOTAL FUEL USAGE (ROAD AND NON-ROAD):
95 124 KILOLITRES
(**2014:** 87 469 kilolitres)

FOR MORE INFORMATION on Logistics International's sustainability initiatives, see the Sustainable Development Report.

INJURIES PER MILLION KILOMETRES TRAVELLED:
0,127
(**2014:** 0,114)

FATALITIES PER MILLION KILOMETRES TRAVELLED:
0
(**2014:** 0)

KILOMETRES TRAVELLED:
71 MILLION
(**2014:** 56 million)

VALUE CHAIN

The division offers complete supply chain solutions within specific logistics focus areas:

INLAND SHIPPING

Ideally positioned in Germany to connect to the rest of Europe as the leading inland shipping company in the region, with a dedicated fleet for gas, chemicals and dry bulk.

CONTRACT LOGISTICS

Services clients' requirements across all aspects of the logistics value chain, mainly in the automotive sector, with a view to applying its capabilities to adjacent industries.

PORTS/TERMINALS

Provides intermodal shipment of goods and operates bulk and container terminals in the main industrial centres along Germany's inland waterways.

CHEMICALS LOGISTICS

A leading logistics and contract manufacturer in the chemical and related industries, mainly in the agriculture sector, with a view to applying its capabilities to the healthcare sector.

DIFFERENTIATORS

> Well-positioned in demanding industries such as chemicals and automotive, and able to manage complex services and processes to the highest quality standards.
> Ability to reproduce high-quality offerings in new industries and markets.
> Offers an integrated portfolio of services across clients' supply chains.
> Well-established, long-term client partnerships as a basis for entering new markets.

MATERIAL ISSUES

> Successfully implement new divisional strategy to achieve business and operational excellence.
> Enhance the brand profile of the division beyond that of its individual businesses.
> Position the division's capabilities in outsourced supply chain management to the market and realise cross-selling opportunities within and across its businesses.
> Diversify beyond mature industry sectors (steel, paper and coal) to unlock new growth opportunities.

Value drivers	Operating context
Economic conditions in Germany and Europe and the impact on international trade	> The slow recovery of the Eurozone, and more specifically weak exports from Germany, are exerting pressure on Imperial's volumes, rates and utilisation in that region. > Economic growth in Germany is expected to strengthen, driven by domestic and external demand[1]. > Structural problems in the Eurozone, if left unresolved, could impact future growth potential.
Ongoing trend of outsourcing supply chain activities in core markets	> Industrial and manufacturing businesses focusing on core business, resulting in outsourcing of certain aspects of their supply chains which provides opportunities for the division given its complete logistics offering.
Client demand for full service offerings and global reach	> Demand for full service offerings and international capability continues.
Competitiveness within the logistics industry	> Continuing trend among logistics providers towards full service offerings and global expansion. > Consolidation of logistics providers continues.
Effective response to regulatory changes in domestic markets	> Euro 6 emissions standard requiring conversion to compliant trucks which will benefit from a lower toll rate. > German minimum wage law could significantly impact on the transport and logistics industries.
Advancements in information technology as an enabler of competitive advantage	> Use of information technology to enhance and automate supply chains is gathering pace, requiring partnership with clients in developing future supply chains.

1 *OECD Economic Forecast Summary (June 2015).*

STRATEGY

The Logistics International divisional strategy was approved by the Imperial board in March 2015. The impact of the strategy is far-reaching, with its over-arching objective being to drive organic growth through competitive client value propositions and operational excellence, supplemented by appropriate acquisitions.

Geographically, the division's primary focus remains mainly on Germany (the biggest logistics market in Europe) and some strategic hubs in Europe given the significant potential for industries to outsource aspects of their supply chains.

Implementation of the strategy is divided into various work streams which will be undertaken in a phased approach, with a number of work streams already underway. The initial phase sets operational targets relating to the division's focus on supply chain services within specific industries. These have been fully communicated to operational management.

To simplify business structures and to drive business excellence, the division is restructuring its businesses according to its service offerings and implementing a new management structure, as well as enhancing the related corporate management tools and processes. As from 1 July 2015, the division is structured along two simplified pillars: Imperial Transport Solutions and Imperial Supply Chain Solutions, with shared services at the centre. The management restructure at senior management levels is complete, with subsequent levels in progress. A new enterprise resource planning system will be implemented to improve management control across the division.

A core project team reporting directly to the divisional CEO manages all initiatives associated with the restructure, and training and development programmes are being aligned to the new strategy. A development programme was launched in 2014 targeting young professionals covering topics such as leadership and managing complexity and change. A guideline for required leadership competencies was also launched, which is used as a basis for further training and development activities.

A new marketing and sales capability is being implemented to strengthen the division's ability to realise opportunities in outsourced supply chain services (warehousing, contract logistics and manufacturing) in the mature European operating environment. With a view to promoting organic growth, increase market share and drive cross-selling across the division's businesses, a centralised sales function was established in July 2015 and a new customer relationship management system will be implemented.

To enhance the division's brand profile a new brand strategy has been formulated to consolidate its disparate brands under one Imperial banner. The new corporate brand strategy, together with the new management structure, was launched at a leading industry event in Munich during May 2015. Together with the centralised sales capability, the consolidated brand will further strengthen the division's ability to cross-sell its diverse offerings to deepen the penetration of its services into its clients' supply chains.

A senior manager has been appointed to spearhead operational excellence initiatives to enhance efficiency and quality. The division strives to increase the level of standardisation and quality, for example various measures are in place to gather data on quality and efficiency in day-to-day operations.

The division's geographic expansion outside Europe will continue to leverage its clients' internationalisation strategies by applying its existing capabilities and assets, where appropriate. This will ensure that growth into new jurisdictions provides an appropriate level of return on investment while limiting capital deployed.

Within its domestic market, and given the relative maturity of its traditional industry sectors (steel, paper and coal), the division is evaluating opportunities to grow through acquisition. The division will concentrate its acquisition efforts on adjacent industries and services which have solid growth potential and are less exposed to cyclicality, such as healthcare, aviation, and consumer goods, based on existing expertise, capabilities and client relationships.

With CO_2 emissions relating to inland water shipments being 70% lower than for road transport, the division accounts for 29% of heavy fuel usage and 31% of the group's Scope 1 emissions. However, recognising that clients are increasingly incorporating sustainability considerations into their decision making, fuel efficiency is a major consideration within the business. Key focus areas for the division included achieving efficiencies in the bunker oil consumed by barges through greater operational efficiencies, and upgrading its fleet to Euro 6 vehicles in line with legislative requirements.

FOR MORE INFORMATION
see the Sustainable Development Report.

PERFORMANCE

The financial performance for the year ended 30 June 2015 is presented against the previous divisional structure, comprising the Inland Shipping, Lehnkering, Panopa and Neska businesses.

Logistics International's operating profit in euro was slightly up on the prior year, impacted by slow economic growth which suppressed volumes, rates and utilisation in most Eurozone logistics sectors. Revenue and operating profit were up 2% and 1% respectively in euro.

This division showed an improved result in the second half, recording a 13% increase in operating profit in euro. However, for the financial year, the marginal increase in operating profit to €70 million was below expectations, impacted by a decline in dry freight rates in the European inland shipping market and generally muted activity levels in most of our clients' sectors in Europe. The strengthening of the rand against the euro undermined the rand-denominated results.

Transport volumes across the German inland shipping industry were down and overcapacity depressed freight rates. The contract in South America, which commenced in February 2014, is performing in line with expectations and contributed positively for the year.

Lehnkering, comprising road transport, warehousing, distribution and contract manufacturing of chemicals, experienced mixed results during the year. Persistent drought conditions in the Western United States and lower volumes in the chemical manufacturing services business in Europe depressed the manufacturing performance. This was offset by a good performance from the chemical transport, warehousing and distribution businesses.

Neska, the terminal operator, experienced declining volumes (mainly paper and dry bulk) due to increased competition and muted activity levels. The intermodal business performed better, buoyed by improved container volumes.

Panopa, which provides parts distribution and in-plant logistics services to automotive, machinery and steel manufacturers, performed well in the second half, recording good growth in revenue and operating profit. Despite good revenue growth from new contract gains for the year, margins were depressed by high start-up costs and operational inefficiencies on a new project in the first half of the year.

NET CAPITAL EXPENDITURE OF
R1,2 BILLION
(2014: R1,1 BILLION)

Most of this was invested in two additional convoys commissioned during the year in support of a 10-year contract for the transport of iron ore from Brazil along the Rio Paraná to a steel mill in Argentina.

The success of this contract is evidence of the division's ability to transfer core capabilities to new markets, which will continue to be a focus in the year ahead.

OUTLOOK

Looking ahead, real growth in revenue and operating profit in euros is expected in the 2016 financial year. The division's focus on strengthening its position in current niches, entering adjacent sectors through targeted acquisitions, and growing its international presence is expected to increase volume-driven operating profit, additionally driven by a stronger sales and marketing focus and the ongoing outsourcing trend.

The Vehicle Import, Distribution and Dealerships division is an exclusive importer of 16 automotive and industrial vehicle brands (including Hyundai, Kia, Renault and Mitsubishi). The majority of its imported brands are sold through its extensive network of owned and franchised dealerships in South Africa, which also provide aftersales parts and servicing and distribute the group's financial services products. Outside South Africa, the division distributes and retails vehicles in selected African markets and retails vehicles in Australia.

VEHICLE

Import, Distribution and Dealerships

KEY DATA

R million	2015	2014	% change
Revenue	**27 437**	27 100	1
Operating profit	**960**	1 518	(37)
Operating margin (%)	**3,5**	5,6	
Return on invested capital (%)	**6,1**	11,5	
Weighted average cost of capital (%)	**9,0**	9,1	

7 300
EMPLOYEES
(**2014:** 7 462)

16 AUTOMOTIVE AND INDUSTRIAL VEHICLE BRANDS

140 OWNED AND 111 FRANCHISED DEALERSHIPS

CAR PARC OF IMPORTED BRANDS HAS DOUBLED OVER PAST FIVE YEARS TO OVER **1 MILLION** IN 2015

FOR MORE INFORMATION on the Vehicle Import, Distribution and Dealerships division's sustainability initiatives, see the Sustainable Development Report.

TRAINING SPEND:
R42 MILLION
(**2014:** R25 million)

NUMBER OF TRAINING HOURS:
100 542
(**2014:** 100 866)

TOTAL SCOPE 1 AND 2 CO_2 EMISSIONS OF
66 330 TONNES
(**2014:** 72 233 tonnes)

VALUE CHAIN

IMPORT AND DISTRIBUTION

Exclusive importer and distributor of 16 automotive and industrial vehicle brands (including Hyundai, Kia, Renault and Mitsubishi), vehicle parts, industrial equipment (including Crown forklifts) and motorcycles. Majority of vehicles imported are retailed through its owned and franchised dealerships.

DEALERSHIPS

The division has an installed base of 126 owned and 111 franchised dealerships in South Africa, as well as six dealerships in Australia and eight in sub-Saharan Africa. Dealerships are a distribution channel for the group's financial services and value-added products[1], and sell traded-in vehicles.

AFTERSALES PARTS AND SERVICES

Vehicles are maintained and repaired at dealerships, with all aftersales parts purchased through the division's distribution network.

1 *Financial services and value-added products are discussed in the financial services review starting on page 78.*

DIFFERENTIATORS

- Status as an exclusive importer of quality vehicle brands.
- Coverage of virtually all aspects of the vehicle value chain.
- Ability to multi-franchise and add additional brands to its product portfolio by leveraging its scale in its existing distribution network.
- Leverages LiquidCapital[1] to gain market intelligence on sales and vehicles, enabling it to reach clients with the right products at the right time.
- Ownership of 70% of its physical infrastructure.
- Ability to strengthen its position in the value chain through value-added products and aftersales parts and services, which provide annuity income.

MATERIAL ISSUES

- Volatility of the South African rand exchange rate against a basket of currencies, primarily the US dollar and euro, which severely impacts the operating margin of the division.
- Stagnating growth in the South African new vehicle market.
- Ability to grow outside existing markets through geographical diversification and new product and service offerings.
- Competition for market share.

Value drivers	Operating context
Growth in the South African economy and personal consumption expenditure	> In South Africa, economic conditions remain challenging. Higher inflation and increasing interest rates will impact consumer spending.
Volatility of the South African rand	> The ZAR exchange rate remains volatile against a basket of currencies, mainly US dollar and euro.
Growing and ageing vehicle parc	> The doubling of the vehicle parc over the past five years provides a good earnings underpin from annuity revenue streams from servicing and parts.
Desirability of imported brands	> Kia and Hyundai performed excellently in the 2015 JD Powers quality and reliability survey. > Challenging consumer conditions are driving consumers to certain lower-priced brands, a number of which form part of the division's import and dealer portfolios.
Availability of consumer credit	> The National Credit Amendment Act came into effect in March 2015. The impact on granting vehicle financing was marginal.

STRATEGY

The division's strategic focus remains on defending and sustainably increasing the market share of its major vehicle brands in South Africa. Increasing the vehicle parc of its brands contributes to revenue and margin growth given its position across all aspects of the vehicle value chain, particularly in aftersales service, parts and financial services.

Managing currency risk

The division's major exposure to the persisting weakness of the rand relative to other currencies, mainly the US dollar and euro, is being actively managed through two primary interventions. Firstly, the division has diversified its currency exposure between the US dollar and euro, to take advantage of divergent currency cycles. Secondly, the division is taking a longer-term view on its forward cover using different financial instruments.

Defending market share and driving growth

The growth strategy for import and distribution remains to add new brands to existing territories, and to introduce existing brands to new territories. In the rest of Africa, the division is targeting distribution opportunities in right-hand drive markets which can be accessed from its South African base.

Growing market share depends on the ability of dealerships to conclude sales. Pricing and customer experience are key determinants of sales performance, as is the desirability of the brands the division represents. Upward pressure on pricing due to currency weakness is carefully managed to maintain sales momentum. Although OEMs provide some support through rebates, the impact relative to currency pressure is negligible.

The changing trend in customer behaviour to researching and deciding on a vehicle, before visiting a few dealers armed with this knowledge, requires new skills. The division is equipping its sales representatives with the requisite skills to engage with this new customer profile. Customer satisfaction is measured and monthly reports are submitted to OEMs as part of the division's performance contract conditions.

Continued challenging consumer conditions in South Africa are expected to shift buying behaviour towards lower cost and pre-owned vehicles. The division is expected to capture a greater share of the pre-owned market through its dealerships.

The introduction of an assembly capability for Hyundai HD truck bodies in South Africa provides an additional revenue stream and some benefit for the division from incentives under the Automotive Production and Development Programme (APDP). Production volumes will be expanded from 250 to 1 000 units per month over the next two years.

Dealership optimisation

A two-year dealership optimisation project is being undertaken to enhance the back-office administrative and reporting capabilities of dealerships, which includes a new dealer management system. This initiative will contribute to process and cost efficiency and improve the quality of data for the business as a whole.

Growing annuity income

The division's dealerships are an important point of sale for the group's financial services products. LiquidCapital has introduced a monthly premium model for its service plan and warranty products as well as value-added products such as damage cover, making these products more accessible to consumers. Some entry-level vehicles do not include manufacturer service or maintenance plans, which further creates a market for value-added products. The division will actively leverage the capabilities of LiquidCapital to grow annuity revenue and gain strategic advantage from its extensive customer and vehicle data management and analytics capabilities.

PERFORMANCE

As predicted, the division faced extremely challenging trading conditions during the year. Revenue increased marginally to R27 437 million. Operating profit declined 37% to R960 million and operating margin decreased to 3,5%. The cost of new inventory escalated with the weakening of the rand and higher forward cover costs. Concurrently, pricing power was eroded by the more favourable competitive position of local OEMs who enjoy the benefit of the duty, rebate and cash benefits of the government's APDP and can balance foreign currency purchases with export earnings. Together these factors depressed margins and unit volumes.

However, price increases, adequate inventory levels and good levels of forward cover resulted in an improved performance in the second half, with operating profit increasing by 8% and operating margins improving to 3,8% from 3,2% in the first half.

IN SOUTH AFRICA, THE DIVISION RETAILED

89 925
(2014: 90 937)
new vehicles

36 614
(2014: 35 739)
pre-owned vehicles

The division's South African new vehicle registrations as reported to NAAMSA were 1% lower than the previous year, including Renault for a full 12 months compared to seven months in the prior year. Excluding Renault, unit sales were down 11% year-on-year.

Annuity revenue streams generated from aftersales parts and service grew strongly with revenue from the rendering of services up 10% for the year. The growing vehicle parc of the division's imported brands, now over 1 million, is delivering good levels of aftermarket activity for dealerships.

The industrial products and services business performed satisfactorily despite a declining forklift market and lower demand from the mining sector.

Divisional net capital expenditure increased by 20% to R1,2 billion (2014: R998 million) as a result of additional vehicles leased to car rental companies and an increased investment in properties.

FOR MORE INFORMATION
on financial services and value-added products see the Financial Services review starting on **page 78**.

OUTLOOK

As communicated previously, historic high margins in this division were achieved through the convergence of specific positive economic, consumer, currency and industry circumstances which are unlikely to occur in the future. Expected operating margins in future are likely to be closer to those of the current financial year than to the average of the past five financial years. Moreover, profits will decline in periods when the rand depreciation rate relative to the currencies in which vehicles are imported is higher than the rate of South African new vehicle inflation.

In the absence of a marked deterioration of the rand relative to our current forward cover position, the division is expected to grow revenue and operating profit in the 2016 financial year. The division will remain focused on defending and growing market share where feasible, and pursue opportunities for growth by adding new markets and geographies.

VEHICLE RETAIL, *Rental and Aftermarket Parts (VRRAP)*

The Vehicle Retail, Rental and Aftermarket Parts division's network of franchised vehicle dealerships is the largest in South Africa, representing almost all major brands. Dealerships are also distribution channels for financial services, insurance, vehicle servicing and parts.

In the commercial sector, the division owns and operates standalone dealerships in South Africa and the United Kingdom (UK). It also operates two car rental brands in South Africa (Tempest and Europcar), as well as the largest pre-owned vehicle dealer network (Auto Pedigree). The division's panel shops repair vehicles for the rental fleet, the consumer market and insurance companies, and the aftermarket parts business wholesales and distributes vehicle parts and accessories. Its leisure businesses manufacture and sell caravans, canopies and other leisure accessories.

KEY DATA

R million	2015	2014 restated	% change
Revenue	**37 547**	34 014	10
Operating profit	**1 677**	1 569	7
Operating margin (%)	**4,5**	4,6	
Return on invested capital (%)	**14,7**	15,1	
Weighted average cost of capital (%)	**9,3**	9,5	

OVER
12 600
EMPLOYEES
(**2014:** 11 761)

38 TRUCK AND VAN DEALERSHIPS AND WORKSHOPS IN THE UK

63 DEDICATED PRE-OWNED RETAIL OUTLETS

86 PASSENGER VEHICLE DEALERSHIPS AND **22** COMMERCIAL VEHICLE DEALERSHIPS IN SOUTH AFRICA

FOR MORE INFORMATION
on sustainability initiatives, see the Sustainable Development Report.

TRAINING SPEND:
R118 MILLION
(**2014:** R81 million)

NUMBER OF TRAINING HOURS:
254 447
(**2014:** 239 058)

TOTAL SCOPE 1 AND 2 CO_2 EMISSIONS OF
105 451 TONNES
(**2014:** 113 080 tonnes)

DISTRIBUTOR, WHOLESALER AND RETAILER OF AFTERMARKET PARTS
THROUGH APPROXIMATELY **764** OWNED AND FRANCHISED STORES

VALUE CHAIN

PASSENGER VEHICLE RETAIL (NEW AND PRE-OWNED)

New vehicles are sold through 86 dealerships, which are also a channel for the sale of vehicle-related financial services. Pre-owned vehicles re-enter the value chain by being traded in and retailed through the division's pre-owned vehicle retail outlets in South Africa.

COMMERCIAL VEHICLE RETAIL (NEW AND PRE-OWNED)

Retails new and pre-owned commercial vehicles and provides related financial services from 22 truck and van dealerships in South Africa, and 38 in the UK.

AFTERSALES PARTS, SERVICE AND REPAIR

Vehicles are maintained and repaired at the division's dealerships and in-house panel shops, with replacement parts purchased from within the Imperial Group.

CAR RENTAL

The division's car rental businesses, Europcar and Tempest, together comprise 122 outlets. Vehicles are purchased through the group's distribution channels and original equipment manufacturers in South Africa, and disposed of through Auto Pedigree.

AFTERMARKET PARTS

Imports and distributes parts through a network of 764 owned and franchised stores, focusing on vehicle parts and accessories for vehicles between five and ten years old. Brands include Midas, Alert Engine Parts, Turbo Exchange, Motolek, ADCO, CBS, ACD and Silverton Radiators.

LEISURE

Manufactures and retails caravans, trailers, canopies and related products. Brands include Beekman Canopies, Jurgens, Safari Centre and Campworld.

DIFFERENTIATORS

- In South Africa, the division's position as the largest vehicle retailer and aftermarket parts distributor, and the second-largest car rental operator.
- Well-balanced footprint of vehicle retail operations which represent almost all major brands in South Africa, with the benefit of scale and a broad spread of motor-related products and services in its portfolio.
- Ownership of 65% of facilities which retail passenger and commercial vehicles, in prime locations (South Africa and the UK).
- The division's strong balance sheet and cash generation ability.
- Continually investing in its people, which is a critical point of differentiation.
- The division's technical training network for vehicle-related trades, which is the largest in South Africa.

MATERIAL ISSUES

- Growing and defending margin and market share, and driving growth in select businesses.
- Reducing complexity in the division's businesses to reduce costs and drive efficiencies.
- Ensuring that assets (vehicle stock, properties and fleet) are utilised optimally.
- Implementing and responding to new technology to enhance customer experience.

Value drivers	Operating context
Personal consumption expenditure growth in South Africa and the UK	> In South Africa, economic conditions remain challenging. Increasing interest rates will impact consumer spending. > Stable economic growth in the UK.
Growing and ageing vehicle parc	> Relatively flat or modestly declining new vehicle sales in South Africa, however strong sales in the period 2008 onwards will support higher parts and service revenue into the future.
Competitive environment	> No material increase in competition in the division's vehicle retail, aftermarket parts and leisure businesses. > Strong competition in the car rental market impacted the car rental businesses' performance, together with lower volumes due to government and corporate clients rationalising expenditure. New entrants in adjacent sectors such as taxi operator Uber may become a material competitor to the car rental industry over time.
Regulation pertaining to the extension of credit	> The National Credit Amendment Act came into effect in March 2015. The impact on granting of vehicle finance for new vehicles was marginal, however customer finance approval rates at Auto Pedigree were adversely impacted.
Labour environment	> Industrial action as a feature of the South African environment is increasing, most materially impacting the division's manufacturing operations within its leisure portfolio.

STRATEGY

Passenger and commercial

The focus of this business is to be dealers of choice for vehicle original equipment manufacturers (OEMs), and be providers of service excellence to clients.

In South Africa, the business seeks to maintain its strong market share and enhance margins, given its relative maturity and the anticipation for growth in new vehicle sales to remain flat. In the UK, the business will look to growing market share and further diversifying its offering in the commercial vehicle sector.

Dealership optimisation seeks to balance consolidation (for operational efficiency) with maintaining an empowered ownership model. Certain back-office functions have been consolidated, however accountability for performance remains firmly with each franchised dealership.

Customer experience is a key determinant of customer loyalty and influences their decision to use the business's dealerships for vehicle servicing, maintenance and parts, providing annuity income. Customer service skills are enhanced through training initiatives provided through OEMs (specifically product knowledge) and independent providers, and customer satisfaction is measured on an ongoing basis. In addition, there is a notable shift to customers using digital channels to inform their purchase decisions. Dedicated sales representatives have been appointed in some dealerships to follow up on leads generated through these channels.

The pre-owned vehicle business continues to achieve reasonable growth and maintains its focus on quality current model (demo) to five-year old pre-owned vehicles. The division leverages its relationships with OEMs to acquire demo vehicles, with the fleet management and car rental businesses also being a source of pre-owned vehicles. Consumer demand for pre-owned vehicles over new vehicles is likely to increase due to inflationary pressure and rising interest rates, however this impact is not yet apparent.

Aftermarket parts

The aftermarket parts business is consolidating to simplify its structure and realise operational efficiencies. A new warehouse in Johannesburg has consolidated four facilities into one, simplifying administration and making the delivery process more efficient. The business is also actively developing plans to grow its brands into Africa, and is exploring opportunities to leverage the footprint and regional knowledge of the Logistics Africa division when entering new markets. The aftermarket parts business's strategy is to manage the value chain from ordering through to warehousing and retail.

The division is looking to introduce lower-cost 'house brands' to its product portfolio, and will consider suitable acquisitions in this regard. To clearly distinguish between the Midas retail brand and the aftermarket parts holdings structure, the name of the aftermarket parts group was changed to Africa Automotive Aftermarket Solutions.

Car rental

The focus for this business is to achieve revenue growth and manage costs. Conditions in the car rental sector are highly challenging, characterised by strong competition, spending cuts by government and corporate clients and the attractive propositions to tourism and business customers from new entrants such as the Uber private taxi service. Corporate clients are also moving from single to dual supply contracts.

The new administration system experienced a difficult launch in Tempest, and now that the issues have been resolved, it will be implemented in Europcar in the year ahead. This system will allow for the use of a single fleet and consolidate their administrative systems, improving operational and cost efficiencies and customer experience. Europcar and Tempest will retain their individual brands given their strong profile in the market.

Fuel and emissions efficiency is a material issue in the car rental business. The reduction of fleet carbon emissions is a key focus area and operational practices are being implemented in this regard.

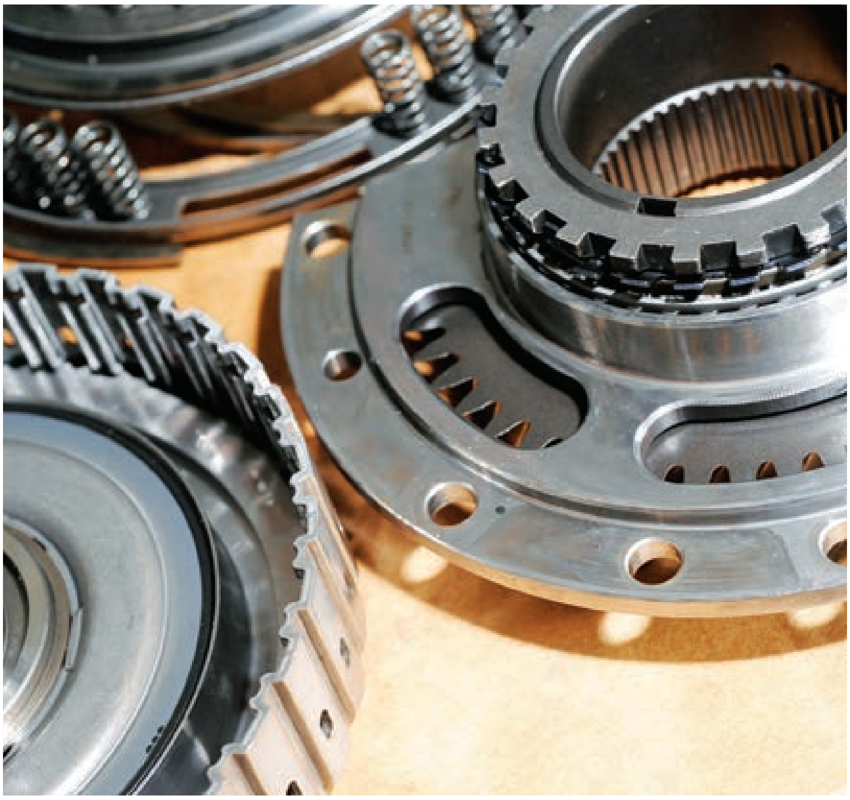
Leisure

The manufacturing businesses in the division's leisure portfolio are particularly susceptible to industrial action and electricity load shedding. Engagement with labour representatives is ongoing, and plans to mitigate the impact of load shedding on the production line are in place.

The long-term success of the motor industry depends on having the technical skills available to service vehicles. The division provides apprentice training and offers a bridging programme for participants without the required mathematics and science skills.

Acquisitions and strategic partnerships

Approach:		Developments in the 2015 financial year:	
South Africa	In the aftermarket parts business, acquisitions that will strengthen its market position and expand into complementary service offerings.	Behr Hella Service SA (BHS)	Africa Automotive Aftermarket Solutions (previously Midas Group) entered into a strategic partnership with BHS, which operates Silverton Radiators and an agency network servicing the vehicle air conditioning repair market nationally. Under the agreement, Africa Automotive Aftermarket Solutions will become the exclusive distributor of BHS products in South Africa and neighbouring countries, and manage both the Silverton franchise and the BHS agent network.
UK	In the commercial vehicles business, acquisitions that will grow market share and further diversify the division's offering in the commercial vehicle sector.	S&B Commercials	The acquisition of S&B Commercials in September 2014 has further strengthened the UK commercial vehicles business's position as a retailer of Mercedes-Benz commercial vehicles, and provides exposure to the port trucking industry. Its diversification into lighter commercial vehicles continues to perform well, representing a strong portfolio of leading brands.
Australia	In the leisure business, explore opportunities to export its caravans and trailers to Australia.	TJM Australia	The leisure business has concluded a distribution agreement with TJM Australia, an off-road vehicle accessory supplier. Under the agreement, the leisure business will distribute the TJM product through our Campworld and Safari Centre dealer network.



PERFORMANCE

The division continued to deliver good growth in revenue and operating profit during the year. Revenue grew 10% to R37 547 million and operating profit increased 7% to R1 677 million. Operating margin remained stable.

In South Africa, the vehicle retail businesses delivered solid performances, retailing 30 641 (2014: 31 816) new and 31 484 (2014: 30 759) pre-owned vehicles during the year. Despite lower new unit sales, passenger vehicle revenue grew due to an improved sales mix and new vehicle price inflation. The latter drove motorists to pre-owned vehicles, which experienced moderate growth. Good expense management and a well streamlined network of dealerships resulted in operating profit growth higher than revenue in the passenger vehicle business.

South Africa's medium commercial, heavy commercial and extra heavy vehicle markets experienced a softening of new retail unit sales on the prior year. As a result, both revenue and operating profit in the local commercial vehicles business declined.

The UK commercial vehicle market grew strongly with the national truck market up 48% (impact of Euro 6 suppressed 2014 sales volumes) and the national light commercial vehicle market up 20%. The division's results were buoyed by this market growth and the acquisition of S&B Commercials. A weaker rand enhanced the growth in rand.

Aftersales parts and service revenue grew 20% (13% excluding the UK). Parts revenue growth was driven by both price and volume increases, with the significant increase in new vehicle sales over recent years set to continue supporting growth.

The car rental business experienced a difficult year with lower volumes in most segments. Highly challenging trading conditions included strong competition, spending cuts by government and corporations, clients moving from single to dual supply contracts, and competition from non-traditional entrants such as Uber. Revenue days declined, while utilisation improved 2% on the prior year with the average fleet size 10% smaller.

Unit sales at Auto Pedigree declined as banks tightened credit approval rates to consumers in lower income segments in response to the NCA amendments. Panel shops delivered a disappointing result as revenue declined on the prior year, which included extraordinary hail repairs.

Revenue in the aftermarket parts business grew 8%, despite the increasingly tough market conditions and the switch to alternative, cheaper brands which put pressure on margins and market share. Price increases as a result of the weakening rand assisted revenue growth but operating income for the year was flat.

NET CAPITAL EXPENDITURE OF
R844 MILLION
(2014: R633 MILLION)

OUTLOOK

Growth in new passenger vehicle sales is expected to remain flat or show a modest decline given the challenges in the South African consumer environment, however these challenges may impact positively on growth in used vehicle sales. Low business confidence in the domestic economy is expected to continue putting pressure on commercial vehicle sales. The initiatives to drive operational efficiency and grow the aftermarket parts business are expected to impact positively on the business's performance in the year ahead. The division remains optimistic that the car rental businesses will achieve higher profitability in line with strategic interventions undertaken, although competitive pressure will remain.

Single digit growth in revenue and operating profit are expected for the 2016 financial year.

FINANCIAL SERVICES

The Financial Services division provides motor-related financial services and products through LiquidCapital (maintenance, warranty and other financial products associated with the automotive market) and vehicle leasing through Imperial Fleet Management and Ariva. In line with the group's strategy to dispose of non-core and strategically misaligned assets, negotiations for the sale of Regent are currently underway and progressing positively. Regardless of the outcome of these negotiations, motor-related financial services will remain an integral part of the group's strategic focus on the full automotive value chain.

KEY DATA

R million	2015	2014**	% change
Motor-related financial services and products			
Revenue	**1 429**	1 166	23
Operating profit – restated	**620**	587	6
Operating margin (%)*	**43,4**	50,3	
Insurance (discontinued operations)			
Revenue	**3 034**	2 905	4
Operating profit	**564**	454	24
Adjusted investment income	**208**	276	(25)
Adjusted underwriting result	**479**	328	46
Intergroup eliminations**	**(123)**	(150)	(18)
Operating margin (%)	**18,6**	15,6	
Underwriting margin (%)	**15,8**	11,3	
Return on invested capital (%)	**32,3**	31,4	
Weighted average cost of capital (%)	**11,6**	12,2	

* *The operating margin for motor-related financial services and products benefits from investment income and profit share arrangements, including banking alliances where we recognise profit, but for which there is no corresponding revenue.*

** *Regent has been classified as a discontinued operation. The accounting standards require that the continuing and discontinued operations are reflected after adjusting for all intergroup transactions. These transactions relate to intergroup revenue, fees and cell captive incomes. The cell captive incomes retained with the sale of Regent are now included in motor-related financial services and products and the 2014 result has been reclassified accordingly.*

FOR MORE INFORMATION
on sustainability initiatives, see the Sustainable Development Report.

INCLUDING REGENT
1 186
EMPLOYEES
(**2014:** 1 077)

TRAINING SPEND:
R5,2 MILLION
(**2014:** R11,3 million)

NUMBER OF TRAINING HOURS:
9 847
(**2014:** 8 329)

TOTAL SCOPE 1 AND 2 CO_2 EMISSIONS OF
3 681 TONNES
(**2014:** 4 265 tonnes)

VALUE CHAIN

MOTOR-RELATED FINANCIAL PRODUCTS AND SERVICES	FINANCE AND FULL MAINTENANCE LEASING	INSURANCE
Vehicle servicing and maintenance contracts, vehicle leasing to private individuals, fleet telematics and roadside assistance.	Vehicle finance provided through alliances with banks. Full maintenance leasing and other fleet management solutions are provided to corporate, parastatal and SMME clients.	Insurance for passenger and commercial vehicles, extended warranties, credit insurance and commercial goods-in-transit cover, as well as life insurance, funeral policies and affinity products.

DIFFERENTIATORS

- Access to the group's extensive vehicle dealership network which provides scale and points of sale for financial services.
- Access to market intelligence through the group's vehicle businesses, which provides a basis from which to grow demand for existing products and services and develop new products.
- Ability to feed market intelligence back into the vehicle businesses.
- Proven track record of product and channel innovation and development.

MATERIAL ISSUES

- Driving differentiation through customer service and product innovation in an increasingly competitive environment.
- Managing exposure and impact of unfavourable underwriting cycles and investment markets.
- Attracting and retaining highly skilled technical and financial talent.
- Managing complexity associated with a dynamic regulatory environment.

Value drivers	Operating context
Performance of the South African economy and vehicle sales	> Economic conditions in South Africa remain challenging. > Slow-down in new vehicle sales impacted volumes in vehicle-related products and services, however the potential increase in used vehicle sales due to consumer pressure could positively impact volumes. > Low consumer confidence and rising interest rates likely to impact vehicle sales further. > Challenging consumer conditions can result in higher lapse rates.
Underwriting cycles	> Regent's motor comprehensive short-term insurance business benefited from a positive underwriting cycle during the year. > Less claims due to natural events (specifically hail) than in previous years.
Average cost per claim	> Sustained weakness of the rand negatively impacts the performance of motor products.
Equity market performance	> Regent benefited from positive equity market performance, but to a lesser extent than in the previous year.
Competitive environment	> Environment becoming increasingly crowded as financial services and other industry players aim to diversify income through value-added products and services.
Impact of regulatory developments	> Numerous new regulations impacting the financial services industry (for example the Solvency Assessment and Management regulations, the Retail Distribution Review and Treating Customers Fairly regulations) increases the complexity of managing the business. > The National Credit Amendment Act impacted the extension of credit for vehicle purchases. > Amendments to tax legislation relating to company cars affecting LiquidCapital by lowering the value of company cars on its balance sheet, which will impact rental income.

STRATEGY

The financial services division provides an integrated vehicle-related financial services proposition that leverages the group's capabilities and footprint in vehicle distribution and retail, contributes advanced vehicle and customer data management and analytics, and completes the group's suite of vehicle-related products and services, providing annuity income. The division's businesses provide products and services under its own licences and through joint ventures with other financial and motor industry players.

Regent

On 27 May 2015 shareholders were advised that Imperial had entered into exclusive negotiations for three months with The Hollard Insurance Group and an associated party (Hollard), regarding the acquisition by Hollard of Imperial's interest in Regent Insurance Company Limited and Regent Life Assurance Company Limited (Regent).

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 vehicles and logistics businesses and enjoy no strategic, competitive or financial advantage from Imperial's ownership. Therefore, and consistent with its espoused strategy to invest in its core capabilities, Imperial has decided to dispose of the business and insurance licences of Regent. As motor-related financial services remain core to the group's strategy, the transaction will be structured to allow the group to retain access to the income flows generated by the distribution of vehicle-related insurance and value-added products through the group's dealership network with the use of cell captives.

Since the issuing of the last cautionary renewal, the due diligence is progressing positively and the parties have agreed to extend the initial three month exclusivity period to the end of September after which shareholders will be advised of developments.

LiquidCapital

LiquidCapital remains a key strategic differentiator in the group's portfolio of vehicle-related businesses. The business provides financial products and services aligned to the division's brands and leverages the Imperial dealer network to drive sales, in addition to its direct sales capabilities and external distribution partners.

The business is investing in strengthening its direct sales capabilities in the increasingly crowded, competitive environment for value-added products and services. With consumers having more choice in providers, customer experience becomes a critical differentiator. LiquidCapital is developing initiatives to drive a customer-oriented culture within its business and position itself as a provider of choice to younger vehicle-buying consumers. The introduction of monthly payment plans improves affordability for some consumers.

MotorHappy was launched as a new consumer-facing brand that leverages social media and digital marketing to drive sales by reducing the perceived complexity of vehicle-related value-added products and services. It provides a simple web-based interface through which customers can buy products and services, and find information on which products may already be associated with their vehicle. Products integrated into this offering include service and maintenance plans, warranties and roadside assistance, which together position the brand as a 'trusted adviser' to customers' motoring needs.

LiquidCapital uses its advanced information technology capabilities to inform its product and service development and provide strategic advantage to the group's vehicle-related businesses. Data is managed and processed on behalf of the group, and vehicle-related data is shared with respective original equipment manufacturers represented by the Import, Distribution and Dealerships division. The business conforms to the highest information security and data privacy standards, and is fully compliant with the Protection of Personal Information Act. Mechanisms are in place to retain and attract highly skilled technical and analytical skills.

The business continued to comply with all applicable financial services legislation and licence conditions, and is on track to meet new regulatory requirements including Treating Customers Fairly and Retail Distribution Review regulations. Some of its telemarketers are required to be accredited under the Financial Advisory and Intermediary Services Act, an area in which there is an existing skills shortage. Attraction and retention mechanisms are also in place for these skills.

PERFORMANCE

The underwriting performance in Regent's short-term business benefited from more effective risk management resulting in improved loss ratios in the motor comprehensive and commercial vehicles businesses. Uptake of motor-related value-added products improved despite slowing vehicle sales. Regent Life performed well, with new business volume growth.

Regional business outside South Africa remained a meaningful contributor to the division and performed to expectation. These factors, together with Regent's decision to focus on its core markets and distribution channels, increased underwriting profit by 46% with underwriting margins improving from 11,3% to 15,8%. Equity markets were less favourable when compared to the prior year, resulting in lower investment returns on prudent equity positions.

Operating profit in motor-related financial services grew 6% despite more conservative impairment provisions in the vehicle financing alliances. The advances generated through the alliances with financial institutions grew strongly, as did the funds held under service, maintenance, roadside assistance and warranty plans, which grew by 10%. Innovative new products and improved retention and penetration rates in sales channels also contributed positively to the growth in these businesses, providing valuable annuity earnings to underpin future profits.

Growing the leasing business via Imperial Fleet Management and building synergies within the retail divisions remains a focus area. Ariva, a private leasing alliance, had a difficult year as new business volumes declined in a tighter credit environment.

Net capital expenditure in the motor-related financial services and products businesses related mainly to vehicles for hire. In the current period, a net R649 million was invested in the fleet, compared to R224 million in the prior year when certain of these vehicles were leased through one of the division's banking alliances.

OUTLOOK

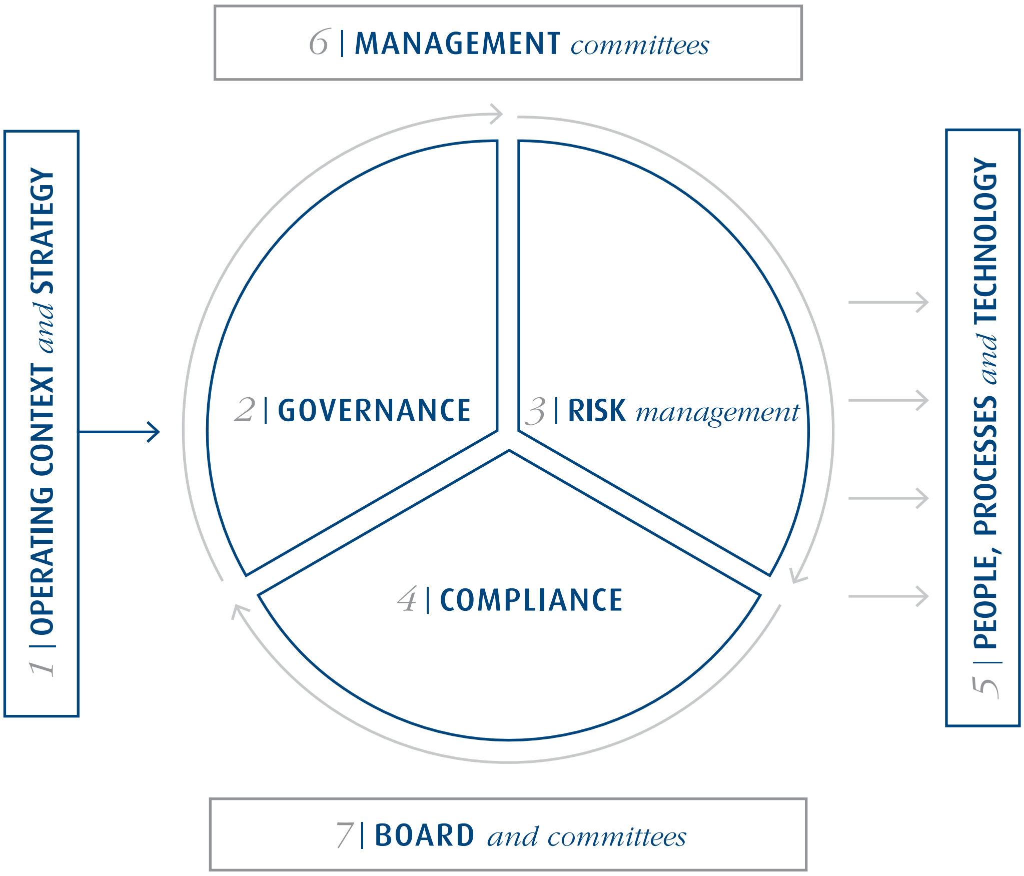
Vehicle sales are expected to decline in the year ahead. Initiatives to drive direct sales and offer a differentiated value proposition to the market should mitigate this and support revenue and operating profit growth, excluding Regent, in 2016.

CORPORATE *governance report*

The group's corporate governance structures are aligned to the principles of the King Code of Governance Principles (King III).

Governance structures and processes are reviewed from time to time to accommodate regulatory, strategic and organisational changes, as well as international developments.

IMPERIAL'S INTEGRATED GOVERNANCE MODEL



PAGE 8
For the Imperial Holdings business model, which defines the group's role in respect of its subsidiaries.

1 OPERATING CONTEXT *and* STRATEGY

PAGE 10
A general assessment of the group's operating context in relation to its strategy.

PAGES 40, 42 and 46
The chairman, chief executive and chief financial officer assess material developments in the operating context in relation to strategic and financial performance and prospects in their reports.

PAGES 56 to 81
Specific commentary on each division's operating context in relation to its strategy and performance is provided in the divisional reviews.

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

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

2 GOVERNANCE

Imperial subscribes to the principles of good governance as defined by King III, and complies with all relevant laws and regulations.

Ultimate responsibility for governance rests with the Imperial board, which comprises a majority of independent non-executive directors, and its sub-committees, which are constituted with the requisite expertise and experience.

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

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

WWW.IMPERIAL.CO.ZA
The board continually assesses its governance practices and procedures against King III and makes adjustments where necessary.
A register of the group's application of the 75 principles of King III is available on the group's website.

RISK MANAGEMENT MODEL

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

The risk assessment process also identifies areas of opportunity, for example where effective risk management can be turned into a competitive advantage or where taking certain risks could result in reward for the group. Any risk taken is considered within the group's risk appetite and tolerance levels, which are updated annually.

The group's five divisions exhibit different market, operating and financial characteristics. Risk management responsibility and accountability, therefore, vests largely with divisional management structures. They report to the divisional finance and risk review committees, which are overseen by the board audit and risk committees. The group risk committee formalises, standardises and monitors this process, guiding management and assessing their effectiveness in implementing the approved risk management framework.

The board determines the level of acceptable risk and requires operations to manage and report on risk accordingly. Issues and circumstances that could materially affect the group's reputation constitute unacceptable risk.

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

The group also maintains a comprehensive insurance programme to ensure that material financial consequences of risk events do not result in undue financial impact on group businesses.

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

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

PAGE 10
A general assessment of the group's operating context in relation to its strategy.

3 RISK *management* CONTINUED

PAGE 20
For our key risks.

KEY GROUP RISKS

Imperial has identified key group-level risk categories in addition to business and industry-specific risks identified by divisions.

INTERNAL CONTROLS

THE BOARD:

- ***Is accountable for the process of risk management and the systems of internal control,*** which are regularly reviewed for effectiveness.
- ***Is accountable for establishing appropriate risk and control policies*** and communicating these throughout the group.
- ***Is satisfied that there is an effective process in place for identifying, evaluating and managing the group's significant risks.***
- ***Is satisfied that the system of internal control is effective and that group-wide strategies*** are in place to mitigate the consequences and impact of the group's significant risks to an acceptable level.

INTERNAL FINANCIAL CONTROLS AND FINANCIAL REPORTING

The board acknowledges its responsibility for instituting internal control systems that provide reasonable assurance that assets are safeguarded against material loss and that transactions are properly authorised and recorded, as well as that proper accounting records are maintained to ensure reasonable reliability and integrity of financial and operational information, including the annual financial statements. Internal controls also provide assurance that the group's resources are utilised efficiently and that the activities of the group comply with applicable laws and regulations.

Financial results are reported monthly to the executive committee and quarterly to the board. Each division prepares detailed monthly management accounts, as well as budgets and a three-year plan that are approved by the board. Performance against budget is monitored and variances analysed. Profit and cash flow forecasts are reviewed, which include an analysis of material changes. A comprehensive system enables management to monitor trends and measure productive use of capital. Accounting policies are disseminated throughout the group and monitored to ensure compliance.

INTERNAL AUDIT

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

Internal audit is an independent, objective assurance and consulting activity established to support and improve the group's operations. It follows a systematic, disciplined approach to evaluate and improve the adequacy and effectiveness of risk management, control and governance processes.

The group internal audit executive, based at the group's corporate head office, coordinates internal audit activities. The internal audit executive reports administratively to the CFO and functionally to the chairman of the audit committee, and has unrestricted access to the group CEO and audit committee chairman.

The internal audit executive reports formally at all audit committee meetings during the year. The audit plan for the group and its divisions uses a risk-based approach and is approved by the group audit committee. The internal audit executive also attends and coordinates the activities of all quarterly divisional finance and risk review committees and attends all group risk committee meetings.

Internal audit has confirmed that nothing came to its attention to indicate that there was any material breakdown in the system of internal or financial control in the group during the year. This conclusion is based on its internal audit work performed in terms of the approved combined internal audit plan for the year, the scope of work, the results of evaluations and the overall audit opinion ratings for the audited areas, together with feedback on follow-up audits.

During the year an independent review of the internal audit function was conducted by Deloitte, which confirmed that it is operating effectively and comparable to similar functions in other leading listed entities.

The risk management maturity self-assessment conducted during the year at divisional and group level confirmed the sound implementation of risk management across the group, as well as the high degree to which management had embraced risk management.

COMBINED ASSURANCE

The group's combined assurance model ensures:

> The completeness of the group-wide inherent risk profile.
> That key mitigation factors and processes are documented and aligned to the group's risk management model.
> An adequate level of assessment of the control environment by assurance providers, both internal and external.

The combined assurance model aligns with the group's integrated governance model, with key assurance provider roles overlapped, which strengthens the robustness of assurance across key elements.

4 COMPLIANCE

LEGAL COMPLIANCE

As a multinational group, Imperial is subject to a wide range of legislation with approximately 200 pieces of legislation applicable to the group. It monitors legislative developments on an ongoing basis and has a legal compliance programme to increase awareness of, and enhance compliance with, applicable legislation.

Legal compliance is reported regularly to divisional boards and risk committees and quarterly to the group audit and risk committees.

Each division, depending on its risk profile and industry, employs legal and compliance officers. Divisions regularly conduct assessments to highlight the impact of legislation on their businesses and to ensure that operational controls have been implemented.

To maximise synergies and cooperation, the compliance and legal officers meet in a quarterly forum. **Key objectives of the forum are to:**

> ***Monitor and report*** on emerging and key legislative and compliance matters.
> ***Ensure*** completeness of compliance with legislative universe.
> ***Formulate*** group plans to facilitate the implementation of new legislation.
> Where applicable, ***coordinate*** group responses to draft legislation requiring comments.

CONTRACT COMPLIANCE

Divisions have dedicated legal functions to review contract terms and conditions, and to monitor compliance with these on an ongoing basis. Existing contracts are monitored to ensure they are up to date and in line with legislative and commercial changes.

CONFLICTS OF INTEREST

The group has a formal conflicts of interest policy that guides directors to act in the best interests of the company, with due care and diligence in discharging their responsibilities as directors. The policy requires directors to declare and avoid conflicts of interest in accordance with the Companies Act, 2008 (the Act), and to account to the company for any advantages gained in discharging their duties on behalf of the company.

INSIDER TRADING

No group director or employee with inside information about the group may deal, directly or indirectly, in Imperial's securities, which include allocations of and dealings in the group's share incentive schemes. Imperial's closed periods are from the 1st of January until interim results reporting date and the 1st of July until full-year results reporting date. In addition, the group has adopted a policy requiring directors, executive committee members, the company secretary and directors of major subsidiaries to obtain permission from designated individuals before trading in the group's securities.

No infringements were reported during the year.

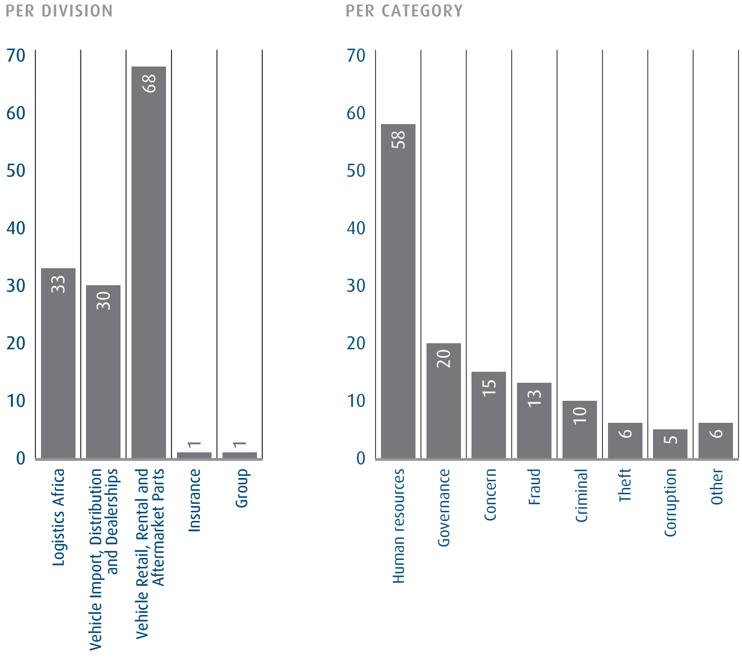
WHISTLE-BLOWING HOTLINES AND TIP-OFFS

Whistle-blowing hotlines are in place in all regions in which the group operates. This service, operated by independent service providers, enables all stakeholders to anonymously report concerns.

It is the responsibility of all employees and stakeholders to report known or suspected unethical or illegal conduct. Retaliation against whistle-blowers is not tolerated.

Internal audit coordinates all reported matters. Tip-offs are also sent to the CEOs of the respective divisions and investigated accordingly. Detailed feedback is given at the respective financial and risk review committees and group audit committee.

TOTAL TIP-OFFS RECEIVED



5 PEOPLE, PROCESSES *and technology*

PEOPLE

The successful implementation of Imperial's corporate governance initiatives relies on competent, ethical people at many levels of the organisation.

Industry, technical and subject matter expertise is necessary to translate general principles into everyday actions that ensure the protection of stakeholder interests. To this end, Imperial employs and invests in the development of suitably qualified and experienced individuals to implement and sustain the requisite levels of governance throughout the group.

The start of a breakdown in governance is very often a relatively minor ethical infraction which occurs long before laws are broken or regulations transgressed. In recognising that successful governance relies on matters of character as much as structure and process, Imperial strives to establish and inculcate high ethical standards by means of its code of ethics.

CODE OF ETHICS

Imperial's core value is to act with uncompromising honesty and integrity. The code of ethics provides guidance to all employees of Imperial and its subsidiaries on adhering to its core values, while recognising that no single code can address every situation individuals are likely to encounter. This code is therefore not a substitute for employees' responsibility and accountability to exercise good judgement and obtain guidance on appropriate business conduct.

Ethics content is included in training and induction programmes. In addition, a group-wide culture survey conducted during the year included questions to assess both the perception of the standard of ethics applied by the group and the standard of ethical conduct by employees.

The code of ethics requires employees to:

1. Respect others and avoid any form of discrimination.
2. Abide by the laws of the country in which they operate and comply with the codes of conduct of all professional and industry bodies to which the group belongs.
3. Avoid any waste, damage and private use of company assets and resources (including time).
4. Neither give nor receive bribes.
5. At the earliest opportunity, disclose in writing to the appropriate management all gifts received from clients or suppliers beyond a token value.
6. Not divulge any confidential information to any party, or improperly use company and client information.
7. Market the group's products and services accurately and charge the agreed fee or a fair fee where no fee was agreed.
8. Not seek to advance personal interests at the expense of the group or its clients.
9. Not engage in any activity, directly or indirectly, which results or might result in a conflict of individual interests with the interests of the group.
10. Not participate, or involve the group in any way, in any scheme that would cause embarrassment to the group or harm its reputation.

PROCESSES

Processes are critical to ensure that governance strategy is aligned with governance management and implementation in the group.

To achieve this, processes are integrated at all levels. Processes encompass governance and risk oversight policies and procedures, reporting and measurement, as well as decision-making processes. Based on the decentralised nature of the group, it does not regulate operational processes in divisions, although minimum standards are set.

TECHNOLOGY

Most aspects of governance rely on underlying management information systems and information technology (IT). Conversely, the investments and risks of information systems require dedicated oversight and judgement.

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

The objective of the standardised IT governance framework is to:

> Provide guidance to divisional and operational IT functions.
> Set a standard measure of IT maturity within the group.
> Align with King III.

The five principles of the Imperial operational IT governance framework are:

1 *Business alignment and enablement*	> IT strategy and responsibilities > Role and benefits of IT (internal and external) > Standards and core policies
2 *Operational performance*	> People capacity and development > Internal processes and measures
3 *Supplier performance management*	> Formalised service level agreements > Structured commercial agreements
4 *Business continuity/disaster recovery*	> Business impact analysis > Testing of back-up and recovery
5 *Compliance and security*	> Data privacy, security and access control > Internal control monitoring

6 MANAGEMENT *committees*

The size and diversity of Imperial's operations has led to all significant entities being managed through divisional boards and executive committees.

While the Imperial board of directors delegates authority through the group CEO to his direct reports and in turn to theirs, the group executive committee and the subsidiary boards exercise statutory oversight of assets and control of performance within the bounds of Imperial's board-approved strategies and budgets, with executive committees controlling day-to-day operating performance.

7 BOARD *and committees*

BOARD

The group has a unitary board comprising ten non-executive directors (of whom eight are independent) and six executive directors, after the resignations and appointments up to 3 November 2015.

BOARD OF DIRECTORS

Non-executive directors	Executive directors
TS Gcabashe* (chairman)	MJ Lamberti (CEO)
A Tugendhaft (deputy chairman)	OS Arbee (CFO)
P Cooper*	M Akoojee (resigned 30 September 2015)
GW Dempster*	MP de Canha
T Dingaan*	PB Michaux
SP Kana* (appointed 1 September 2015)	JJ Strydom
RM Kgosana* (appointed 1 September 2015)	M Swanepoel
P Langeni*	
MJ Leeming* (resigned 31 August 2015)	
MV Moosa	
RJA Sparks*	
Y Waja*	

* *Independent.*

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

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

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

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

The board regularly performs assessments of its performance and of the performance of individual directors, including the chairman.

Matters that were addressed in the past financial year were:

> Formalised succession planning for key executives including the CEO and CFO.
> Opportunities were created for non-executive directors to interact with next-tier management, particularly around the new group strategy.
> The board strategy day provided an opportunity for more detailed strategy discussions.
> Risk awareness was enhanced through inclusion in the board's deliberation on the new strategy.

An independently facilitated review will be performed later in the year.

WWW.IMPERIAL.CO.ZA
For more information on the board charter.

At least one third of directors retire by rotation each year and may stand for re-election at the annual general meeting (AGM) in accordance with the Memorandum of Incorporation (MOI). Directors who retire are selected in accordance with a rotational register and are those who have been in office the longest since their appointment or re-election.

Directors standing for re-election were appraised by the board and their re-election is recommended by the board. This year, Messrs OS Arbee, MP de Canha, MV Moosa, M Swanepoel, Y Waja and Mrs T Dingaan will retire by rotation and are standing for re-election at the AGM to be held on 3 November 2015. In addition, Messrs P Cooper and GW Dempster who were appointed during the year are proposed for confirmation by shareholders at the AGM.

Mr MJ Leeming retired from the board on 31 August 2015. Mr RM Kgosana has been appointed as a director and chairman of the audit committee with effect from 1 September 2015. Mr M Akoojee was appointed in an executive position in the Logistics Africa division and resigned from the board with effect from 30 September 2015.

Mr TS Gcabashe will retire as a director and as chairman at the annual general meeting on 3 November 2015. He will be succeeded as chairman by Dr SP Kana, who was appointed as a director of the company on 1 September 2015.

The table alongside outlines attendance at board meetings during the year.

THE CHAIRMAN

The chairman's role is to set the ethical tone of the board and to ensure that the board remains efficient, focused and operates as a unit. The board has continued to operate under the guidance of Mr TS Gcabashe in this reporting period. Mr Gcabashe is an independent non-executive chairman and his role is clearly defined and separated from that of the CEO through the provisions in the board charter.

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

While the board may delegate authority to the CEO in terms of the board charter, the separation of responsibilities is designed to ensure that no single person or group can have unrestricted powers and that appropriate balances of power and authority exist on the board. Through membership of the remuneration and nomination committees, the chairman is also responsible for the annual appraisal of the CEO's performance, as well as participating in the succession planning of executive directors.

BOARD ATTENDANCE

	Regular meetings	*Annual strategy meeting*
TS Gcabashe (chairman)	4/4	1/1
MJ Lamberti	4/4	1/1
M Akoojee	4/4	1/1
OS Arbee	4/4	1/1
HR Brody**	2/2	
P Cooper*	1/1	1/1
MP de Canha	4/4	1/1
GW Dempster*	1/1	1/1
T Dingaan	4/4	1/1
S Engelbrecht**	2/2	1/1
RL Hiemstra**	2/2	
P Langeni	4/4	1/1
MJ Leeming	4/4	1/1
PB Michaux	4/4	–
MV Moosa	4/4	1/1
GW Riemann**	2/2	1/1
RJA Sparks	4/4	1/1
JJ Strydom	4/4	1/1
M Swanepoel	4/4	1/1
A Tugendhaft	4/4	1/1
Y Waja	4/4	1/1

* *Appointed during the year.*
** *Resigned during the year.*

7 BOARD
and committees CONTINUED

NON-EXECUTIVE DIRECTORS

The group's non-executive directors are individuals of high calibre and credibility who contribute to the board's deliberations and decisions. Their diverse backgrounds ensure a wide range of experience in commerce, finance, law, industry and engineering. They have the necessary skills and experience to bring judgement to bear, independent of management, on areas such as strategy, performance, business development, transformation, diversity, ethics and environmental management.

Non-executive directors are required to devote sufficient time to the affairs of the group. While no limitations are imposed by the board charter, or otherwise, on the number of other appointments directors may accept, approval from the chairman must be obtained prior to acceptance of additional commitments which may affect the time directors can devote to the group.

PAGES 34 to 39
For CVs of the board members.

Ms P Langeni and Mr Y Waja have served on the board for a period in excess of nine years. An internal evaluation of their independence, character and judgement was performed and the assessment confirmed them to have remained independent.

THE CHIEF EXECUTIVE OFFICER

The board defines the group's levels of authority, reserving specific powers for the board, while delegating others to management. The collective responsibility for the executive management of the company's operations vests with the CEO, Mr MJ Lamberti, who reports to the board on the group's objectives and strategy. Mr Lamberti plays a critical role in the operations and success of the company. The CEO is accountable to the board and consistently strives to achieve the group's goals within the framework of delegated authority.

THE COMPANY SECRETARY

The company secretary, Mr RA Venter, holds BCom, LLB and LLM degrees and is an admitted attorney.

Directors have unlimited access to the services of the company secretary, who is responsible to the board for ensuring that proper corporate governance principles are adhered to.

In terms of JSE Listings Requirements, the board of directors must consider the competence, qualifications and experience of the company secretary annually. King III also recommends that the company secretary should maintain an arm's-length relationship with the board and that he should ideally not be a director. After conducting a formal review which formed part of the annual board evaluation process, the board concluded that there were no direct or indirect relationships between the company secretary and any of the board members which could compromise an arm's-length relationship with the board of directors. The company secretary is not a director of the company.

The competence and performance of the company secretary was reviewed based on a formal questionnaire completed by all board members, the results of which is considered by the board as a whole.

The board confirmed that the company secretary is adequately qualified and experienced and has effectively performed and carried out his duties during the year.

COMMITTEES

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

The table below outlines the board committees at the time of publication, after year end. The rest of this governance report outlines the committee memberships and activities during the year to 30 June 2015.

Executive committee	Audit committee	Risk committee	Remuneration committee	Social, ethics and sustainability committee	Assets and liabilities committee	Investment committee
MJ Lamberti (chairman)	RM Kgosana (chairman)	Y Waja (chairman)	RJA Sparks (chairman)	MV Moosa (chairman)	OS Arbee (chairman)	P Cooper (chairman)
M Akoojee	GW Dempster	N Bell	TS Gcabashe	B Adam	M Akoojee	MJ Lamberti
OS Arbee (CFO)	T Dingaan	OS Arbee	P Langeni	OS Arbee	MJ Lamberti	M Akoojee
MP de Canha	P Langeni	BJ Francis	A Tugendhaft	MP de Canha	R Mumford	OS Arbee
BJ Francis	RJA Sparks	O Janse v Rensburg	**Nomination committee**	BJ Francis	WF Reitsma	GW Dempster
PB Michaux	Y Waja	RM Kgosana	TS Gcabashe (Chairman)	TS Gcabashe	GW Dempster	RJA Sparks
JJ Strydom		MJ Lamberti	P Langeni	MJ Lamberti	M Swanepoel	M Swanepoel
M Swanepoel		G Rudman	RJA Sparks	R Levin		
		A Tennick	A Tugendhaft	N Bell		
				MR Sharfuddin		
				M Swanepoel		
				A Tugendhaft		
				RA Venter		

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

7 BOARD *and committees* CONTINUED

Executive committee

The group's executive committee is responsible for:

> Devising group strategy for recommendation to the board of directors and implementing the strategies and policies approved by the board.
> Managing the day-to-day business and affairs of the group.

The members of the executive committee are appointed by the board. The committee consists of eight members and meets at least once a month.

The table below outlines attendance of executive committee meetings during the year.

Members	*Number of meetings attended*
MJ Lamberti (chairman)	15/15
M Akoojee	14/15
OS Arbee	15/15
MP de Canha	14/15
BJ Francis	14/15
PB Michaux	14/15
JJ Strydom	14/15
M Swanepoel	14/15

PAGE 121 to 125
For details of the workings of the committee and attendance of meetings are contained in the audit committee report on.

Audit committee

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

PAGE 85
For more detail on the risk processes in the group.

Risk committee

The risk committee sets the group risk culture, framework and strategy and ensures that a robust risk management process is in place. The committee comprises both non-executive and executive members and is chaired by a non-executive director. The committee met four times during the year.

The table outlines attendance of committee meetings during the year.

Members	*Number of meetings attended*
Y Waja (chairman)*	4/4
OS Arbee	4/4
N Bell##	3/3
S Engelbrecht*#	1/2
BJ Francis	4/4
O Janse v Rensburg##	2/2
MJ Lamberti	3/4
MJ Leeming*	4/4
G Rudman	4/4
A Tennick	4/4

** Non-executive. # Resigned during the year. ## Appointed during the year.*

Remuneration committee

Details of the workings of the committee and attendance of meetings are contained in the comprehensive remuneration report on pages 100 to 115.

WWW.IMPERIAL.CO.ZA
For more information on committee charters.

Nomination committee

The committee furnished the board with advice and guidance regarding:

> The development and implementation of formal succession plans for the board, CEO and senior management.
> The establishment of a formal process for the appointment of directors and the identification of suitable members for the board.
> Induction and ongoing training and development of directors.

The group chairman chairs the committee in accordance with King III.

The table outlines attendance of committee meetings during the year.

Members	*Regular meetings*	*Special meetings*
TS Gcabashe (chairman)*	4/4	2/2
RJA Sparks	4/4	2/2
P Langeni*	4/4	1/2
A Tugendhaft	4/4	2/2

* *Independent non-executive director.*

Social, ethics and sustainability committee

The role of the social, ethics and sustainability committee encompasses all aspects of sustainability. The committee performs statutory duties, as set out in the Act, for the group and on behalf of subsidiary companies. In addition to its statutory duties, it assists the group in discharging its social, ethics and sustainability responsibilities and implementing practices consistent with good corporate citizenship, with particular focus on the following:

> King III.
> Imperial's sustainability commitments.
> Broad-based black economic empowerment (BBBEE) requirements, as described in the Department of Trade and Industry's Combined Generic Scorecard (excluding ownership targets) and associated Codes of Good Practice.
> Imperial's transformation commitments, as described in the group's transformation strategy and division-specific broad-based black economic empowerment (BBBEE) plans.
> Environmental commitments, as described in Imperial's environmental policy framework.
> Socio-economic development (SED) commitments, as described in Imperial's SED policy.
> Imperial's code of ethics and corporate values.

Transformation remains a key focus area and the committee will continue to guide Imperial in its goal of increasingly reflecting the diversity of South Africa.

7 BOARD
and committees CONTINUED

During the year, the committee discharged its statutory duties to monitor the company's activities relating to:

> SED, including the company's standing in terms of the goals and purposes of the ten principles set out in the United Nations Global Compact Principles, the Organisation for Economic Cooperation and Development (OECD) recommendations regarding corruption, the Employment Equity Act and the BBBEE Act.
> Good corporate citizenship, including the company's promotion of equality, prevention of unfair discrimination and reduction of corruption, its contribution to the development of the communities in which it operates or within which its products or services are marketed and where it undertakes sponsorship, donations and charitable giving.
> The environment, health and public safety, including the impact of the company's activities and of its products or services.
> Consumer relationships, including the company's advertising, public relations and compliance with consumer protection laws.
> Labour and employment, including the company's standing in terms of the International Labour Organisation (ILO) Protocol on decent work and working conditions, as well as the company's employment relationships and its contribution towards the educational development of its employees.

The committee comprises non-executive directors, executive directors and other members of the management of the company. It is chaired by a non-executive director. Attendance of committee meetings during the year was as follows:

Members	*Number of meetings attended*
MV Moosa (Chairman)*	4/4
B Adam	4/4
OS Arbee	4/4
N Bell	4/4
MP de Canha	2/4
BJ Francis	3/4
TS Gcabashe*	3/4
MJ Lamberti	3/4
R Levin	3/4
MR Sharfuddin	4/4
M Swanepoel	3/4
A Tugendhaft*	4/4
RA Venter	4/4

* *Non-executive.*

Assets and liabilities committee

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

Attendance of committee meetings during the year was as follows:

Members	*Number of meetings attended*
OS Arbee (Chairman)	4/4
M Akoojee	4/4
H Brody**	2/2
MJ Lamberti	4/4
MJ Leeming*	4/4
R Mumford	4/4
WF Reitsma	4/4
JJ Strydom	4/4
M Swanepoel	3/4

* *Non-executive.*
** *Resigned during the year.*

Investment committee

The investment committee was established during the year and is responsible for reviewing significant transactions and matters of a strategic nature. It meets on an ad hoc basis and did not have any meetings during the year.

REMUNERATION *report*

Introduction from the COMMITTEE CHAIRMAN

Imperial is sensitive to the global debate on executive compensation, where its relationship with performance is too often tenuous and coincidental.

At the same time the biggest and most pressing threat facing South Africa today is the shortage of skills – we simply have too few competent managers, leaders, professionals and technicians to meet our national requirements.

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

Throughout the group, we attempt to compensate individuals fairly for the job at hand, with due regard for their skills and performance.

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

At the 2014 annual general meeting (AGM), 30% of shareholders voted against the group's remuneration policy. Although a non-binding advisory vote, the board has carefully considered the views expressed by shareholders in its deliberations and remains deeply committed to responsible conduct, sound governance and transparency regarding executive compensation. **The main concerns raised, and the board's responses, were as follows:**

> **The former CEO's bonus not being clearly linked to performance** (instead recognising past service):
After due consideration, the board resolved to award Mr HR Brody an incentive bonus equivalent to one year's compensation. This award was mainly to recognise his general accomplishment and performance during the eight months of the 2014 financial year in which he served as CEO. The balance recognised the increase in shareholder value during his tenure as CEO from July 2007 to February 2014, during which time he frequently declined to accept his full incentive under the prevailing incentive schemes. The board notes the concern around the absence of a clear link between his performance and compensation, but regards the discretionary decision appropriate under the circumstances.

> **The award of long-term incentives to executive directors during the 2014 financial year not being performance-related,** consisting only of awards under the deferred bonus plan:
The deferred bonus plan requires executives to purchase shares with their own resources, and to place these shares in escrow for three years after which a like number of shares are awarded to them if they are still in the company's employ. The board considers this plan to be a mechanism for retention and aligning executive and shareholder interest (as it is enhanced by the appreciation of the company's share price), and thus it does not deem other performance criteria necessary.

> **The lack of detail regarding the award to the new CEO, Mr MJ Lamberti,** under the Conditional Share Plan:
The board acknowledges and accepts this criticism. Greater detail has been provided on page 111, following the approval of the group's strategy in March 2015.

> **The 10% share usage limit for incentive schemes being higher than recommended:**
The board reviewed the limit and gave an undertaking to shareholders that, notwithstanding the 10% maximum in line with the JSE Listings Requirements, the aggregate outstanding long-term incentive awards will be limited to no more than 5% of Imperial's issued share capital.

KEY FOCUS AREAS

The group is undertaking an extensive benchmarking of executive and senior staff remuneration packages with the assistance of PricewaterhouseCoopers.

In addition, during the year the committee considered and approved:

> The general composition of remuneration packages.
> The criteria for bonus and incentive awards.
> The amount of bonus and incentive awards in accordance with set criteria.
> Executive and general long-term incentive awards.

Approval

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

COMMITTEE CHAIRMAN

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

ROLE OF THE COMMITTEE

The committee advises and guides the board on the following:

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

COMMITTEE MEMBERSHIP

During the year, the members of the remuneration committee were RJA Sparks (chairman), TS Gcabashe, P Langeni and A Tugendhaft. All are non-executive directors.

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

Meeting attendance

Member	*Regular meetings*
RJA Sparks* (chairman)	4/4
TS Gcabashe*	4/4
P Langeni*	4/4
A Tugendhaft	4/4

* *Independent non-executive director.*

REMUNERATION POLICY

The group's remuneration policy was ultimately approved by shareholders at the annual general meeting (AGM) on 4 November 2014. The committee gave an undertaking to change the 10% share usage limit to 5%. The amended policy is submitted to shareholders for approval by non-binding advisory vote at the AGM on 3 November 2015.

Determination of performance incentives

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

Page 105 For an indication of management's KPIs.

	2015	**2014**
Total number of employees	**51 361**	51 671
Total compensation paid to employees (Rm)	**15 647**	14 576
Total compensation as a % of revenue	**14**	14

Remuneration breakdown

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

Salaried employees

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

Employees paid by the hour

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

EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS

Policy

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

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

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

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

Incentive-based rewards are capped and earned through the achievement of demanding growth and return targets consistent with shareholder interests over the short, medium and long term.

Incentive plans, performance measures and targets are structured to operate soundly throughout the business cycle.

The design of ***long-term incentive schemes*** is prudent and does not expose shareholders to unreasonable financial risk.

Elements of executive remuneration

Executive remuneration comprises the following key elements:

1. BASE SALARY
2. ANNUAL INCENTIVES
3. SHARE-BASED LONG-TERM INCENTIVE AND RETENTION SCHEMES
4. OTHER BENEFITS may include a car allowance or a fully maintained car, pension or provident fund contributions, medical insurance, death and disability insurance.

The remuneration committee seeks to ensure an appropriate balance between the fixed and performance-related elements of executive remuneration and between those aspects of the package linked to short-term performance and those linked to longer-term shareholder value creation.

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

1 BASE SALARY

Base salary is the total cost to company (TCTC) before short-term incentives. The fixed remuneration of each executive is based on roles in similar companies, which are comparable in terms of size, market sector, business complexity and international scope.

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

2 ANNUAL INCENTIVE

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

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

Group return on invested capital (ROIC)
The base target for ROIC is achievement of the weighted average cost of capital (WACC) target. This measurement is not capped.

WACC is based on the group's actual mix of equity and debt for the year on which the bonus is based, calculated on a monthly average basis.

Divisional profit before interest and tax (PBIT) growth
The measurement starts to pay out above a base target for PBIT growth. This measurement has no cap in order to avoid the risk of profit smoothing.

Group core earnings per share (EPS) growth
The measurement starts to pay out above a base target for core EPS growth. This measurement has no cap in order to avoid the risk of profit smoothing.

Divisional ROIC versus WACC
The base target for ROIC is achievement of the WACC. This measurement is not capped. For the group's insurance businesses, return on insurance group equity value is used.

Broad-based black economic empowerment, employment equity targets and skills development spend.

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

This component allows the committee to make adjustments in circumstances which could not be foreseen at the start of the period or are not in the control of a particular executive, such as a general market downturn or the demise of a significant competitor, which could affect divisional performance downwards or upwards beyond the control of the executive in question.

Employment equity achievement:

Measurement of the executive committee members with group responsibility
This measurement is fully based on three of the sub-measurements for the organisation as a whole. The three scorecards are:

> Management control
> Employment equity
> Skills development

Measurement of executive committee members with divisional responsibility

> Divisional dti management scorecard
> dti employment equity and skills development scorecards

Pages 111 to 115 For a breakdown of executive remuneration.

Annual short-term incentive bonus (STI)

	STI as % of TCTC for on-target performance
Executive directors	150%
Senior management	60% to 100%
First-line operational management	50%

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

3 LONG-TERM INCENTIVE AND RETENTION SCHEMES, BOTH SHARE- AND CASH-BASED

Executive participation in long-term incentive and retention schemes is based on criteria such as seniority, performance during the year and retention drivers. Any senior employee with significant managerial or other responsibility, including any director holding salaried employment or office in the group, is eligible to participate in long-term incentive schemes. Non-executive directors may not be awarded rights in any of the incentive schemes.

The group has three long-term incentive plans:

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

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

The SARs vest after three years and lapse four years from vesting.

The current performance targets employed in the SARs are the achievement of specified targets set by the committee. These include:

	Percentage of SAR awards
Growth in core EPS, relative to the growth in core EPS or headline earnings per share (HEPS) of a selected peer group of 20 JSE-listed companies	50%
ROIC compared to WACC, over a three-year period	50%

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

CORE EPS

If the core EPS of the company is below the lower quartile of the selected peer group

0% OF SARs WILL VEST

If the core EPS of the company is equal to the lower quartile of the selected peer group

30% OF SARs WILL VEST

If the core EPS of the company is equal to or above the upper quartile of the selected peer group

100% OF SARs WILL VEST

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

ROIC

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

0% OF SARs WILL VEST

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

30% OF SARs WILL VEST

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

100% OF SARs WILL VEST

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

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

The targets and measures relating to each issue are detailed in a letter of grant. After vesting, the rights may be exercised by a participant within four years after vesting. **Upon exercise by a participant, the difference between the exercise price and the grant price is paid by:**

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

Deferred bonus plan (DBP)

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

SARs and DBPs

Allocations under SARs and DBPs are made annually based on the following criteria:

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

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

Benchmark awards for SARs and DBPs:

	Expected values as % of total guaranteed package
Executive directors	100%
Senior management	44% – 60%
First-line operational management	14% – 28%

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

Conditional share plan (CSP)

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

4 OTHER BENEFITS

Executive directors are entitled to a car allowance or a fully maintained car, pension or provident fund contributions, medical insurance and death and disability insurance. Providing these benefits is considered to be market competitive for executive positions.

TERMINATION OF EMPLOYMENT

Resignation or dismissal

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

Retirement

If any portion of a participant's share appreciation rights remains unexercised or a conditional award or matching award remains unvested and a participant retires, the participant will be entitled to the same rights and be subject to the same conditions under the SAR, CSP or the DBP as if he/she had continued to be a participant, unless the board determines otherwise.

Retrenchment, death, ill health, disability or other reasons for cessation of employment

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

The pro-rata portion of the SARs and conditional awards that vest will, unless the board determines otherwise, reflect the number of months served since the date of grant and the extent to which the performance conditions have been satisfied. In the case of matching awards, the allocation will be based on the number of bonus shares held and the DBP period at the time of cessation of employment, unless the board determines otherwise. The balance of the unvested SARs not permitted to be exercised or unvested conditional awards or matching awards that do not vest will lapse.

Total allocations

A total of 9 371 072 SARs remain unexercised in terms of the SARs scheme at an average price of R181.94 per share. A total of 457 518 DBPs have been taken up and remain unvested.

Hedge

The group hedges its exposure to deliver shares in terms of share-based long-term incentive schemes by taking out hedges or buying back shares to avoid dilution associated with the issue of shares. All SARs awards have been fully hedged through the purchase of call options after allowing for attrition over the vesting period. All DBP and CSPs have been hedged in full, assuming no attrition.

RETIREMENT SCHEMES

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

SUCCESSION POLICY AND PLANS

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

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

In line with its strategic objective of implementing leading-edge talent management processes, the group has embarked on a process to measure and develop the executive talent pool. The Imperial Executive Forum, which comprises the 150 most senior executives and other of high-potential employees, is the focal point of this initiative and will strengthen the group's internal succession capability.

For more information on talent development and succession, see the strategy section on **page 16** and the CEO's review on **page 44**.

EXTERNAL APPOINTMENTS

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

DIRECTORS' SERVICE CONTRACTS

Directors' contracts can all be terminated with between one and six months' notice.

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

NON-EXECUTIVE DIRECTORS' FEES

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

Fees for 2015

The table below provides an analysis of the emoluments paid to non-executive directors for the year ended 30 June 2015.

	Directors' fees R'000	Subsidiary/ associate and sub-committee fees R'000	**2015 Total R'000**	2014 Total R'000
			Total	Total
Non-executive directors				
HR Brody[1]	113	120	**233**	146
P Cooper[3]	78		**78**	
GW Dempster[3]	78		**78**	
ST Dingaan[5]	225	285	**510**	739
S Engelbrecht[2]	150	64	**214**	392
TS Gcabashe[4]	1 012	293	**1 305**	1 134
RL Hiemstra[2]	94	79	**173**	392
P Langeni	225	274	**499**	466
MJ Leeming	225	735	**960**	875
V Moosa	225	239	**464**	437
RJA Sparks	225	670	**895**	856
A Tugendhaft	618	221	**839**	763
Y Waja	225	764	**989**	928
Total	3 493	3 744	**7 237**	7 186

1. *Resigned 31 December 2014.*
2. *Resigned 3 November 2014.*
3. *Appointed 24 February 2015.*
4. *The chairman's fees were increased by 15% after a benchmarking review in order to align the fees with current market practice.*
5. *Received a chairman's fees for a portion of the year from Ukhamba Holdings up to the date of her resignation as Ukhamba chairman.*

Fees for 2016 and 2017

At the annual general meeting to be held on 3 November 2015, shareholders will be requested to approve the following increases in non-executive directors' remuneration by special resolution in terms of section 66(9) of the Companies Act, granting authority to pay fees for services as directors, which will be valid with effect from 1 July 2016 until 30 June 2017. The proposed increase in fees is 6% for all boards and committees as follows:

	Current fee	Fee from 1 July 2015 to 30 June 2016	Fee from 1 July 2016 to 30 June 2017
Chairman*	**R787 000**	R834 000	R884 000
Deputy chairman*	**R393 000**	R417 000	R442 000
Board member	**R225 000**	R238 500	R253 000
Assets and liabilities committee chairman*	**R143 000**	R152 000	R161 000
Assets and liabilities committee member	**R95 500**	R101 000	R107 000
Audit committee chairman*	**R297 000**	R315 000	R334 000
Audit committee member	**R148 500**	R157 000	R166 500
Investment committee chairman*	**R297 000**	R315 000	R334 000
Investment committee member	**R148 500**	R157 000	R166 500
Risk committee chairman*	**R143 000**	R152 000	R161 000
Risk committee member	**R95 500**	R101 000	R107 000
Remuneration committee chairman*	**R107 250**	R114 000	R120 500
Remuneration committee member	**R71 500**	R75 000	R79 500
Nomination committee chairman*	**R107 250**	R114 000	R120 500
Nomination committee member	**R71 500**	R75 000	R79 500
Social, ethics and sustainability committee chairman*	**R143 000**	R152 000	R161 000
Social, ethics and sustainability committee member	**R95 500**	R101 000	R107 000

* *Paid in addition to a member's fee.*

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

Non-executive directors also receive fees for services on divisional boards and financial and risk review committees which are included in their remuneration.

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

EXECUTIVE REMUNERATION

The group remunerated its executive directors during the year as follows:

MJ (Mark) Lamberti – Group CEO

2015 REMUNERATION

R'000 Basic salary	Retirement and medical contributions	Other benefits	Short-term incentive bonus	**Total cash remuneration**	Gains on exercise of long-term incentive awards	**2015 Total taxable remuneration realised**	2014 Total taxable remuneration realised	Expected future value of long-term incentive awards
nil	nil	nil	nil	**nil**	nil	**nil**	nil	8 543

Fixed compensation and benefits

MJ (Mark) Lamberti has elected not to be paid any fixed remuneration or receive any other benefits as CEO of Imperial. His compensation will therefore comprise only the performance-related compensation normally due to the CEO.

Mark's only compensation to June 2015 was participation in the Imperial DBP and CSP schemes.

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

Annual incentive

In lieu of an annual bonus, the following short-term incentive performance criteria and weightings, as determined by the board, were used as a basis for the allocation of DBP rights. These shares are to be held in escrow until 15 September 2018, when he will receive a matching award of the same number of shares. The expected value of this award is R6 500 000.

2015 MEASURE	**2015 weighting**
Strategy execution	**40%**
Discretionary (components include people development, succession and transformation)	**40%**
Core EPS growth vs Peer group (same as SAR scheme)	**20%**

Long-term incentive

Mark was awarded CSPs in line with LTI award benchmarks for executive directors. These shares will vest on 15 September 2018 subject to achieving the same criteria and weightings used in 2015 (see above). The expected value of this award is R8 543 000.

OS (Osman) Arbee – Group CFO

2015 REMUNERATION

R'000

Basic salary	Retirement and medical contributions	Other benefits	Short-term incentive bonus	Total cash remuneration	Gains on exercise of long-term incentive awards	2015 Total taxable remuneration realised	2014 Total taxable remuneration realised	Expected future value of long-term incentive awards
4 858	782	360	4 000	**10 000**	2 466	**12 466**	13 132	6 360

Fixed compensation and benefits

Osman's fixed compensation and benefits increased 5% to R6 000 000 (2014: R5 714 000).

Annual incentive bonus

With reference to the criteria below, Osman received an incentive bonus of R4 000 000 compared to R4 200 000 in 2014.

2015 MEASURE	2015 weighting
Group core EPS growth	**25%**
Group achievement of ROIC target over WACC	**25%**
Group BBBEE improvement	**20%**
Discretionary	**30%**

Long-term incentive and retention payments

Osman was awarded DBPs in line with LTI award benchmarks for executive directors. These shares are to be held in escrow until 15 September 2018, when he will receive a matching award of the same number of shares. The expected value of this award is R6 360 000.

M (Mohammed) Akoojee – Director: group strategy, mergers and acquisitions and investor relations

2015 REMUNERATION

R'000

Basic salary	Retirement and medical contributions	Other benefits	Short-term incentive bonus	Total cash remuneration	Gains on exercise of long-term incentive awards	2015 Total taxable remuneration realised	2014 Total taxable remuneration realised	Expected future value of long-term incentive awards
2 987	493	120	2 600	**6 200**	1 969	**8 249**	8 599	3 850

Fixed compensation and benefits

Mohammed's fixed compensation and benefits increased by 23% to R3 600 000 (2014: R2 932 000) which recognised his increase in responsibilities.

Annual incentive bonus

With reference to the criteria below and the successful finalisation of the Imres transaction, Mohammed received an incentive bonus of R2 600 000, compared to R2 310 000 in 2014.

2015 MEASURE	2015 weighting
Group core EPS growth	**25%**
Group achievement of ROIC target over WACC	**25%**
Group BBBEE improvement	**20%**
Discretionary	**30%**

Long-term incentive and retention payments

Mohammed was awarded DBPs in line with LTI award benchmarks for executive directors. These shares are to be held in escrow until 15 September 2018, when he will receive a matching award of the same number of shares. The expected value of this award is R3 850 000.

M (Marius) Swanepoel – CEO: Logistics Africa

2015 REMUNERATION

R'000 Basic salary	Retirement and medical contributions	Other benefits	Short-term incentive bonus	**Total cash remuneration**	Gains on exercise of long-term incentive awards	**2015 Total taxable remuneration realised**	2014 Total taxable remuneration realised	Expected future value of long-term incentive awards
4 277	843	180	4 000	**9 300**	3 896	**13 196**	17 327	5 650

Fixed compensation and benefits

Marius' fixed compensation and benefits increased by 8% to R5 300 000 (2014: R4 906 000).

Annual incentive bonus

With reference to the criteria below and the successful implementation of acquisitions related to the African expansion strategy, Marius received an incentive bonus of R4 000 000 compared to R3 700 000 in 2014.

2015 MEASURE	**2015 weighting**
Group core EPS growth	**15%**
Group achievement of ROIC target over WACC	**15%**
Divisional BBBEE improvement	**20%**
Divisional PBIT growth	**15%**
Divisional achievement of ROIC target over WACC	**15%**
Discretionary	**20%**

Long-term incentive and retention payments

Marius was awarded DBPs in line with LTI award benchmarks for executive directors. These shares are to be held in escrow until 15 September 2018, when he will receive a matching award of the same number of shares. The expected value of this award is R5 650 000.

GW (Gerhard) Riemann – CEO: Logistics International (Retired 31 December 2014)

Gerhard was based in Germany and paid in euros.

2015 REMUNERATION*

R'000 – 6 months to 31 December 2014 Basic salary	Retirement and medical contributions	Other benefits	Short-term incentive bonus	**Total cash remuneration**	Gains on exercise of long-term incentive awards	**2015 Total taxable remuneration realised**	2014 Total taxable remuneration realised	Expected future value of long-term incentive awards
3 396	931	410	7 075	**11 812**	nil	**11 812**	23 936	nil

** Six months to 31 December 2014.*

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

2015 REMUNERATION

R'000 Basic salary	Retirement and medical contributions	Other benefits	Short-term incentive bonus	**Total cash remuneration**	Gains on exercise of long-term incentive awards	**2015 Total taxable remuneration realised**	2014 Total taxable remuneration realised	Expected future value of long-term incentive awards
4 698	643	159	2 500	**8 000**	2 560	**10 560**	20 027	5 650

Fixed compensation and benefits

Manny's fixed compensation and benefits increased by 5% to R5 500 000 (2014: R5 243 000).

Annual incentive bonus

With reference to the criteria below, Manny received an incentive bonus of R2 500 000 compared to R3 400 000 in 2014. The decrease is largely due to the significant weakening of the rand which had a material impact on the profitability of his division.

2015 MEASURE	2015 weighting
Group core EPS growth	15%
Group achievement of ROIC target over WACC	15%
Divisional BBBEE improvement	20%
Divisional PBIT growth	15%
Divisional achievement of ROIC target over WACC	15%
Discretionary	20%

Long-term incentive and retention payments

The gains on the exercise of the long-term incentive award arose from SARs and DBPs issued in June 2010.

Manny was awarded DBPs in line with LTI award benchmarks for executive directors. These shares are to be held in escrow until 15 September 2018, when he will receive a matching award of the same number of shares. The expected value of this award is R5 650 000.

PB (Philip) Michaux – CEO: Vehicle Retail, Rental and Aftermarket Parts

2015 REMUNERATION

R'000

Basic salary	Retirement and medical contributions	Other benefits	Short-term incentive bonus	Total cash remuneration	Gains on exercise of long-term incentive awards	2015 Total taxable remuneration realised	2014 Total taxable remuneration realised	Expected future value of long-term incentive awards
3 826	634	240	3 000	7 700	2 220	9 920	12 894	5 000

Fixed compensation and benefits

Philip's fixed compensation and benefits increased 14% to R4 700 000 (2014: R4 116 000) which takes into account the significant increase in his area of responsibility.

Annual incentive bonus

With reference to the criteria below, Philip received an incentive bonus of R3 000 000 compared to R2 800 000 in 2014.

2015 MEASURE	2015 weighting
Group core EPS growth	15%
Group achievement of ROIC target over WACC	15%
Divisional BBBEE improvement	20%
Divisional PBIT growth	15%
Divisional achievement of ROIC target over WACC	15%
Discretionary	20%

Long-term incentive and retention payments

Philip was awarded DBPs in line with LTI award benchmarks for executive directors. These shares are to be held in escrow until 15 September 2018 when he will receive a matching award of the same number of shares. The expected value of this award is R5 000 000.

JJ (Jurie) Strydom – CEO: Regent

2015 REMUNERATION

R'000 Basic salary	Retirement and medical contributions	Other benefits	Short-term incentive bonus	Total cash remuneration	Gains on exercise of long-term incentive awards	2015 Total taxable remuneration realised	2014 Total taxable remuneration realised	Expected future value of long-term incentive awards
3 766	334	nil	3 000	**7 100**	1 753	**8 853**	10 146	nil

Fixed compensation and benefits

Jurie's fixed compensation and benefits increased by 14% to R4 100 000 (2014: R3 612 000) which recognised his increase in responsibilities.

Annual incentive bonus

With reference to the criteria below, Jurie received an incentive bonus of R3 000 000 compared to R2 650 000 in 2014.

2015 MEASURE	2015 weighting
Group core EPS growth	**15%**
Group achievement of ROIC target over WACC	**15%**
Divisional BBBEE improvement	**20%**
Divisional PBIT growth	**15%**
Divisional achievement of return on embedded value over cost of equity	**15%**
Discretionary	**20%**

Prescribed officers' remuneration

The group had one prescribed officer for the financial year, Carsten Taucke, the CEO of the Logistics International business based in Germany. 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.

2015 REMUNERATION

R'000 Basic salary	Retirement and medical contributions	Other benefits	Short-term incentive bonus	Total cash remuneration	Gains on exercise of long-term incentive awards	2015 Total taxable remuneration realised	Expected future value of long-term incentive awards
4 037	778	216	5 492	**10 523**	nil	**10 523**	nil

Carsten Taucke is based in Germany and paid in euros. He does not participate in the group share incentives scheme.

APPROVAL

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

SUMMARISED FINANCIAL STATEMENTS


IMPERIAL
RETAIL LOGISTICS
IMPERIAL
Quon
J79
UD TRUCKS
DH 86 VC GP

CONTENTS

The directors of the company are responsible for the maintenance of adequate accounting records and the preparation and integrity of the consolidated financial statements and related information. The consolidated financial statements have been 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 comply with the Listings Requirements of the JSE Limited and the Companies Act of South Africa, 2008.

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

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

The summarised consolidated annual financial statements, which have been prepared using information required by IAS 34 – Interim Financial Reporting, set out on pages 126 to 143 are an extract of the audited consolidated annual financial statements. The consolidated and separate annual financial statements are electronically available at **www.imperial.co.za**.

The group's independent external auditor, Deloitte & Touche, has confirmed that the summarised consolidated annual financial statements are derived from the consolidated annual financial statements and their unmodified report appears on page 120.

The summarised consolidated annual financial statements 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 SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

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

R Mumford
General Manager Group Finance

24 August 2015

The accompanying summarised consolidated financial statements, which comprise the summarised consolidated statement of financial position as at 30 June 2015, the summarised consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes as set out on pages 120 to 144, are derived from the audited consolidated financial statements of Imperial Holdings Limited for the year ended 30 June 2015.

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

DIRECTORS' RESPONSIBILITY FOR THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with the information required by IAS 34, Interim Financial Reporting 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 the summarised consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

OPINION

In our opinion, the summarised consolidated financial statements derived from the audited consolidated financial statements of Imperial Holdings Limited for the year ended 30 June 2015 are consistent, in all material respects, with those consolidated financial statements, in accordance with the information required by IAS 34, Interim Financial Reporting and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

We expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated 24 August 2015. That report also includes the communication of other key audit matters. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period.

Deloitte & Touche

Deloitte & Touche
Per: Andrew Mackie
Partner
Registered Auditor

24 August 2015
Deloitte & Touche
Buildings 1 and 2, Deloitte Place
The Woodlands Office Park, Woodlands Drive
Sandton

National Executive: *LL Bam Chief Executive *AE Swiegers Chief Operating Officer *GM Pinnock Audit DL Kennedy Risk Advisory *NB Kader Tax TP Pillay Consulting S Gwala BPaaS *K Black Clients & Industries *JK Mazzocco Talent & Transformation *MJ Jarvis Finance *M Jordan Strategy *TJ Brown Chairman of the Board *MJ Comber Deputy Chairman of the Board

* *Partner and Registered Auditor.*

A full list of partners and directors is available on request.
BBBEE rating: Level 2 contributor in terms of the Chartered Accountancy Profession Sector Code

Member of Deloitte Touche Tohmatsu Limited

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 No.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), Ms T Dingaan, 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 GW 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 on pages 34 to 39 of the Integrated Annual 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 Dingaan (member since 2014)	4
P Langeni (member since 2005)	3
RJA Sparks (member since 2006)	4
Y Waja (member since 2008)	4

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

The group risk management function is also represented by the head of risk. The chief executive officer, chief financial officer and relevant senior financial managers attend all 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 Annual 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 director being present;
> reviews and recommends to the board the interim financial results and annual financial statements;
> oversees the activities of, and ensures coordination between, the activities of the internal and external auditors;

- 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 committee's work and terms of reference; and
- assesses the performance and effectiveness of the committee and its members on a regular basis.

FINANCE RISK REVIEW COMMITTEES (FRRC)

Due to the size and different nature of the group, the audit committee has established divisional FRRCs which perform the functions of the audit committee at the divisions. These FRRCs are chaired by independent persons 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 AF 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 auditor's independence was not impaired by any consultancy, advisory or other work undertaken by the auditor;
- the auditor's independence was not prejudiced as a result of any previous appointment as auditor; and
- the criteria specified for independence by the Independent Regulatory Board for Auditors and international regulatory bodies.

Internal audit

The audit committee:

reviewed and approved the internal audit charter and annual audit plan and evaluated the independence, effectiveness and performance of the internal audit department and compliance with its charter;

- considered the reports of the internal auditor 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 Annual 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 reporting there are many areas where judgement is needed. These are outlined in note 1.3 to the annual financial statements. The audit committee has looked at the size of the assets 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
- Taxation
- Quality of earnings
- Discontinued operations
- Maintenance and warranty contracts
- Put option liability

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

Inventories

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

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

The FRRCs and audit committee considers the carrying value of inventory to be fairly stated. They also noted the reclassification of the vehicles sold subject to buy back arrangements and accounted for as an operating lease from inventory to vehicles for hire.

See 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 receivables collectability, a provision for doubtful debts is raised.

The FRRCs and audit committee consider the carrying value of trade receivables to be fairly stated. See 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.

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 is done by an internal expert using the Income Approach method.

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

Goodwill and intangible assets

Goodwill and other undeterminate 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.

See note 4 in the consolidated annual financial statements for further details.

Tax

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

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

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 the release of a prior year provision.

See notes 8 and 31 in the consolidated annual financial statements for further details.

Maintenance and warranty contracts

This liability is determined 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 is 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.

See note 22 in the consolidated annual financial statements for further details.

Put option liability

This liability arises when new acquisitions have contractual obligations enabling minority shareholders to put their shares back to the group at an agreed price. The initial recognition for this is debited directly to equity with subsequent movements to the liability raised through the statement of profit and 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.

See note 23 in the consolidated annual financial statements 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 on page 129.

Discontinued operations

The sale of Regent is regarded as highly probable in terms of the accounting standards. A buyer has been identified and 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 held for sale' and its liabilities under 'Liabilities relating to assets 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 discontinued and the disclosures made.

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 auditor 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 ANNUAL REPORT

Following the review by the committee of the summarised and 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 Annual Report and the sustainability information reported therein.

Having achieved its objectives, the committee has recommended the annual financial statements and the Integrated Annual 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

24 August 2015

	Note	2015 Rm	2014* Rm	2013* Rm
ASSETS				
Goodwill and intangible assets	8	**7 193**	6 766	5 206
Investment in associates and joint ventures		**1 351**	1 418	1 317
Property, plant and equipment		**10 967**	10 469	9 257
Transport fleet		**5 610**	5 322	4 626
Deferred tax assets		**1 097**	1 101	1 094
Investments and loans		**357**	2 468	3 218
Other financial assets		**36**	267	227
Vehicles for hire		**3 603**	2 945	2 929
Inventories		**15 465**	13 132	11 028
Tax in advance		**295**	148	439
Trade and other receivables		**12 849**	11 882	10 437
Cash resources		**2 271**	3 103	1 844
Assets classified as held for sale		**4 618**		94
Total assets		**65 712**	59 021	51 716
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital and share premium		**382**	382	382
Shares repurchased		**(668)**	(220)	(220)
Other reserves		**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		**441**	441	441
Retirement benefit obligations		**1 157**	1 083	1 014
Interest-bearing borrowings		**16 764**	14 544	10 568
Insurance, investment, maintenance and warranty contracts		**3 191**	4 310	3 970
Deferred tax liabilities		**1 193**	1 355	1 498
Other financial liabilities		**2 019**	1 711	419
Trade and other payables and provisions		**18 440**	16 981	15 771
Current tax liabilities		**561**	487	453
Liabilities directly associated with assets classified as held for sale		**2 713**		46
Total liabilities		**46 479**	40 912	34 180
Total equity and liabilities		**65 712**	59 021	51 716

* *Restated for the change in accounting policy as described in note 2.1.*

	Notes	% change	2015 Rm	2014* Rm
CONTINUING OPERATIONS				
Revenue		7	**107 453**	100 662
Net operating expenses			**(99 290)**	(92 667)
Profit from operations before depreciation and recoupments			**8 163**	7 995
Depreciation, amortisation, impairments and recoupments			**(2 492)**	(2 264)
Operating profit		(1)	**5 671**	5 731
Recoupments from sale of properties, net of impairments			**29**	110
Amortisation of intangible assets arising on business combinations			**(415)**	(336)
Other non-operating items	6		**(80)**	(149)
Profit before net finance costs		(3)	**5 205**	5 356
Net finance costs	7	29	**(1 194)**	(926)
Profit before share of result of associates and joint ventures			**4 011**	4 430
Share of result of associates and joint ventures			**33**	78
Profit before tax		(10)	**4 044**	4 508
Income tax expense			**(1 035)**	(1 171)
Profit for the year from continuing operations		(10)	**3 009**	3 337
DISCONTINUED OPERATIONS				
Profit for the year from discontinued operations			**377**	290
Net profit for the year		(7)	**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)				
Continuing operations				
– Basic		(9)	**1 416**	1 559
– Diluted		(9)	**1 406**	1 542
Discontinued operations				
– Basic		30	**166**	128
– Diluted		31	**162**	124
Total operations				
– Basic		(6)	**1 582**	1 687
– Diluted		(6)	**1 568**	1 666

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

	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	**(312)**	521
Share of associates' and joint ventures movement in foreign currency translation reserve	**8**	12
Movement in valuation reserve	**(87)**	45
Reclassification of loss (gain) on disposal of available-for-sale investments	**43**	(1)
Movement in hedge accounting reserve	**175**	(420)
Share of associates' and joint ventures movement in hedge accounting reserve		(14)
Income tax relating to items that may be reclassified to profit or loss	**1**	(10)
Items that will not be reclassified subsequently to profit or loss	**(96)**	44
Remeasurement of defined benefit obligations	**(137)**	64
Income tax on 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

	% change	2015 Rm	2014 Rm
Headline earnings reconciliation			
Earnings – basic	(7)	**3 054**	3 272
Saving of finance costs by associate on potential sale of Imperial shares		**44**	60
Earnings – diluted		**3 098**	3 332
Profit on disposal of property, plant and equipment (IAS 16)		**(85)**	(193)
Loss on disposal of intangible assets (IAS 38)			1
Impairment of property, plant and equipment (IAS 36)		**28**	39
Impairment of intangible assets (IAS 36)			7
Impairment of goodwill (IAS 36)		**67**	38
(Profit) loss on disposal of investments in associates and joint ventures (IAS 28)		**(2)**	7
Profit on disposal of subsidiaries and businesses (IFRS 10)		**(15)**	(81)
Reclassification of loss (gain) on disposal of available-for-sale investment (IAS 39)		**43**	(1)
Remeasurements included in share of result of associates and joint ventures		**41**	18
Tax effects of remeasurements		**13**	42
Non-controlling interests share of remeasurements		**(9)**	2
Headline earnings – diluted		**3 179**	3 211
Saving of finance costs by associate on potential sale of Imperial shares		**(44)**	(60)
Headline earnings – basic	(1)	**3 135**	3 151
Headline earnings per share (cents)			
Continuing operations			
– Basic	(3)	**1 458**	1 498
– Diluted	(2)	**1 446**	1 482
Discontinued operations			
– Basic	31	**166**	127
– Diluted	31	**163**	124
Total operations			
– Basic		**1 624**	1 625
– Diluted		**1 609**	1 606
Core earnings reconciliation			
Headline earnings – basic	(1)	**3 135**	3 151
Saving of finance costs by associate on potential sale of Imperial shares		**44**	60
Headline earnings – diluted	(1)	**3 179**	3 211
Amortisation of intangible assets arising on business combinations		**415**	336
Non-recurring foreign exchange gain on inter-group monetary item		**(104)**	
Net cost of meeting obligations under onerous contract			64
Business acquisition costs		**16**	22
Remeasurement of contingent consideration and put option liabilities		**47**	(2)
Change in economic assumptions on insurance funds		**6**	7
Charge for amending the conversion profile of deferred ordinary shares			70
Tax effects of core earnings adjustments		**(85)**	(119)
Non-controlling interests share of core earnings adjustments		**(43)**	(10)
Core earnings – diluted	(4)	**3 431**	3 579
Saving of finance costs by associate on potential sale of Imperial shares		**(44)**	(60)
Core earnings – basic	(4)	**3 387**	3 519

	% change	2015	2014
Core earnings per share (cents)			
Continuing operations			
– Basic	(6)	**1 586**	1 685
– Diluted	(6)	**1 571**	1 664
Discontinued operations			
– Basic	29	**168**	130
– Diluted	31	**165**	126
Total operations			
– Basic	(3)	**1 754**	1 815
– Diluted	(3)	**1 736**	1 790
Additional information			
Net asset value per share (cents)	7	**9 696**	9 037
Dividend per ordinary share (cents)	(3)	**795**	820
Number of ordinary shares in issue (million)			
– total shares		**202,8**	207,8
– net of shares repurchased		**194,6**	194,1
– weighted average for basic		**193,1**	193,9
– weighted average for diluted		**197,6**	200,0
Number of other shares (million)			
– Deferred ordinary shares to convert into ordinary shares		**8,3**	9,1

	Note	% change	2015 Rm	2014* Rm
Cash flows from operating activities				
Cash generated by operations before movements in net working capital			**9 049**	8 674
Movements in net working capital			**(50)**	(2 701)
Cash generated by operations before capital expenditure on rental assets		51	**8 999**	5 973
Expansion capital expenditure – rental assets			**(772)**	(331)
Net replacement capital expenditure – rental assets			**(759)**	(480)
– Expenditure			**(2 496)**	(2 543)
– Proceeds			**1 737**	2 063
Cash generated by operations		45	**7 468**	5 162
Net finance cost paid			**(1 180)**	(926)
Tax paid			**(1 301)**	(1 267)
		68	**4 987**	2 969
Cash flows from investing activities				
Net acquisitions of subsidiaries and businesses			**(938)**	(297)
Expansion capital expenditure – excluding rental assets			**(1 743)**	(1 626)
Net replacement capital expenditure – excluding rental assets			**(1 245)**	(1 162)
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 on 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			**(1 474)**	1 333
Effects of exchange rate changes on cash resources in foreign currencies			**7**	45
Cash and cash equivalents at beginning of year			**898**	(480)
Cash and cash equivalents at end of year	9	(163)	**(569)**	898

* *Restated for change in accounting policy as described in note 2.1.*

	Share capital and share premium Rm	Shares re-purchased Rm	Other reserves Rm	Retained earnings Rm	Attributable to owners of Imperial Rm	Put arrange-ments over non-controlling interests Rm	Non-controlling interests Rm	Total equity Rm
At June 2013	382	(220)	1 023	15 056	16 241		1 295	17 536
Total comprehensive income for the year			170	3 316	3 486		318	3 804
Net attributable profit for the year				3 272	3 272		355	3 627
Other comprehensive income			170	44	214		(37)	177
Movement in statutory reserves			10	(10)				
Share-based cost charged to profit or loss			101		101		3	104
Share-based equity reserve transferred to retained earnings on vesting			(16)	16				
Share-based equity reserve hedge cost utilisation			(95)		(95)		(5)	(100)
Charge for amending the conversion profile of the deferred ordinary shares			70		70			70
Ordinary dividend paid				(1 618)	(1 618)			(1 618)
Repurchase and cancellation of 2 971 808 ordinary shares from the open market at an average price of R168,85 per share				(502)	(502)			(502)
Initial recognition of put option written over non-controlling interest						(1 289)		(1 289)
Share of changes in net assets of associates and joint ventures			91		91			91
Realisation on disposal of subsidiaries			29	(29)				
Non-controlling interests acquired, net of disposals and shares issued			(9)		(9)		376	367
Net decrease in non-controlling interests through buy-outs			(225)		(225)	289	(96)	(32)
Non-controlling interest share of dividends							(322)	(322)
At June 2014	**382**	**(220)**	**1 149**	**16 229**	**17 540**	**(1 000)**	**1 569**	**18 109**
Total comprehensive income for the year			**(199)**	**2 961**	**2 762**		**356**	**3 118**
Net attributable profit for the year				**3 054**	**3 054**		**332**	**3 386**
Other comprehensive income			**(199)**	**(93)**	**(292)**		**24**	**(268)**
Movement in statutory reserves			**39**	**(39)**				
Share-based cost charged to profit or loss			**126**		**126**		**4**	**130**
Share-based equity reserve transferred to retained earnings on vesting			**7**	**(7)**				
Share-based equity reserve hedge refund			**7**		**7**		**(3)**	**4**
Ordinary dividend paid				**(1 471)**	**(1 471)**			**(1 471)**
Repurchase of 320 000 ordinary shares from the open market at an average price of R172,68 per share plus transaction cost		**(56)**			**(56)**			**(56)**
Initial recognition of put option written over non-controlling interest*						**(473)**		**(473)**
Cancellation of 5 864 944 ordinary shares held by Lereko Mobility		**665**		**(665)**				
Reallocation of prior year surplus on shares cancelled		**(1 057)**		**1 057**				
Share of changes in net assets of associates and joint ventures			**(5)**		**(5)**			**(5)**
Realisation on disposal of subsidiaries			**12**		**12**			**12**
Non-controlling interests acquired, net of disposals and shares issued							**208**	**208**
Net decrease in non-controlling interests through buy-outs			**(47)**		**(47)**		**(43)**	**(90)**
Non-controlling interest share of dividends							**(253)**	**(253)**
At June 2015	**382**	**(668)**	**1 089**	**18 065**	**18 868**	**(1 473)**	**1 838**	**19 233**

* *Initial fair value of the put option liability relating to the additional 30% that Imperial may acquire from the non-controlling shareholders of Imres.*

1. BASIS OF PREPARATION

The summarised consolidated financial statements have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) and its Interpretations adopted by the International Accounting Standards Board (IASB) in issue and effective for the group at 30 June 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. The results are presented in accordance with IAS 34 – Interim Financial Reporting and comply with the Listings Requirements of the JSE Limited and the Companies Act of South Africa, 2008. These summarised consolidated financial statements are an extract from the full annual financial statements.

These summarised consolidated financial statements have been prepared under the supervision of R Mumford, CA (SA) and were approved by the board of directors on 24 August 2015.

2. ACCOUNTING POLICIES

The accounting policies adopted and methods of computation used in the preparation of the summarised consolidated financial statements are in accordance with IFRS and are consistent with those of the annual financial statements for the year ended 30 June 2014 except for the change in policy as detailed below.

2.1 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 (IAS 2).

As these vehicles are not immediately available for sale and subject to operating leases, it is considered more appropriate to account for them as items of property, plant and equipment (IAS 16). The vehicles are included in vehicles for hire on the statement of financial position.

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

Statement of financial position	2014 Rm	2013 Rm
Increase in vehicles for hire	642	464
Decrease in inventories	(642)	(464)
Total assets		
Statement of profit or loss		
Continuing operations		
Decrease in net operating expenses	106	
Increase in depreciation, amortisation, impairments and recoupments	(106)	
Operating profit		
Statement of cash flows		
Increase in cash generated by operations before movements in working capital	106	
Decrease in movements in net working capital	178	
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		

2.2 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 2.1 and for the reallocation of the UK head office out of Head-Office and Eliminations to the Vehicle Retail, Rental and Aftermarket Parts segment.

The impact of the restatements were as follows:

Segment profit or loss	Revenue Rm	Operating profit Rm	Depreciation, amortisation, impairments and recoupments Rm	Net finance costs Rm	Pre-tax profits Rm
Vehicle Import, Distribution and Dealerships					
Previously stated	27 100	1 518	239	360	1 165
Change in accounting policy (refer note 2.1)			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		110			110
Associate classified as discontinued operations					(7)
As restated	1 166	587	63		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 2.1)				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

2.3 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)

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

The following standards will become applicable to the group in future reporting periods:

IFRS 9 Financial Instruments (amended) – This standard will introduce new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition. It also introduces a new impairment model which follows a three-stage approach based on changes in expected credit losses of a financial instrument. This standard becomes effective 1 January 2018.

IFRS 15 Revenue From Contracts With Customers establish the principles that an entity shall apply to report useful information to users of its financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. This standard was issued in May 2014 and replaces IAS 11 Construction contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue – Barter Transactions Involving Advertising Services. The standard becomes effective 1 January 2018.

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

4. PRESENTATION OF STATEMENT OF PROFIT OR LOSS

To improve the content and format of the statement of profit or loss, certain items that are not operational in nature have been shown in total with the details given in the note 6.

5. FOREIGN EXCHANGE RATES

	2015	2014
The following major rates of exchange were used in the translation of the group's foreign operations:		
SA rand : euro		
– closing	**13,55**	14,51
– average	**13,73**	14,07
SA rand : US dollar		
– closing	**12,15**	10,62
– average	**11,44**	10,38

6. OTHER NON-OPERATING ITEMS

	2015 Rm	2014 Rm
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
Capital items	**(65)**	13
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)
Other items		(134)
Net cost of meeting obligations under onerous contract		(64)
Charge for amending the conversion profile of the deferred ordinary shares		(70)
	(80)	(149)

	2015 Rm	2014 Rm
7. NET FINANCE COSTS		
Net interest paid	**(1 180)**	(926)
Fair value loss on interest-rate swap instruments	**(14)**	
	(1 194)	(926)
8. GOODWILL AND INTANGIBLE ASSETS		
Goodwill		
Cost	**5 944**	5 596
Accumulated impairments	**(926)**	(859)
	5 018	4 737
Net carrying value at beginning of year	**4 737**	3 926
Net acquisition of subsidiaries and businesses	**463**	579
Impairment charge	**(67)**	(38)
Reclassifications to assets classified as held for sale	**(13)**	
Currency adjustments	**(102)**	270
Net carrying value at end of year	**5 018**	4 737
Intangible assets	**2 175**	2 029
Goodwill and intangible assets	**7 193**	6 766
9. 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 (Included in interest-bearing borrowings)	**(3 685)**	(2 205)
	(569)	898

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

30 June 2015	**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**

* *Level 1 financial instrument.*

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

10.2 FAIR VALUE HIERARCHY

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

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

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

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

10. FAIR VALUE OF FINANCIAL INSTRUMENTS continued

10.2 FAIR VALUE HIERARCHY continued

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

30 June 2015	Total Rm	Level 2 Rm	Level 3 Rm
Financial assets carried at fair value			
Cross currency swap instrument *(Included in Other financial assets)*	36	36	
Foreign exchange contracts *(Included in Trade and other receivables)*	85	85	
Financial liabilities carried at fair value			
Put option liabilities *(Included in Other financial liabilities)*	1 640		1 640
Contingent consideration liabilities *(Included in Other financial liabilities)*	31		31
Swap instruments *(Included in Other financial liabilities)*	233	233	
Foreign exchange contracts *(Included in Trade and other payables)*	70	70	

Transfers between hierarchy levels

The group recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred. There were no transfers between the fair value hierarchies during the year.

10.3 MOVEMENTS IN LEVEL 3 FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The following tables shows a reconciliation of the opening and closing balances of level 3 financial liabilities carried at fair value.

Financial liabilities	Put option liabilities Rm	Contingent consideration liabilities Rm	Total Rm
Carrying value at beginning of year	990	82	1 072
Initial recognition in equity for new acquisitions	473		473
Arising on acquisition of businesses		17	17
Fair valued through profit or loss	49	(2)	47
Settlements		(64)	(64)
Currency adjustments	128	(2)	126
Carrying value at the end of the year	**1 640**	**31**	**1 671**

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 profit 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	Key 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)

	2015 Rm	2014 Rm
11. CONTINGENCIES AND COMMITMENTS		
Capital commitments	2 289	2 285
Contingent liabilities	405	317

12. DISPOSALS AND ACQUISITIONS DURING THE YEAR

There were no material disposals during the year. For acquisitions during the year refer to business combinations on page 30.

13. EVENTS AFTER THE REPORTING PERIOD

Dividend declaration

Shareholders are advised that a preference and an ordinary dividend has been declared by the board of Imperial on 24 August 2015. For more details please refer to the dividend declaration on page 146.

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 BV 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**

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 4 main sites that covers North London, Essex and Hertfordshire and operates five 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 the statement of profit or loss in the 'Other non-operating items' line.

Impact of the acquisition on the results of the Group

From the dates of acquisition the businesses acquired during the year contributed revenue of 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 on 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 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 on 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 a level 3 financial instrument 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 goodwill is deductible for tax purposes.

	Group		Logistics Africa		Logistics International	
Segment profit or loss – Continuing operations	**2015 Rm**	2014^ Rm	**2015 Rm**	2014 Rm	**2015 Rm**	2014 Rm
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.*

* *Pre-tax profits are 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 Rm	2014^ Rm	**2015 Rm**	2014^ Rm	**2015 Rm**	2014^ Rm	**2015 Rm**	2014^ Rm
	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)

Segment financial position	Group 2015 Rm	Group 2014 Rm	Logistics Africa 2015 Rm	Logistics Africa 2014 Rm	Logistics International 2015 Rm	Logistics International 2014 Rm
Operating assets[1]	**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 liabilities[2]	**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 capital[3]	**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 debt[4]	**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

1. *Operating assets – 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 – 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 Rm	2014^ Rm	**2015 Rm**	2014^ Rm	**2015 Rm**	2014^ Rm	**2015 Rm**	2014^ Rm	**2015~ Rm**	2014 Rm
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
						(40)	(38)		
1 757	1 266	**1 669**	1 613	**988**	460	**(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**			

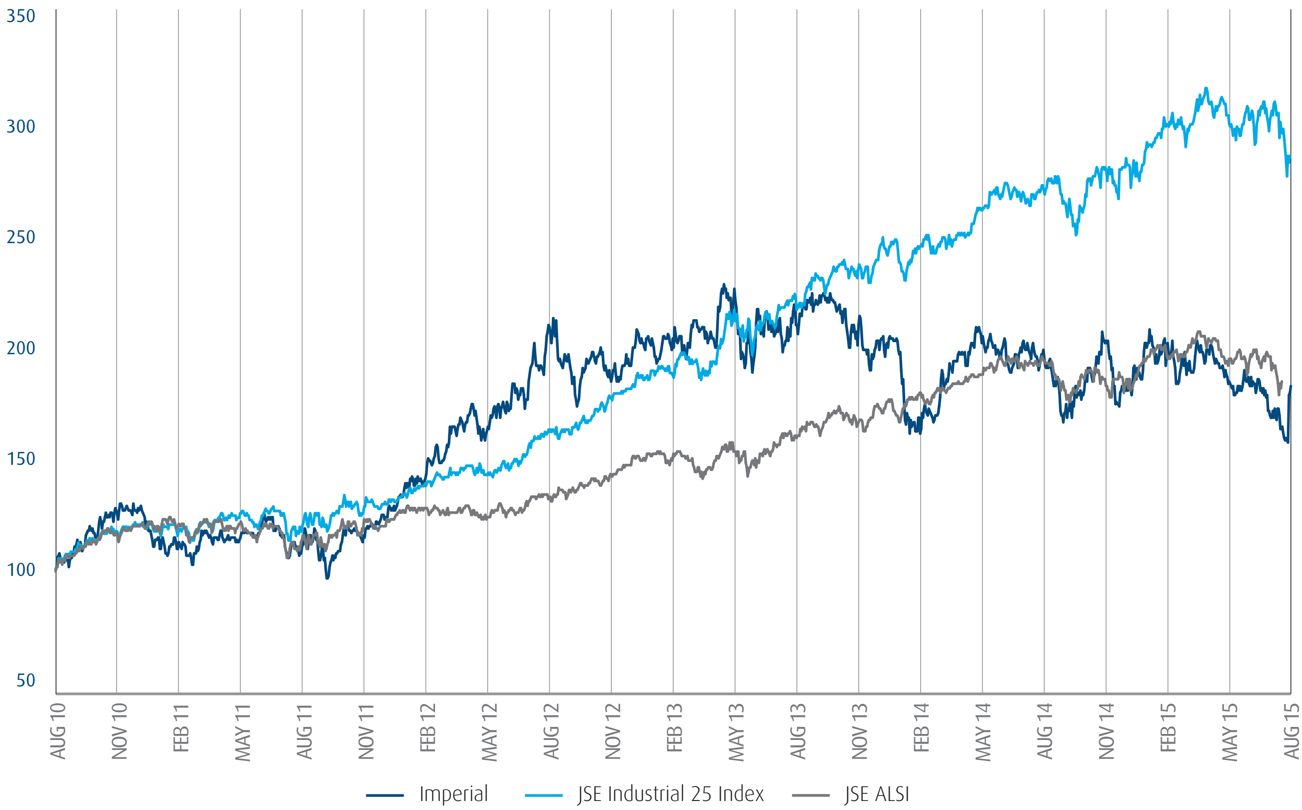
SHARE PERFORMANCE AND OWNERSHIP

Top ten shareholders	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	6,13
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

Stock exchange performance	2015	2014
Number of shares in issue (million)	**203**	208
Number of shares traded (million)	**180**	225
Value of shares traded (Rand million)	**34 159**	43 446
Market price (cents per share)		
– Closing price	**18 550**	20 000
– High	**20 634**	22 290
– Low	**16 418**	16 080
Earning yield %^	**9,0**	8,1
Price: earnings ratio^	**12,1**	12,3

^ *Calculated using headline earnings per share*

FIVE-YEAR PERFORMANCE OF IMPERIAL SHARE PRICE VERSUS THE JSE INDUSTRIAL 25 INDEX AND THE JSE ALSI



Distribution of shareholders (listed ordinary shares)	Number of shareholders	Number of shares ('000)	% of ordinary shares listed
Public shareholders	8 664	155 247	76,6
Non-public shareholders			0,0
– Shareholder holding more than 10%	1	27 787	13,7
– Shareholder entitled to appoint a director	–	–	–
– Directors, their associates and employees	52	11 564	5,7
– Treasury shares	1	8 184	4,04
	8 718	202 782	

Spread of listed holdings	Number of shareholders	%	Number of shares ('000)	%
1 – 1 000	6 712	77,00	2 127	1,05
1 001 – 10 000	1 423	16,32	4 374	2,16
10 001 – 100 000	430	4,93	13 435	6,63
Over 100 000	153	1,74	182 846	90,17
	8 718	100,00	202 782	100,00

Shareholder type	Number of shares ('000)	% of voting shares
Financial institutions, pension and provident funds	87 058	0,43
Unit trusts	82 471	0,40
Individuals	1 057	0,01
Directors and Employees	11 564	0,06
Corporate holdings	12 448	0,06
Listed ordinary shares (net of treasury shares)	194 598	95,02
Unlisted deferred ordinary shares	10 194	4,98
Total voting shares in issue net of treasury shares	204 792	100,00
Treasury shares	8 184	
Non-redeemable preference shares	4 540	
Total shares in issue	217 516	

	2015		2014	
Directors' interests	**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
MV Moosa				
RJA Sparks	**40 000**	**20 000**	40 000	20 000
Y Waja	**3 000**		3 000	
	52 516	**26 928**	90 088	26 928
Executive				
M Akoojee	**34 873**		25 692	
OS Arbee	**71 344**		56 477	
MP de Canha	**1 725 385**		1 686 289	
MJ Lamberti	**500 000**		450 000	
M Swanepoel	**38 672**		20 961	
PB Michaux	**48 243**		38 058	
JJ Strydom	**56 865**		54 442	
	2 475 382	**0**	2 331 919	0
Total	**2 527 898**	**26 928**	2 422 007	26 928

* *Resigned.*

DECLARATION OF ORDINARY AND PREFERENCE SHARE DIVIDENDS

PREFERENCE SHAREHOLDERS

Notice is hereby given that a gross final preference dividend of 380,51712 cents per preference share has been declared payable, by the Board of Imperial, to holders of non-redeemable, non-participating preference shares. The dividend will be paid out of reserves.

The preference dividend will be subject to a local dividend tax rate of 15%. The net preference dividend, to those shareholders who are not exempt from paying dividend tax, is therefore 323,43955 cents per share.

The total number of preference shares in issue at the date of declaration is 4 540 041.

ORDINARY SHAREHOLDERS

Notice is hereby given that a gross final ordinary dividend in the amount of 445 cents per ordinary share has been declared payable, by the board of Imperial, to holders of ordinary shares. The dividend will be paid out of reserves.

The ordinary dividend will be subject to a local dividend tax rate of 15%. The net ordinary dividend, to those shareholders who are not exempt from paying dividend tax, is therefore 378,25 cents per share.

The total number of ordinary shares in issue at the date of declaration is 202 782 278.

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

	2015
Last day for preference shares and ordinary shares respectively to trade cum-preference dividend and cum-ordinary dividend	Thursday, 17 September
Preference and ordinary shares commence trading ex-preference dividend and ex-ordinary dividend respectively	Friday, 18 September
Record date	Friday, 25 September
Payment date	Monday, 28 September

The company's income tax number is 9825178719.

Share certificates may not be dematerialised/rematerialised between Friday, 18 September 2015 and Friday, 25 September 2015, both days inclusive.

On Monday, 28 September 2015, amounts due in respect of the preference dividend and the ordinary dividend will be electronically transferred to the bank accounts of certificated shareholders that utilise this facility. In respect of those who do not, cheques dated 28 September 2015 will be posted on or about that date. Shareholders who have dematerialised their shares will have their accounts, held at their CSDP or Broker, credited on Monday, 28 September 2015.

On behalf of the board

RA Venter
Group Company Secretary

24 August 2015

Imperial Holdings Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1946/021048/06)
ISIN: ZAE000067211
JSE share code: IPL
("Imperial" or the "company")

Notice is hereby given that the 26th annual general meeting of shareholders will be held on Tuesday, 3 November 2015 at 09:00 in the boardroom of Imperial Holdings Limited, Imperial Place, Jeppe Quondam, 79 Boeing Road East, Bedfordview, Gauteng, or any adjournment or postponement thereof, to transact the following business and resolutions with or without amendments approved at the meeting.

The minutes of the meeting held on 4 November 2014 will be available for inspection at the registered office of the company until 16:00 on Monday, 2 November 2015 and up to 30 minutes immediately preceding the meeting.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about what action you should take, consult your broker, Central Securities Depository Participant (CSDP), banker, financial adviser, accountant or other professional adviser immediately.

If you have disposed of all your shares in Imperial, please forward this document together with the enclosed form of proxy to the purchaser of such shares or the broker, banker or other agent through whom you disposed of such shares.

This notice of annual general meeting is only available in English. Copies may be obtained from the registered office of the company and the transfer secretaries, Computershare Investor Services (Proprietary) Limited, 11th Floor, 70 Marshall Street, Johannesburg, 2001.

REGISTERED AND CORPORATE OFFICE

Imperial Place, Jeppe Quondam, 79 Boeing Road East, Bedfordview, Gauteng (PO Box 3013, Edenvale, 1610), South Africa.

INCLUDED IN THIS DOCUMENT ARE THE FOLLOWING:

> The notice of annual general meeting setting out the resolutions to be proposed at the meeting, together with explanatory notes. There are also guidance notes if you wish to attend the meeting or to vote by proxy.
> A proxy form for completion, signature and submission to the share registrars by shareholders holding Imperial ordinary shares in certificated form or recorded in sub-registered electronic form in "own name".

Reference in this notice of annual general meeting to the term "MOI", including references to a provision in the company's MOI, in this notice of annual general meeting (including all of the relevant ordinary and special resolutions contained herein) is used throughout to refer to the Company's Memorandum of Incorporation.

RECORD DATE

The record date for the purpose of determining which shareholders of the company are entitled to receive notice of the 26th annual general meeting is Friday, 25 September 2015.

The record date for purposes of determining which shareholders of the company are entitled to participate in and vote at the annual general meeting is Friday, 23 October 2015.

Accordingly, only shareholders who are registered in the register of members of the company on 23 October 2015 will be entitled to attend, speak and vote at the annual general meeting. Therefore the last day to trade in order to be eligible to participate and vote at the meeting is Friday, 16 October 2015.

ELECTRONIC PARTICIPATION IN THE ANNUAL GENERAL MEETING

Notice is hereby given that the 26th annual general meeting of shareholders of the company will be held on Tuesday, 3 November 2015 at 09:00 in the boardroom of Imperial Holdings Limited, Imperial Place, Jeppe Quondam, 79 Boeing Road East, Bedfordview, Gauteng. Shareholders or their proxies may participate in the meeting by way of a teleconference call and, if they wish to do so:

> must contact the company secretary (by email at the address rventer@ih.co.za) no later than 16h00 on Friday, 30 October 2015 in order to obtain a pin number and dial-in details for that conference call;
> will be required to provide reasonably satisfactory identification; and
> will be billed separately by their own telephone service providers for their telephone call to participate in the meeting.

1. ORDINARY RESOLUTION 1 – APPROVAL OF THE FINANCIAL STATEMENTS

"Resolved that the audited consolidated company annual financial statements of Imperial for the year ended 30 June 2015, including the directors' report, the audit committee report and the auditors' report, be adopted."

Percentage voting rights

The minimum percentage of voting rights that is required for this resolution to be adopted is 50% (fifty percent) of the voting rights plus 1 (one) vote to be cast on the resolution.

2. ORDINARY RESOLUTION 2 – APPOINTMENT OF THE AUDITORS

"Resolved that Deloitte & Touche be appointed as auditors of the company and Mr A Mackie as designated partner until the date of the next annual general meeting."

The audit committee has recommended the reappointment of Deloitte & Touche as auditors of the company with Mr A Mackie as designated partner.

Percentage voting rights

The minimum percentage of voting rights that is required for this resolution to be adopted is 50% (fifty percent) of the voting rights plus 1 (one) vote to be cast on the resolution.

3. ORDINARY RESOLUTION NUMBER 3 – APPOINTMENT OF THE MEMBERS OF THE AUDIT COMMITTEE

"Resolved that the reappointment of the following independent non-executive directors, be elected as members of the company's audit committee by a separate vote in respect of each member:

3.1 Mr RM Kgosana
3.2 Mr GW Dempster
3.3 Mrs T Dingaan
3.4 Ms P Langeni
3.5 Mr RJA Sparks
3.6 Mr Y Waja

A brief curriculum vitae of each of the directors offering themselves for election as members of the audit committee is contained on pages 34 to 36 of the Integrated Annual Report.

Percentage voting rights

The minimum percentage of voting rights that is required for each of resolutions 3.1 to 3.6 to be adopted is 50% (fifty percent) of the voting rights plus 1 (one) vote to be cast on each resolution.

The board has reviewed the expertise, qualification and relevant experience of the appointed audit committee members and recommends that each of these directors be re-elected.

4. ORDINARY RESOLUTION 4 – REAPPOINTMENT OF RETIRING DIRECTORS

"Resolved that the re-election of the following directors, who retire by rotation in terms of the MOI, but being eligible and offering themselves for re-election, be authorised and confirmed by a separate vote with respect to each re-election:

4.1 Mr OS Arbee
4.2 Mr MP de Canha
4.3 Ms T Dingaan
4.4 Mr MV Moosa
4.5 Mr M Swanepoel
4.6 Mr Y Waja"

A brief curriculum vitae of each of the directors offering themselves for re-election in terms of resolution 4 is contained on pages 35 to 36 of the Integrated Annual Report.

The performance and contribution of each of the above directors offering themselves for re-election has been reviewed by the board and the board recommends that each of these directors be re-elected.

Percentage voting rights

The minimum percentage of voting rights that is required for each of resolutions in 4 to be adopted is 50% (fifty percent) of the voting rights plus 1 (one) vote to be cast on each resolution.

5. ORDINARY RESOLUTION 5 – CONFIRMATION OF DIRECTORS APPOINTED SINCE LAST ANNUAL GENERAL MEETING

Resolved that the following directors, be confirmed by a separate vote in respect of each director:

5.1 Mr P Cooper
5.2 Mr GW Dempster
5.3 Dr SP Kana
5.3 Mr RM Kgosana

A brief curriculum vitae of each of the directors to be confirmed in terms of resolution 5 is contained on pages 34 to 36 of the Integrated Annual Report.

Percentage voting rights

The minimum percentage of voting rights that is required for each of resolutions in 5 to be adopted is 50% (fifty percent) of the voting rights plus 1 (one) vote to be cast on each resolution.

6. ORDINARY RESOLUTION 6 – CONFIRMATION OF THE GROUP'S REMUNERATION POLICY

"Resolved that, as a non-binding advisory vote, as recommended in the King Code of Governance for South Africa 2009, commonly referred to as King III, the group's remuneration policy as set out in the remuneration report on pages 100 to 115 of the Integrated Annual Report be hereby confirmed."

7. SPECIAL RESOLUTION NUMBER 1 – DIRECTORS' FEES

"Resolved that in terms of section 66(9) of the Companies Act of 2008 (Act 71 of 2008), as amended (the "Companies Act"), the company be and is hereby authorised, by a separate vote in respect of each item, to remunerate its directors for their services as directors and/or pay any fees related thereto on the following basis and on any other basis as may be recommended by the remuneration committee and approved by the board of directors, 1 July 2016 to 30 June 2017 as follows:

	Fee from 1 July 2015 to 30 June 2016	**Fee from 1 July 2016 to 30 June 2017**
Chairman*	R834 000	**R884 000**
Deputy chairman*	R417 000	**R442 000**
Board member	R238 500	**R253 000**
Assets and liabilities committee chairman*	R152 000	**R161 000**
Assets and liabilities committee member	R101 000	**R107 000**
Audit committee chairman*	R315 000	**R334 000**
Audit committee member	R157 000	**R166 500**
Investment committee chairman*	R315 000	**R334 000**
Investment committee member	R157 000	**R166 500**
Risk committee chairman*	R152 000	**R161 000**
Risk committee member	R101 000	**R107 000**
Remuneration committee chairman	R114 000	**R120 500**
Remuneration committee member	R75 000	**R79 500**
Nomination committee chairman	R114 000	**R120 500**
Nomination committee member	R75 000	**R79 500**
Social, ethics and sustainability committee chairman*	R152 000	**R161 000**
Social, ethics and sustainability committee member	R101 000	**R107 000**

* *Paid in addition to a members' fee.*

Executive directors do not receive directors' fees.

Reason and effect

The reason for special resolution number 1 is for the company to obtain the approval of shareholders by way of special resolution for the payment of remuneration to its non-executive directors in accordance with the requirements of the Companies Act.

The effect of special resolution number 1 is that the company will be able to pay its non-executive directors for the services they render to the company as directors without requiring further shareholder approval until the next annual general meeting.

Percentage voting rights

The minimum percentage of voting rights that is required for this resolution to be adopted is 75% (seventy-five percent) of the voting rights to be cast on the resolution.

8. SPECIAL RESOLUTION NUMBER 2 – GENERAL AUTHORITY TO REPURCHASE COMPANY SHARES

"Resolved that, the company, or a subsidiary of the company, be and is hereby authorised, by way of a general authority, to acquire ordinary shares of 4 cents each ("ordinary shares") issued by the company (including the conclusion of derivative transactions which may result in the purchase of shares), in terms of the provisions of sections 46 and 48 of the Companies Act and in terms of the Listings Requirements of the JSE Limited (the "JSE"), (the "Listings Requirements"), it being recorded that the Listings Requirements currently require, inter alia, that the company may make a general repurchase of securities only if:

> any such repurchase of ordinary shares is effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty (reported trades are prohibited);
> authorised by the company's MOI;
> the general authority shall be valid until the next annual general meeting of the company, provided that it shall not extend beyond 15 months from the date of this special resolution number 2;
> when the company has cumulatively repurchased 3% of the number of ordinary shares in issue on the date of passing of special resolution number 2, and for each 3% thereof, in aggregate acquired thereafter, an announcement is published as soon as possible and not later than 08:30 on the second business day following the day on which the relevant threshold is reached or exceeded, and the announcement complies with the requirements of the Listings Requirements;
> at any time, only one agent is appointed to effect any repurchase on the company's behalf;
> the company or its subsidiary does not repurchase securities during a prohibited period unless the company has a repurchase programme in place where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period;
> a resolution by the board of directors that it has authorised the repurchase, that the company and its subsidiaries have satisfied the solvency and liquidity test as defined in the Companies Act and that, since the solvency and liquidity test was done, there have been no material changes to the financial position of the group.
> any general repurchase by the company of its own ordinary shares shall not, in aggregate in any one financial year exceed 20% of the company's issued ordinary shares as at the date of passing of this special resolution number 2; and
> in determining the price at which the ordinary shares are repurchased by the company or its subsidiary in terms of this general authority, the maximum price at which such shares may be repurchased will not be greater than 10% above the weighted average of the market value for such ordinary shares for the five business days immediately preceding the date of repurchase of such shares, (the "Price").

The company will only transact in derivative transactions relating to the repurchase of securities if, with regard to the price of the derivative:

- the strike price of any put option written by the company less the value of the premium received by the company for that put option may not be greater than the fair value of a forward agreement based on a spot price not greater than the Price;
- the strike price of any call option purchased by the company may be greater than the Price at the time of entering into the derivative agreement, but the company may not exercise the call option if it is more than 10% "out of the money"; and
- the price of the forward agreement may be greater than the Price but limited to the fair value of a forward agreement calculated from a spot price not greater than the Price.

The directors of the company confirm that no repurchase will be implemented in terms of this authority unless, after each such repurchase:

- the company and the group will be able to pay its debts as they become due in the ordinary course of business for a period of 12 months after the date of the notice of the annual general meeting ;
- the consolidated assets of the company and the group, fairly valued in accordance with the accounting policies used in the latest audited annual group financial statements, will exceed its consolidated liabilities for a period of 12 months after the date of the notice of the annual general meeting;
- the share capital and reserves of the company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the annual general meeting; and
- the working capital of the company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the annual general meeting.

and the directors have passed a resolution authorising the repurchase, resolving that the company and its subsidiary/ies, as the case may be, have satisfied the solvency and liquidity test as defined in the Companies Act and since the solvency and liquidity test had been applied, there have been no material changes to the financial position of the group."

- Pursuant to and in terms of paragraphs 11.23 and 11.26 of the Listings Requirements, the directors of the company hereby state that:
- the intention of the company and its subsidiaries is to utilise the general authority to repurchase, if at some future date the cash resources of the company are in excess of its requirements; and
- the method by which the company and any of its subsidiaries intend to repurchase its securities and the date on which such repurchase will take place, has not yet been determined.

The Listings Requirements require the following disclosures with respect to general repurchases, some of which appear elsewhere in the Integrated Annual Report of which this notice forms part:

- Major shareholders page 144
- Share capital of the company page 145

Litigation statement

In terms of section 11.26 of the Listings Requirements, the directors, whose names are given on pages 34 to 39 of the integrated annual report of which this notice forms part, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the group's financial position.

Directors' responsibility statement

The directors, whose names are given on pages 34 to 39 of the integrated annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to the general repurchase resolution and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the aforementioned resolution contain all information required by law and the Listings Requirements.

No material changes to report

Other than the facts and developments reported on in the annual report, there are no material changes in the affairs or financial position of the company and its subsidiaries that have occurred subsequent to the 30 June 2015 year end until the date of the notice of annual general meeting.

Reason and effect

The reason for and effect of special resolution 2 is to authorise the company and/or its subsidiaries by way of a general authority to acquire their own issued shares on such terms, conditions and in such amounts as determined from time to time by the directors of the company subject to the limitations set out above and in compliance with section 48 of the Companies Act.

Statement of board's intention

The board has considered the impact of a repurchase of up to 5% (five percent) of the company's shares, under a general authority in terms of the Listings Requirements. Should the opportunity arise and should the directors deem it in all respects to be advantageous to the company to repurchase such shares, it is deemed appropriate that the company or a subsidiary be authorised to repurchase the company's shares.

Percentage voting rights

The minimum percentage of voting rights that is required for this resolution to be adopted is 75% (seventy five percent) of the voting rights to be cast on the resolution.

9. ORDINARY RESOLUTION 7 – AUTHORITY TO ISSUE ORDINARY SHARES

"Resolved that, in terms of the Listings Requirements, the MOI and the Companies Act, the authorised but unissued ordinary shares be and are hereby placed under the control of the directors by way of a general authority that shall remain valid until the next annual general meeting and the directors authorised to allot and issue those shares at their discretion, which authority shall include the authority to issue any option/convertible securities that are convertible into ordinary shares, provided that the aggregate number of ordinary shares able to be allotted and issued in terms of this resolution, shall be limited to 5% of the issued share capital at 30 June 2015."

Percentage voting rights

The minimum percentage of voting rights that is required for this resolution to be adopted is 50% (fifty percent) of the voting rights plus 1 (one) vote to be cast on the resolution.

10. ORDINARY RESOLUTION 8 – AUTHORITY TO ISSUE SHARES FOR CASH

"Resolved that, the directors of the company be and are hereby authorised by way of a general authority, to allot and issue any of the company's unissued shares placed under their control for cash, as they in their discretion may deem fit, without restriction, subject to the provisions of the Listings Requirements, and subject to the proviso that the aggregate number of ordinary shares able to be allotted and issued in terms of this resolution, shall be limited to 5% of the issued share capital at 30 June 2015, provided that:

- the approval shall be valid until the date of the next annual general meeting of the company, provided it shall not extend beyond 15 months from the date of this resolution;
- a paid press announcement giving full details, including the impact on net asset value and earnings per share, will be published after any issue representing, on a cumulative basis within any one financial year, 5% or more of the number of shares in issue prior to such issue;
- the company's securities which are the subject of the general issue of shares for cash, in the aggregate in any one financial year may not exceed 5% of the applicant's issued share capital (number of securities) of that class.
- in determining the price at which an issue of shares will be made in terms of this authority the maximum discount permitted will be 10% of the weighted average traded price of such shares, as determined over the 30 trading days prior to the date that the price of the issue is agreed between the issuer and the party subscribing for the securities. The JSE should be consulted for a ruling if the securities have not traded in such 30 business day period;
- any such issue will only be made to public shareholders as defined in paragraphs 4.25 to 4.27 of the Listings Requirements of the JSE and not to related parties; and
- any such issue will only be securities of a class already in issue or, if this is not the case, will be limited to such securities or rights that are convertible into a class already in issue."

For listed entities wishing to issue shares for cash, it is necessary for the board not only to obtain the prior authority of the shareholders as may be required in terms of the MOI, but it is also necessary to obtain the prior authority of shareholders in accordance with the Listings Requirements. The reason for this resolution is accordingly to obtain a general authority from shareholders to issue shares for cash in compliance with the Listings Requirements.

Percentage voting rights

In terms of the Listings Requirements, the minimum percentage of voting rights that is required for this resolution to be adopted is 75% (seventy five percent) of the voting rights to be cast on the resolution.

11. ORDINARY RESOLUTION 9 – AUTHORITY TO ISSUE NON-REDEEMABLE PREFERENCE SHARES

"Resolved that, in terms of the Listings Requirements, the MOI and the Companies Act, the authorised but unissued non-redeemable cumulative, non-participating preference shares be and are hereby placed under the control of the directors and the directors are authorised to allot and issue those shares at their discretion, provided that no more than 5 000 000 (five million) non-redeemable preference shares in aggregate may be issued in terms of this authority."

Percentage voting rights

The minimum percentage of voting rights that is required for this resolution to be adopted is 50% (fifty percent) of the voting rights plus 1 (one) vote to be cast on the resolution.

12. SPECIAL RESOLUTION NUMBER 3 – AUTHORITY TO PROVIDE FINANCIAL ASSISTANCE IN TERMS OF SECTION 44

"Resolved that in terms of section 44 of the Companies Act, as a general approval, the board of the company may from time to time authorise the company to provide any direct or indirect financial assistance, as defined in section 44 of the Companies Act, to any person for such amounts and on such terms and conditions as the board of the company may determine for the purpose of or in connection with the subscription for securities to be issued by the company or any related and interrelated companies or for the purchase of securities of the company or related and interrelated companies, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the company."

Reason

Imperial is from time to time, as an essential part of conducting its business, required to provide direct or indirect financial assistance in the form of financial assistance in the form of loans, guarantees, the provision of security or otherwise as contemplated in section 44 of the Companies Act for the purpose of or in connection with the subscription for securities to be issued by the company or related and interrelated companies or for the purchase of securities of the company or related and interrelated companies. The financial assistance is generally provided in the form of guarantees to capital market investors who invest in bonds and other financial instruments issued by subsidiaries of the company.

In terms of the Companies Act, companies are required to obtain the approval of their shareholders by way of special resolution in order to provide financial assistance to subscribe for such securities and Imperial seeks approval for the board of the company until the next annual general meeting to authorise the provision by the company of financial assistance to investors in securities to be issued by the company or related and interrelated companies as contemplated in section 44 of the Companies Act. The financial assistance will be provided as part of the day-to-day operations of the company in the normal course of its business and in accordance with its MOI and the provisions of the Companies Act.

Approval is not sought for loans to directors and no such financial assistance will be provided under this authority.

Effect

Special resolution 3 will grant the directors of the company the authority until the next annual general meeting to authorise the provision by the company of financial assistance as contemplated in section 44 of the Companies Act.

Compliance with section 44(3)(b)

The directors of Imperial will, in accordance with the Companies Act, ensure that financial assistance is only provided if the requirements of that section are satisfied, inter alia, that immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test set out in section 4(1) of the Companies Act.

Percentage voting rights

The minimum percentage of voting rights that is required for this resolution to be adopted is 75% (seventy five percent) of the voting rights to be cast on the resolution.

13. SPECIAL RESOLUTION NUMBER 4 – AUTHORITY TO PROVIDE FINANCIAL ASSISTANCE IN TERMS OF SECTION 45

"Resolved that in terms of section 45 of the Companies Act, as a general approval, the board of the company may from time to time authorise the company to provide any direct or indirect financial assistance, as defined in section 45 of the Companies Act, to any related or interrelated company or corporation for such amounts and on such terms and conditions as the board of the company may etermine, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the company."

Reason

Imperial is a listed holding Company with a large number of subsidiary companies which together comprise the Imperial group of companies. Imperial is not an operating Company and all operations in the Imperial group are conducted by subsidiary companies of Imperial.

Imperial is from time to time, as an essential part of conducting its business, required to provide financial assistance to its subsidiary and associate companies including related and interrelated companies in the form of operational loan funding, credit guarantees and general financial assistance as contemplated in section 45 of the Companies Act.

In terms of the Companies Act, companies are required to obtain the approval of their shareholders by way of special resolution in order to provide financial assistance to subsidiaries and Imperial seeks approval for the board of the company until the next annual general meeting to authorise the provision by the company of financial assistance to any related or interrelated company as contemplated in section 45 of the Companies Act. This means that the company is authorised to grant loans to its subsidiaries and to guarantee the debts of its subsidiaries. The financial assistance will be provided as part of the day-to-day operations of the company in the normal course of its business and in accordance with its MOI and the provisions of the Companies Act.

Effect

Special resolution 4 will grant the directors of the company the authority until the next annual general meeting to authorise the provision by the company of financial assistance to any related or interrelated company as contemplated in section 45 of the Companies Act.

Compliance with section 45(3)(b)

The directors of Imperial will, in accordance with the Companies Act, ensure that financial assistance is only provided if the requirements of that section are satisfied, inter alia, that immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test set out in section 4(1) of the Companies Act.

Percentage voting rights

The minimum percentage of voting rights that is required for this resolution to be adopted is 75% (seventy five percent) of the voting rights to be cast on the resolution.

14. TO TRANSACT SUCH OTHER BUSINESS AS MAY BE TRANSACTED AT AN ANNUAL GENERAL MEETING OF SHAREHOLDERS.

Voting and proxies

A shareholder, holding shares in a certificated form or has dematerialised their shares with "own name" registration, entitled to attend and vote at the general meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the company. For the convenience of registered certificated shareholders or shareholders who have dematerialised their shares with own name registration, a form of proxy is attached hereto. Duly completed forms of proxy must be lodged at the registered office of the company or at the transfer secretaries at the addresses below to be received by no later than 09:00 on Monday, 2 November 2015.

Every person present and entitled to vote at the general meeting shall, on a show of hands, have one vote only, and on a poll, shall have one vote for every ordinary share held or represented.

Section 63(1) of the Companies Act requires that meeting participants provide satisfactory identification.

Shareholders' rights regarding proxies in terms of section 58 of the Companies Act are as follows:

(1) At any time, a shareholder of a company may appoint any individual, including an individual who is not a shareholder of that company, as a proxy to
   (a) participate in, and speak and vote at, a shareholders meeting on behalf of the shareholder; or
   (b) give or withhold written consent on behalf of the shareholder to a decision contemplated in section 60.

(2) A proxy appointment
   (a) must be in writing, dated and signed by the shareholder; and
   (b) remains valid for –
      (i) one year after the date on which it was signed; or
      (ii) any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in subsection (4)(c), or expires earlier as contemplated in subsection (8)(d).

(3) Except to the extent that the Memorandum of Incorporation of a company provides otherwise –
   (a) a shareholder of that company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder;
   (b) a proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
   (c) a copy of the instrument appointing a proxy must be delivered to the company, or to any

   other person on behalf of the company, before the proxy exercises any rights of the shareholder at a shareholders meeting.

(4) Irrespective of the form of instrument used to appoint a proxy
   (a) the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;
   (b) the appointment is revocable unless the proxy appointment expressly states otherwise; and
   (c) if the appointment is revocable, a shareholder may revoke the proxy appointment by –
      (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and
      (ii) delivering a copy of the revocation instrument to the proxy, and to the company.

(5) The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of –
   (a) the date stated in the revocation instrument, if any; or
   (b) the date on which the revocation instrument was delivered as required in subsection (4) (c) (ii).

(6) A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the instrument appointing the proxy otherwise provides.

Shareholders who have dematerialised their shares and have not selected own name registration must advise their CSDP or broker of their voting instructions should they be unable to attend the general meeting but wish to be represented thereat. Dematerialised shareholders without own name registration should contact their CSDP or broker with regard to the cut-off time for their voting instructions. If, however, such members wish to attend the general meeting in person, then they will need to request their CSDP or broker to provide them with the necessary letter of representation in terms of the custody agreement entered into between the dematerialised shareholder and their CSDP or broker.

By order of the board

RA Venter
Company secretary

24 August 2015

FORM OF PROXY

Imperial Holdings Limited
(Incorporated in the Republic of South Africa) (Registration number: 1946/021048/06)
Share code: IPL ISIN: ZAE000067211 ("Imperial" or the "Company")

If you are a dematerialised shareholder, other than with "own name" registration, do not use this form. Dematerialised shareholders' (other than with "own name" registration) should provide instructions to their appointed CSDP or broker in the form stipulated in the custody agreement entered into between the shareholder and their CSDP or broker.

An ordinary shareholder entitled to attend and vote at the annual general meeting to be held in the boardroom of Imperial Holdings Limited, Imperial Place, Jeppe Quondam, 79 Boeing Road East, Bedfordview, Gauteng on Tuesday, 3 November 2015 at 09:00 (the "AGM"), is entitled to appoint a proxy to attend, speak or vote thereat in his/her stead. A proxy need not be a shareholder of the company.

All forms of proxy must be lodged at the transfer secretaries, Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received by no later than 09:00 on Monday, 2 November 2015.

I/We (Please print name in full) ______________________________

Of (address) ______________________________

Telephone number ______________ Cellphone number ______________

e-mail address ______________________________

being an ordinary shareholder(s) of the company holding ______________ ordinary shares in the company do hereby appoint

1. ______________________________ or failing him/her

2. ______________________________ or failing him/her

3. the chairman of the AGM

as my/our proxy to vote for me/our behalf at the AGM (and any adjournment thereof) for the purpose of considering and, if deemed fit, passing with or without modifications, the following resolution to be considered at the AGM.

				Number of Votes (one per share)		
				In favour of	Against	Abstain
1.	Ordinary Resolution 1 – Financial Statements					
2.	Ordinary Resolution 2 – Appointment of auditors					
3.	Ordinary Resolution 3 – Appointment of audit committee					
	Ordinary Resolution 3.1 – RM Kgosana					
	Ordinary Resolution 3.2 – GW Dempster					
	Ordinary Resolution 3.3 – T Dingaan					
	Ordinary Resolution 3.4 – P Langeni					
	Ordinary Resolution 3.5 – RJA Sparks					
	Ordinary Resolution 3.6 – Y Waja					
4.	Ordinary Resolution 4 – Re-appointment of directors					
	Ordinary Resolution 4.1 – Re-appointment OS Arbee					
	Ordinary Resolution 4.2 – Re-appointment MP de Canha					
	Ordinary Resolution 4.3 – Re-appointment T Dingaan					
	Ordinary Resolution 4.4 – Re-appointment MV Moosa					
	Ordinary Resolution 4.5 – Re-appointment M Swanepoel					
	Ordinary Resolution 4.6 – Re-appointment Y Waja					
5.	Ordinary Resolution 5 – Confirmation of directors					
	Ordinary Resolution 5.1 – Confirmation P Cooper					
	Ordinary Resolution 5.2 – Confirmation GW Dempster					
	Ordinary Resolution 5.3 – Confirmation SP Kana					
	Ordinary Resolution 5.4 – Confirmation RM Kgosana					
6.	Ordinary Resolution 6 – Confirmation of remuneration policy					
7.	Special Resolution 1 – Directors' fees					
		Fee from 1 July 2015 to 30 June 2016	Fee from 1 July 2016 to 30 June 2017			
7.1	Chairman	R834 000	R884 000			
7.2	Deputy chairman	R417 000	R442 000			
7.3	Board member	R238 500	R253 000			
7.4	Assets and liabilities committee chairman	R152 000	R161 000			
7.5	Assets and liabilities committee member	R101 000	R107 000			
7.6	Audit committee chairman	R315 000	R334 000			
7.7	Audit committee member	R157 000	R166 500			
7.8	Investment committee chairman	R315 000	R334 000			
7.9	Investment committee member	R157 000	R166 500			
7.10	Risk committee chairman	R152 000	R161 000			
7.11	Risk committee member	R101 000	R107 000			
7.12	Remuneration committee chairman	R114 000	R120 500			
7.13	Remuneration committee member	R75 000	R79 500			
7.14	Nomination committee chairperson	R114 000	R120 500			
7.15	Nomination committee member	R75 000	R79 500			
7.16	Social, ethics and sustainability committee chairman	R152 000	R161 000			
7.17	Social, ethics and sustainability committee Member	R101 000	R107 000			
8.	Special Resolution 2 – General authority to repurchase company shares					
9.	Ordinary Resolution 7 – Authority over unissued ordinary shares					
10.	Ordinary Resolution 8 – Authority to issue shares for cash					
11.	Ordinary Resolution 9 – Authority over unissued preference shares					
12.	Special Resolution 3 – Authority to provide financial assistance- s44					
13.	Special Resolution 4 – Authority to provide financial assistance – s45					

Insert an X in the appropriate block. If no indications are given, the proxy will vote as he/she deems fit. Each shareholder entitled to attend and vote at the meeting may appoint one or more proxies (who need not be a shareholder of the company) to attend, speak and vote in his/her stead.

Please read the notes on the reverse side hereof.

Signed at ______________ on ______________ 2015

Signature ______________________________

Assisted by (where applicable) ______________________________

NOTES TO THE FORM OF PROXY

1. A shareholder may insert the names of a proxy or the names of two alternative proxies of the shareholder's choice in the space provided, with or without deleting "the chairman of the meeting", but any such deletion must be initialled by the shareholder. The person whose name appears first on the proxy and which has not been deleted shall be entitled to act as proxy to the exclusion of those whose names follow.
2. The authority of a person signing a proxy in a representative capacity must be attached to the proxy unless that authority has already been recorded with the company's transfer secretaries.
3. Proxies must be lodged at or posted to the company's transfer secretaries, Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), to be received by no later than 09:00 on Monday, 2 November 2015.
4. The completion and lodging of this proxy shall not preclude the relevant shareholder from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.

The chairman of the meeting may reject or accept a proxy which is completed other than in accordance with these instructions, provided that he is satisfied as to the manner in which a shareholder wishes to vote.

CORPORATE INFORMATION

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)

Business address and registered office
Imperial Place
Jeppe Quondam
79 Boeing Road East
Bedfordview
2007

Postal address and contact numbers
PO Box 3013
Edenvale
1610

Telephone +27 (0) 11 372 6500
Facsimile +27 (0) 11 372 6550

Name and registration number
Imperial Holdings Limited
1946/021048/06

Share transfer secretaries
Computershare Investor Services (Pty) Ltd
70 Marshall Street
Johannesburg
2001

PO Box 61051
Marshalltown
2107

Telephone +27 (0)11 370 5000
Facsimile +27 (0)11 370 5487

Website
www.imperial.co.za

Email
info@ih.co.za

JSE information
Ordinary share code: IPL
ISIN: ZAE000067211
Preference share code: IPLP
ISIN: ZAE000088076

Shareholders' diary

Final dividend payment:	28 September 2015
Annual general meeting:	3 November 2015
Interim results released:	23 February 2016
Final results released:	23 August 2016

IMPERIAL PLACE
JEPPE QUONDAM
79 BOEING ROAD EAST
BEDFORDVIEW
2007

PO BOX 3013
EDENVALE
1610
SOUTH AFRICA

WWW.IMPERIAL.CO.ZA