> COMPANY STATEMENT OF FINANCIAL POSITION

at 30 June 2016

	NOTES	2016 Rm	2015 Rm
ASSETS			
Interest in subsidiaries	2	**9 746**	8 648
Investment in associates	3	**50**	50
Investments	4	**47**	47
Current tax asset		**1**	2
Cash resources		**2**	
Interest in subsidiaries classified as held for sale	2	**603**	603
Total assets		**10 449**	9 350
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and share premium	5	**1 030**	382
Other reserves			70
Retained earnings		**8 955**	8 418
Total equity		**9 985**	8 870
Liabilities			
Non-redeemable, non-participating preference shares	6	**441**	441
Trade payables and other liabilities	7	**23**	39
Total liabilities		**464**	480
Total equity and liabilities		**10 449**	9 350

> COMPANY STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2016

	NOTES	2016 Rm	2015 Rm
Revenue	8	**2 254**	1 476
Net operating expenses	9	**(16)**	(19)
Other non-operating items	10	**(96)**	(196)
Profit before net financing income		**2 142**	1 261
Finance cost		**(37)**	(35)
Finance income		**28**	37
Profit before tax		**2 133**	1 263
Income tax	11	**(13)**	12
Net profit and total comprehensive income for the year		**2 120**	1 275

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

> COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2016

	SHARE CAPITAL AND SHARE PREMIUM Rm	OTHER RESERVES Rm	RETAINED EARNINGS Rm	TOTAL Rm
At 30 June 2014	382	401	9 474	10 257
Total comprehensive income for the year			1 275	1 275
Ordinary dividends declared			(1 597)	(1 597)
Expiration of Lereko call option		(309)	(756)	(1 065)
Direct transfer to retained earnings		(22)	22	
At 30 June 2015	**382**	**70**	**8 418**	**8 870**
Total comprehensive income for the year			**2 120**	**2 120**
Ordinary dividends declared			**(1 653)**	**(1 653)**
Direct transfer to retained earnings		**(70)**	**70**	
Share issue of 4 559 221 at an average price of R142 less share issue costs	**648**			**648**
At 30 June 2016	**1 030**		**8 955**	**9 985**

> COMPANY STATEMENT OF CASH FLOWS

For the year ended 30 June 2016

	NOTES	2016 Rm	2015 Rm
Cash flows from operating activities			
Cash generated by operations	12	**2 232**	1 535
Finance cost paid		**(37)**	(35)
Finance income received		**28**	37
Tax paid	13	**(12)**	(14)
		2 211	1 523
Cash flows from investing activities			
(Additions) disposals of investments and loans to subsidiaries, associated companies and joint ventures *		**(546)**	107
Settlement of contingent consideration liabilities		**(10)**	(33)
		(556)	74
Cash flows from financing activities			
Dividends paid		**(1 653)**	(1 597)
		(1 653)	(1 597)
Net increase in cash and cash equivalents		**2**	
Cash and cash equivalents at beginning of year			
Cash and cash equivalents at end of year		**2**	

* *The additions to the investment of Associated Motor Holdings (Pty) Limited and Boundlesstrade 154 (Pty) Limited resulting from the share issue was treated as non-cash flow.*

> NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 30 June 2016

1. ACCOUNTING POLICIES

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

1.1 Interest in subsidiaries

Interest in subsidiaries are carried at cost less accumulated impairment losses.

Acquisition-related costs for new interests acquired during the year are recognised in profit or loss.

1.2 Investments in associates

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

1.3 Investments

Investments are carried at cost less accumulated impairment losses.

1.4 Financial instruments

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

Initial measurement

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

Subsequent measurement

Financial assets comprising of cash resources are carried at cost which is also fair value.

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

Derecognition

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

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

1.5 Revenue

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

1.6 Finance cost and finance income

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

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

1.7 Exceptional items

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

1.8 Income taxes

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

Current tax

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

Withholding tax

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

1.9 Significant judgement and estimates

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

The company uses judgement when assessing the impairments of the investments in subsidiaries, associates and the contingent consideration liabilities.

1.10 New and revised international financial reporting standards in issue but not yet effective

The following are applicable amendments to IFRS that could have an impact on the company's financial statements.

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

	2016 Rm	2015 Rm
2. INTEREST IN SUBSIDIARIES		
Shares at cost, net of impairments	**7 279**	6 495
Indebtedness by subsidiaries, net of impairments	**2 467**	2 153
	9 746	8 648
The investment in Regent Insurance and Regent Life have been reclassified as held for sale as the Group has agreed to dispose of these investments, subject to regulatory approval.		
Details of the company's principal subsidiaries are reflected in note 39 of the consolidated annual financial statements.		
3. INVESTMENT IN ASSOCIATES		
Unlisted shares at cost	**33**	45
Impairments		(12)
	33	33
Indebtedness by associates	**17**	17
	50	50
Lereko Mobility (Pty) Ltd (Lereko) call option		
Balance at beginning of year		1 173
Fair value adjustment through profit or loss		(108)
Expiration of call option		(1 065)
Balance at end of year		
4. INVESTMENTS		
Unlisted shares at cost, net of impairments	**47**	47

> NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 30 June 2016 – Continued

5. SHARE CAPITAL AND SHARE PREMIUM

	2016 Rm	2015 Rm
Authorised share capital		
394 999 000 (2015: 394 999 000) ordinary shares of 4 cents each	**15**	15
50 000 000 (2015: 50 000 000) deferred ordinary shares of 4 cents each	**2**	2
15 000 000 (2015: 15 000 000) preferred ordinary shares of 4 cents each	**1**	1
1 000 (2015: 1 000) redeemable preference shares of 4 cents each		
40 000 000 (2015: 40 000 000) non-redeemable, non-participating preference shares of 4 cents each	**2**	2
	20	20
Issued and fully paid share capital		
208 172 968 (2015: 202 782 278) ordinary shares of 4 cents each	**8**	8
9 362 298 (2015: 10 193 767) deferred ordinary shares of 4 cents each	**1**	1
	9	9
Share premium	**1 021**	373
Share capital and premium	**1 030**	382

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

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

The directors have been given general authority until the next annual general meeting to issue:

- not more than five percent of the issued ordinary share capital at 30 June 2015;
- not more than five million of the non-redeemable, non-participating preference shares.

Ordinary shares

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

Deferred ordinary shares

Ukhamba, the BEE partner that owns an effective 10,7% shareholding in Imperial, facilitated the trading of its shares to allow our employees and beneficiaries in Ukhamba to monetise their value in Ukhamba. To allow for this, at a general meeting held on 21 October 2013, Imperial shareholders agreed to alter the conversion profile of the deferred ordinary shares to equal predetermined conversions over 12 years. As a result 831 469 deferred shares convert annually, with the last conversion on 30 June 2025.

To the end of the current financial year 13 393 091 (2015: 12 561 622) deferred ordinary shares have been converted into ordinary shares.

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

Directors interests in issued share capital

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

	2016 Rm	2015 Rm
6. NON-REDEEMABLE, NON-PARTICIPATING PREFERENCE SHARES		
Non-redeemable, non-participating preference shares at cost	**441**	441

4 540 041 preference shares listed on the JSE under specialist securities – preference shares sector.

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

The coupon is payable semi-annually on 1 April and 1 October and annually this amounts to R37 million (2015: R35 million) which is included as part of finance cost in profit or loss.

	2016 Rm	2015 Rm
7. TRADE PAYABLES AND OTHER LIABILITIES		
Trade payables and accruals at amortised cost	**19**	26
Contingent consideration liabilities (Level 3 financial instrument)	**4**	13
	23	39

The fair value of the trade payables and accruals approximate their fair value.

	2016 Rm	2015 Rm
Movements in contingent consideration liabilities (Level 3 financial instrument)		
Balance at beginning of year	**13**	40
Settlements	**(10)**	(33)
Remeasured to profit or loss	**1**	
Amounts raised		6
	4	13

	2016 Rm	2015 Rm
8. REVENUE		
An analysis of the company's revenue is as follows:		
Dividends from subsidiaries and associates	**2 236**	1 467
Fees received	**18**	9
	2 254	1 476

	2016 Rm	2015 Rm
9. NET OPERATING EXPENSES		
The following disclosable items have been included in operating expenses:		
Auditors' remuneration	**2**	2
Non-executive directors' emoluments*	**8**	7
Professional fees	**5**	5
Acquisition costs		5

* *Refer to note 40 in the consolidated annual financial statements for the executive directors emoluments.*

	2016 Rm	2015 Rm
10. OTHER NON-OPERATING ITEMS		
Remeasurement of financial instruments not held-for-trading		(108)
Fair value loss on Lereko Mobility (Pty) Ltd call option		(108)
Capital items	**(96)**	(88)
Profit (loss) on sale of subsidiaries and businesses	**150**	(42)
Profit on sale of investment in associates	**25**	
Impairment of investments in subsidiaries, loans to subsidiaries and associates	**(271)**	(46)
	(96)	(196)

> NOTES TO THE COMPANY FINANCIAL STATEMENTS
For the year ended 30 June 2016 – Continued

	2016 Rm	2015 Rm
11. INCOME TAX		
South African normal tax		
– Current	**13**	12
Capital gains tax		
– Prior year over provision of current tax		(27)
Withholding tax on dividends		3
	13	(12)
Reconciliation of tax rate:	**%**	%
Profit before tax – effective tax rate	**0,6**	(1,0)
Tax effect of:		
– Withholding tax on dividends		(0,2)
– Disallowable charges/capital losses	**(1,8)**	(1,2)
– Exempt income	**29,2**	30,6
– Fair value adjustment on Lereko Mobility (Pty) Ltd call option		(2,3)
– Prior year overprovision		2,1
	28,0	28,0
Disallowable expenses include interest incurred on the non-redeemable, non-participating preference shares and expenses incurred in the production of non-taxable income.		
12. CASH GENERATED BY OPERATIONS		
Profit before net financing costs	**2 142**	1 261
Exceptional items	**96**	88
Fair value gain on Lereko Mobility (Pty) Ltd call option		108
Remeasurement of contingent consideration liabilities	**1**	
Acquisition costs		5
Working capital movements		
– Decrease in trade and other receivables		68
– (Decrease) Increase in trade and other payables	**(7)**	5
	2 232	1 535
13. TAX PAID		
Balance at beginning of year	**2**	(24)
Current tax recognised in profit or loss	**(13)**	12
Balance at end of year	**(1)**	(2)
	(12)	(14)

	2016 Rm	2015 Rm
14. CONTINGENT LIABILITIES		
The company has contingent liabilities in respect of guarantees issued to bankers and others, on behalf of subsidiaries, for facilities in the normal course of business to the extent that they are used. The year-end utilisation of facilities was:	**12 217**	8 942
The company has guaranteed the obligations to the investors in the commercial paper and corporate bond issued:	**5 471**	6 140
The company has contingent liabilities in respect of guarantees issued to bankers and others, on behalf of associates, for facilities in the normal course of business to the extent that they are used. The year-end utilisation of facilities was:	**235**	167
The company has contingent liabilities in respect of guarantees issued to suppliers on behalf of subsidiaries, for facilities in the normal course of business to the extent that they are used. The year-end utilisation of facilities was:	**241**	
The company has contingent liabilities in respect of guarantees issued to suppliers on behalf of associates, for facilities in the normal course of business to the extent that they are used. The year-end utilisation of facilities was:	**12**	
As part of the NAC sale in 2013 Imperial Holdings have issued a guarantee to secure vendor funding for five years for:	**80**	80
As part of the Uvundlu Investments sale Imperial Holdings have issued a guarantee to bankers for a rental book which will be amortised over 3 years:	**116**	

15. FINANCIAL INSTRUMENTS

Interest rate risk

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

The 50 basis points increase or decrease in interest rates represents management’s assessment of the reasonably possible changes in interest risk for the non-redeemable, non-participating preference shares. The impact of a 50 basis point increase in interest rates will have an annualised R2 million (2015: R2 million) effect on the company's after tax profit and equity.

Liquidity risk

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

16. EVENTS AFTER THE REPORTING PERIOD

An ordinary dividend of 425 cents has been declared by the board of Imperial on 22 August 2016.