FAST MOVING FORWARD THINKING

IMPERIAL

CONTENTS

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IMPERIAL HOLDINGS LIMITED
ANNUAL REPORT **2010**

ABOUT US

The group's origins date back to 1946 to a single service station in downtown Johannesburg.

Today, Imperial is a diversified, multinational industrial services group whose activities span southern Africa, Europe, the United Kingdom and Australia.

The group employs some 36 000 people responsible for a range of vertically integrated businesses. These include distribution of vehicles, parts, industrial equipment and aircraft, over 200 new and used vehicle dealerships, logistics, transport, warehousing, specialised freight, supply chain solutions including multi-modal networks covering inland waterway, rail and road, and ship chartering, car rental, tourism and insurance.

Imperial's transport fleet travels more than 400 million road kilometres a year and transports 50 million tonnes of freight per annum in Europe. The group supplies most makes of vehicles. One in every three car rental transactions in South Africa is conducted through the group.

Listed on the JSE since 1987, Imperial has a current market capitalisation of about R20 billion and operates on a decentralised management structure that actively encourages entrepreneurship, innovation and industry best practice.

IN THE NEWS

The Imperial group spent approximately R750 million on acquisitions during the year, significantly strengthening its auto parts and logistics operations, and also expanding into industrial equipment distribution and vehicle tracking and fleet management, in South Africa and in Europe.

The sale of our 49,9% share in Imperial Bank was concluded with proceeds amounting to R1,8 billion.

The Imperial logistics business took top honours as the best managed company in South Africa in 2010. (African Access National Business Awards)

The intended acquisition of CIC Holdings, a consumer goods distribution business active in Namibia, Botswana, South Africa, Swaziland and Mozambique, was announced.

KEY FACTS

- Imperial employs some 36 000 people
- Our southern African transport fleet travelled over 426 million kilometres last year
- Over 5 500 trucks in our transport fleet – access to 2 000 subcontractor vehicles
- Warehousing capacity of over 1 300 000m^2
- 500 available vessels in Europe, 1 million tons load capacity
- Transport over 50 million tons per annum by ship in Europe
- One in three car rental transactions in South Africa
- Supply every meaningful brand of vehicle
- Now the number-one after-market parts supplier in southern Africa

OUR PRINCIPLES

Imperial's unifying principles are:

- Commitment to people development
- A performance culture
- Social responsibility
- Transparency through good communication
- Excellent service
- Group business loyalty
- Financial responsibility and capital efficiency
- Nurturing of and tolerance for entrepreneurial initiatives
- Emphasis on our group brand

IMPERIAL IS WELL POSITIONED TO FOCUS ON RENEWED GROWTH AND FUTURE SUSTAINABLE BUSINESS INITIATIVES

MARKET FOCUS

THE IMPERIAL GROUP IS FOUNDED ON THREE STRATEGIC PILLARS:

- Logistics
- Car rental and tourism
- Vehicle, parts and industrial equipment distribution and retailing, and related financial services

Each of these represents a growing market, with considerable potential for growth into allied services and appropriate geographies. Our growth emphasis is on logistics, distribution and tourism.

PAST MARKET FOCUS

Building a business of significant scale has been Imperial's driving force for several decades. From its genesis as a Chrysler dealership in downtown Johannesburg, Imperial expanded its focus on the vehicle market to include car rental in the 1970s, and logistics and insurance in the 1980s. In the 1990s, we added vehicle distribution to the portfolio and in the new millennium expanded into tourism.

By 2008, Imperial was a massive organisation, but not optimally structured. To address this, we exited certain asset-intensive activities through the unbundling of Eqstra, the sale of our aviation leasing interests and more recently, the sale of our interest in Imperial Bank.

ONGOING INITIATIVES

The restructuring initiated in 2008 coincided with the worst economic downturn in decades. However, it was also an ideal opportunity to review long-established criteria and set targets for both economic and human capital that were more appropriate to our new structure and position in the market.

Developing our human capital with a strong emphasis on advancement of black people has been a priority in the past few years, and will remain a focus area in future. We have promoted skills development across all levels and operations of our group, and extended programmes to prospective employees who will qualify as artisans serving the needs of Imperial and the broader South African business community.

In tandem, we are making progress in reducing the impact of our group on the environment.

FUTURE MARKETS

The modern Imperial is clearly focused on areas whose growth potential matches our core skills. By sector, we are focused on logistics, car rental and tourism, vehicle retailing and distribution of auto and other industrial after-market parts and products, as well as insurance. By geography, we will use our strong bases in South Africa and Europe as springboards into sub-Saharan Africa and into continental Europe. Acquisitive growth will be governed by stringent criteria and benchmarks.

MANAGEMENT FOCUS

KEY FINANCIAL FOCUS FOR 2010 WAS TO

- Complete the group restructuring despite prevailing economic conditions
- Focus on costs, streamlining operations and defining both acceptable performance and acquisition criteria
- Expand our logistics product range and services in southern Africa and Europe
- Enhance our motor and financial services product offerings to maximise our participation in the value chain

KEY NON-FINANCIAL FOCUS FOR 2010 WAS TO

- Maintain a healthy talent pipeline through skills development
- Establish a baseline carbon footprint for the group
- Focus on employment equity and advancement of black management
- Re-brand the group and stabilise a brand architecture

2011 AND BEYOND

- Deliver shareholder value through capital management, sustainable cash generation and growth
- Acquisitive growth in our chosen areas of expansion
- Enhance earnings by return on invested capital exceeding weighted average cost of capital
- Enhance the product range in all areas to ensure that the maximum value is received from the value chain
- Participate in community development through various targeted programmes
- Maintain a robust talent pipeline with an emphasis on the previously disadvantaged through training and human resource development
- Establish carbon footprint measurement and develop appropriate solutions to reduce this
- Continue with re-branding the group and stabilising a brand architecture

FINANCIAL FEATURES

- HEPS from continuing operations **40%** higher at **976 cents**
- Revenue **2%** higher at **R53,4 billion**
- Operating profit **34%** higher at **R3,3 billion**
- A strong financial position with gross debt down from **R10,2 billion** to **R8,3 billion**
- Final dividend of **200 cents**
- Full year dividend of **350 cents** (75% higher)

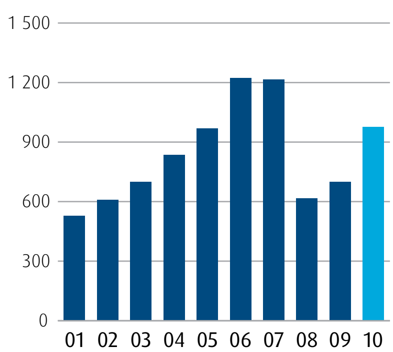
THE BUSINESS IS IN GOOD SHAPE AND WELL POSITIONED TO TAKE ADVANTAGE OF THE ECONOMIC UPSWING.

FINANCIAL SUMMARY

	2010	2009	% change
Revenue (Rm)*	**53 438**	52 219	2
Operating profit (Rm)*	**3 288**	2 453	34
Operating margin (%)*	**6,2**	4,7	
Profit before tax and exceptional items (Rm)*	**3 056**	2 104	45
Headline earnings attributable to shareholders (Rm)*	**1 811**	1 294	40
Headline earnings per share (cents)*	**976**	698	40
Distributions to shareholders (cents)	**350**	200	75
Cash generated by operations before capex (Rm)*	**4 443**	5 187	(14)
Headline earnings on average equity (%)	**17,6**	13,7	
Return on invested capital (%)#	**12,9**	11,5	
Weighted average cost of capital (%)	**10,5**	10,9	
Total assets (Rm)	**34 223**	33 315	3
Net asset value per share (cents)	**5 529**	4 820	15
Market capitalisation at closing prices (Rm)	**18 095**	12 367	46

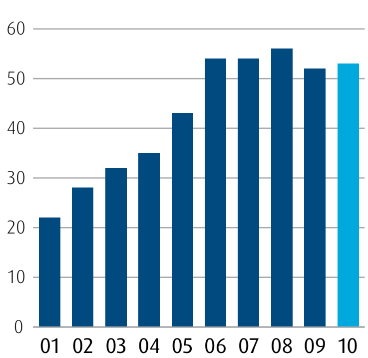
* Continuing operations only
\# This is based on the average capital during the year

Headline earnings per share (cents)



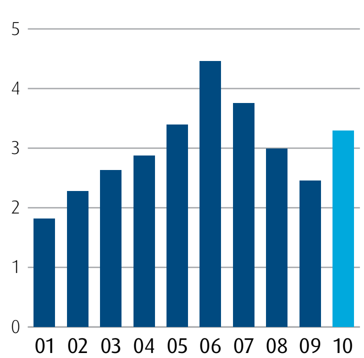
2007 to 2010 continuing operations only

Revenue (R billion)



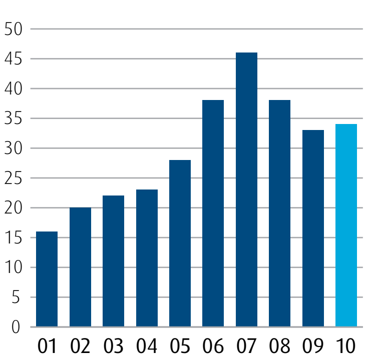
2007 to 2010 continuing operations only

Operating profit (R billion)

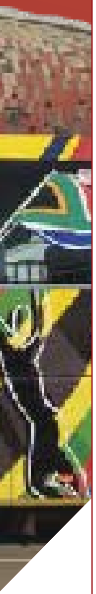


2007 to 2010 continuing operations only

Total assets (R billion)



GROUP AT A GLANCE



LOGISTICS

SOUTHERN AFRICA

Imperial Logistics is the largest logistics and supply chain management provider in southern Africa, offering integrated solutions to a diverse range of customers through over 70 operating entities active in 14 African countries.

IN THE REVIEW PERIOD

- Exposure to diverse industries limited impact of economic recession, with growth in revenue and operating profit.
- Strategic acquisitions again strengthen divisional capabilities, supported by significant contract renewals or extensions.
- Award-winning strides in eco-friendly transportation and customer supply chains.

OUTLOOK

- The pace of recovery in our southern African logistics unit will be affected by the sluggish recovery in the local economy. Further efficiencies, new contract gains and recent acquisitions are expected to augment market growth in general logistics activities.

INTERNATIONAL

Imperial Logistics International provides complete logistics solutions including contract logistics, warehousing, inland waterway, shipping and related value-added services across major European markets.

IN THE REVIEW PERIOD

- International operations recorded outstanding results, despite ongoing recession in Europe.
- Improved operating margins reflect benefits of rapid response to onset of economic recession in 2009.
- Focus on complementary services that provide annuity income was formalised in a new division for southern African operations.
- New contracts and acquisitions entrenching market position.

OUTLOOK

- In Europe, prospects for continued recovery in our business are good, given strong signs of improving industrial activity in our target markets.

CAR RENTAL AND TOURISM

With over 200 locations across southern Africa and prime positions at all major airports, Imperial's rebranded Europcar is a prominent force in the car rental market while Tempest is a trusted brand in the low-cost car rental sector. These services are supported by Auto Pedigree, the largest used car dealer network in South Africa and AA Autobay. Imperial's wholly-owned tourism interests include inbound tour operations and niche tourism services.

IN THE REVIEW PERIOD

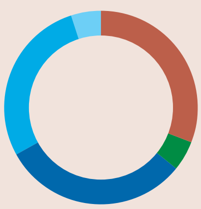
- Excellent year-on-year growth in revenue and operating profit.
- Significant growth in the international, leisure and vehicle replacement sectors countered flat corporate volumes and the decline in government volumes.
- Improved results from the tourism business reflect the impact of World Cup business, but this sector is still under pressure.
- The used vehicle market was more buoyant overall, with a particularly strong improvement late in the period.

OUTLOOK

The benefits of significant investment in facilities and improved efficiencies in Europcar should flow in the year ahead, but growth will be more difficult to achieve given the boost this division enjoyed over the World Cup. In time, we believe South Africa's elevated status as a sought-after and safe tourist destination will bring long-term benefits to our tourism business.

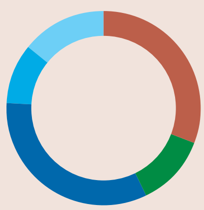
2010 KEY PERFORMANCE INDICATORS

Revenue 2010



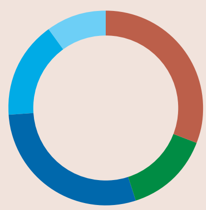
31%	Logistics
5%	Car rental and tourism
31%	Distributorships
28%	Automotive retail
5%	Insurance

Operating profit 2010



31%	Logistics
12%	Car rental and tourism
33%	Distributorships
10%	Automotive retail
14%	Insurance

Net operating assets 2010



31%	Logistics
14%	Car rental and tourism
29%	Distributorships
16%	Automotive retail
10%	Insurance

VEHICLE RETAILING

Through the divisions of distributorships, automotive retail and insurance, Imperial has built a unique model that captures the value chain in the automotive sector from factory gate to end-user financial services. Imperial represents most makes of passenger and commercial vehicles, many motorcycle brands, automotive parts and industrial equipment.

DISTRIBUTORSHIPS

Associated Motor Holdings (AMH) imports and distributes a range of passenger and light commercial vehicles, automotive products, industrial equipment and motorcycles for principals in Asia and Europe. AMH also operates Ford dealerships in Australia. Its wholly-owned financial services arm, Liquid Capital, is a leading developer of service and maintenance plans for its own brands and others in the industry. Imperial is also the leading distributor of after-market parts and accessories through Midas and Alert Engine Parts. This division also houses Imperial's aviation business, National Airways Corporation, which offers a complete range of general aviation services and products to the fixed-wing and helicopter markets.

IN THE REVIEW PERIOD

- As the South African distributor of Hyundai and Kia, significant benefits were gained from the co-sponsorship of the FIFA World Cup in firmly establishing these brands as major competitors in South Africa
- Rapid response to an extremely weak motor market in 2009 underpinned significantly improved results for the review period
- AMH gained significant market share during the year, reflecting the appeal of its brands as the market shifts towards entry-level vehicles in the model mix
- Acquisition of Midas has cemented Imperial's position in the rapidly growing replacement auto parts market
- Acquisition of Goscor has expanded Imperial into the distribution and rental of cleaning equipment, forklifts, power products and specialised arc welding and tooling

OUTLOOK

Although new and used vehicle markets began recovering strongly from a very low base earlier in 2010, we expect the growth rate in new vehicle sales to slow as the base increases, car rental demand reduces and a new emissions tax on new vehicles affects the affordability of vehicles. We nevertheless expect new vehicle market growth over our next financial year, and a good contribution from the much-expanded auto parts business.

AUTOMOTIVE RETAIL

Imperial owns the largest network of motor dealerships in South Africa and represents all major original equipment manufacturers (OEMs). It also retails commercial vehicles in the United Kingdom. From its core business of selling and servicing vehicles, the division is steadily diversifying into secondary sectors that provide an important counterbalance to vehicle market

BEEKMAN Our Business is Tops

WE ARE IMPERIAL

Jurgens Ci Leaders in leisure

IN THE REVIEW PERIOD

- Results improved significantly, despite new vehicle sales volumes being in line with the overall market growth of 2%
- Pressure on volumes was exacerbated by dealership closures and a weak commercial vehicle market
- Strict cost management and closure of unprofitable dealerships saw operating margin for the full year improve strongly
- Despite the highly competitive market, market share was maintained

OUTLOOK

Pressure to replace ageing vehicles is increasing and the diminishing pricing gap between quality used cars and new cars should favour new car sales in future and the division is well placed to capitalise on these trends. Due to our exceptionally strong network and product range we expect a good performance from this division in the year ahead.

INSURANCE

Through Regent, the group's niche insurance operations concentrate on a comprehensive and competitive range of short-term insurance and life assurance products and services to commercial and retail markets.

REGENT "YOUR COVER OF CHOICE"

IN THE REVIEW PERIOD

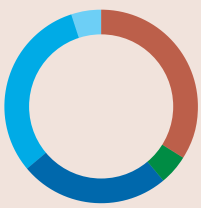
- Improved operating profit reflected pleasing underwriting and investment results
- Adjusted underwriting result 9,5% higher, largely due to good growth and improved profitability from individual life business in South Africa
- Gross written premium was 5,4% lower, after the loss of a key account in Botswana and generally lower economic activity levels affecting the South African short-term business in the first half

OUTLOOK

The Regent group has undergone significant rationalisation and continues its focus on improving processes and developing its distribution channels. As the run-off of the pre-National Credit Act single premium book comes to an end, scale is being achieved in monthly premium business and new niche products. The investment portfolio will continue to be prudently managed.

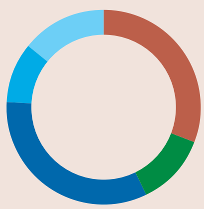
2009 KEY PERFORMANCE INDICATORS

Revenue 2009



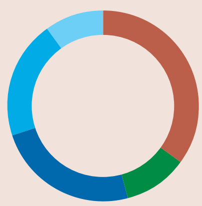
- 34% Logistics
- 5% Car rental and tourism
- 25% Distributorships
- 31% Automotive retail
- 5% Insurance

Operating profit 2009



- 31% Logistics
- 12% Car rental and tourism
- 33% Distributorships
- 10% Automotive retail
- 14% Insurance

Net operating assets 2009



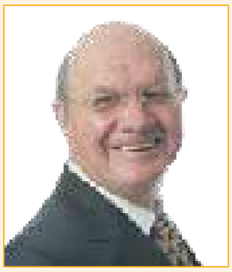
- 35% Logistics
- 11% Car rental and tourism
- 24% Distributorships
- 20% Automotive retail
- 10% Insurance

DIRECTORS AND EXECUTIVE COMMITTEE PROFILES

NON-EXECUTIVE DIRECTORS

Thulani Sikhulu Gcabashe (52)*
BA (Botswana), MURP (Ball State Univ, USA), PED, IMD Lausanne
Thulani is the retired chief executive of Eskom and is now the Executive Chairman of BuiltAfrica Holdings. He currently serves as a director of Standard Bank Group, The Standard Bank of South Africa and the National Research Foundation and is a past trustee of the Freedom Park Trust. He was appointed to the board in January 2008 and as chairman in April 2008.

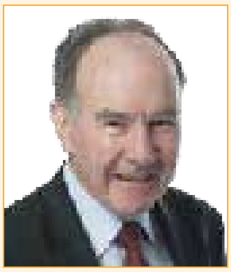
Thembisa Dingaan (37)
BProc, LLB (Natal), LLM (Harvard), H Dip Tax (Wits)
Thembisa was recently appointed as chairman of Ukhamba Holdings, an empowerment shareholder in Imperial. She is currently a director of Skweyiya Investment Holdings & Identity Corporate Advisors, the Development Bank of Southern Africa, the Export Credit Insurance Corporation of South Africa (ECIC) and of Mustek Limited. She was appointed to the board in November 2009.



Schalk Engelbrecht (64)*
BSc, MBL, AMP Insead
Schalk is the retired chief executive of AECI and is currently a non-executive director of that company. He was appointed as chief executive of AECI in 2003, having joined the AECI board as an executive director in 2002. He was the managing director of Chemical Services (Chemserve) before joining the AECI board. He was appointed to the board in June 2008.

Michael John Leeming (66)*
BCom, MCom, FCMA, FIBSA, AMP
Mike is a former executive director of Nedcor Limited. He has served as chairperson of the Banking Council of South Africa and president of this country's Institute of Bankers. He is currently a non-executive director of the Altron Group, AECI, Woolworths and Real Africa Holdings. He was appointed to the board in November 2002.

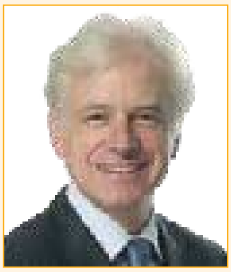
Phumzile Langeni (35)*
BCom (Acc)
Phumzile is the Executive Chairperson of Afropulse Group, a woman led investment, investor relations and corporate advisory house. She is the Economic Advisor to Minister of Minerals and Energy (DME). Phumzile was previously an executive director of junior platinum miner, Anooraq Resources, is the chairman of Astrapak and is an independent non-executive director of Massmart Holdings Limited, Mineworkers' Investment Company, Peermont Global and the Port Regulator. She was appointed to the board in June 2004.



James Roy McAlpine (69)*
BSc, CA
Roy is a former executive director of Liberty Life. He is currently a non-executive director of African Rainbow Minerals and Hyprop Investments, and is a past chairperson of the Association of Unit Trusts of South Africa. He was appointed to the board in August 1998.

Mohammed Valli Moosa (53)
BSc
Valli is non-executive director of Sanlam, Sappi and Anglo Platinum. He is the non-executive Chairman of Sun International and Executive Chairman of Lereko. He is the former President of the International Union for the Conservation of Nature and is currently a member of the Global Leadership for Climate Action. He is the former Chairman of Eskom and previously served as a cabinet minister in the National Government. He was appointed to the board in June 2005.

Roderick John Alwyn Sparks (51)*
BCom (Hons), CA(SA), MBA
Roddy is a former Managing Director of Old Mutual South Africa and Old Mutual Life Assurance Company (SA) and former chairperson of Old Mutual Unit Trust, Old Mutual Specialised Finance and Old Mutual Asset Managers (SA). He is a director of Worldwide African Investments and a non-executive director of Trencor and serves on the board of governors of the UCT Graduate School of Business. He was appointed to the board in July 2006.



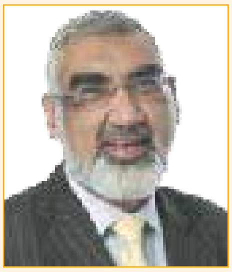
Ashley (Oshy) Tugendhaft (62)
BA, LLB
Oshy is the senior partner of Tugendhaft Wapnick Banchetti & Partners, a leading Johannesburg niche law firm and a non-executive director of African Bank Investments Limited and Pinnacle Technology Holdings Limited. He was appointed to the board in April 1998 and as deputy chairman in March 2008.

Younaid Waja (58)*
BCom, B Compt (Hons), CA(SA), H Dip Tax Law
Younaid is a practising tax and business consultant. He is a non-executive director and a sub-committee member of the Public Investment Corporation Limited (PIC), Pareto Limited, Blue IQ Investment Holdings (Pty) Limited, Supplier Park Development Company (Pty) Limited and Telkom SA Limited amongst others. He is a former vice-president of the Association for the Advancement of Black Accountants in Southern Africa (ABASA) and a former member of the Income Tax Special Court. He is also a former Chairperson of the former Public Accountants and Auditors Board (PAAB) now the Independent Regulatory Board of Auditors (IRBA). He was appointed to the board in June 2004.

*Independent

EXECUTIVE DIRECTORS AND EXECUTIVE COMMITTEE

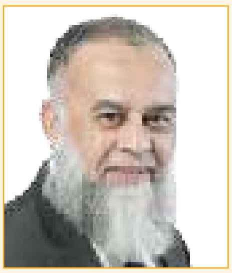
Hubert Rene Brody (46)
BAcc (Hons), CA(SA)
Hubert is the chief executive of Imperial. Hubert joined the group in April 2000 as chief financial officer of Imperial Bank. He was appointed as chief executive of the Motor Division in 2003. He joined the executive committee in September 2004 and was appointed to the board in August 2006 and as chief executive in July 2007.



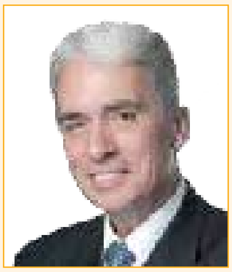
Osman Suluman Arbee (51)
BAcc, CA(SA), H Dip Tax
Osman is the CEO of the Car Rental division and Chairman of the tourism, automotive retail and automotive parts distribution divisions. He is a director of Distribution and Warehousing Network (DAWN) Limited and Ukhamba Holdings (Pty) Limited, the group's empowerment partner. He joined the group and the executive committee in September 2004 and was appointed to the board in July 2007.

Manuel Pereira de Canha (60)
Manny is the chief executive of Associated Motor Holdings, responsible for the import and distribution of motor vehicles. He joined the group in 1996. He was appointed to the board in November 2002.

Recht Louis (Tak) Hiemstra (54)
BCompt (Hons), CA(SA)
Tak is the executive director, strategic development of the group. He is responsible for investor relations, strategy, and enterprise and business development. He is a director of Distribution and Warehousing Network (DAWN) Limited and Ukhamba Holdings (Pty) Limited, the group's empowerment partner. He joined the group in 1992 and was appointed to the board in August 1995.



Abdul Hafiz Mahomed (59)
BCompt (Hons), CA(SA), H Dip Tax
Hafiz is the deputy chief executive and the group financial director. He joined the group as financial manager in 1982 and was appointed to the board in March 1992.

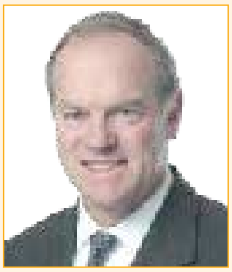


Gerhard Wessel Riemann (64)
Gerhard is the chief executive of Imperial Logistics International in Germany and is responsible for logistics operations in Europe. He joined the group and the board in January 2000.

Marius Swanepoel (49)
BCom Acc (Hons)
Marius is the chief executive of Imperial Logistics in southern Africa. He joined the group in 1994 as financial director of Highway Carriers and was appointed as chief executive of Imperial Logistics in southern Africa in October 2005. He was appointed to the executive committee in May 2007 and to the board in November 2009.

EXECUTIVE COMMITTEE MEMBERS

Berenice Joy Francis (34)
BCompt (Hons), CIA
Berenice is the executive responsible for risk, transformation and people development. She joined the group in 2008 and was appointed to the executive committee in June 2009.



David Drury Gnodde (52)
BCom, BCompt Hons, CA(SA)
David is the chief executive of the Regent group which houses the insurance operations of Imperial. He was previously the COO and an executive director of PPS and joined the Imperial group in 2009. He was appointed to the executive committee in June 2009.

Moeketsi Mosola (40)
BA Neuroscience and Human Biopsychology,
MA Economics (Houston)
Moeketsi is the chief executive of the Tourism division. He was previously the CEO of SA Tourism. He joined the group in 2009 and was appointed to the executive committee in July 2009.

CHAIRMAN'S REPORT

IN THIS SECTION

Thulani Gcabashe, Chairman

Q&A

Question: How does the implementation of King III affect Imperial?

Answer: Imperial is committed to the highest standards of corporate governance. King III applies to Imperial from the financial year commencing July 2010 but the group has already applied most significant aspects of King III.

Question: How is Imperial addressing the shortage of skills?

Answer: Imperial has a holistic approach to skills development, focusing on a full range of priorities from needy schoolchildren in underprivileged communities through to artisan training and senior leadership development.

Question: What did the 2010 FIFA World Cup mean to Imperial?

Answer: It was both a significant business opportunity and a chance to demonstrate our real commitment to South Africa. We gained further confidence in Imperial's ability to take part in the organisation and hosting of any key event with particular emphasis on the transport and logistics aspects.

The year 2010 will long be remembered as the time South Africa showed the world what it was capable of. The spirit surrounding the 2010 FIFA World Cup brought welcome relief to some of the most challenging trading conditions in living memory – and Imperial was there:

- As an official automotive supplier for the event, Hyundai provided a fleet of over 600 passenger cars, vans and buses, supported by a 24-hour emergency office and mechanical staff on standby at all stadiums.
- Kia supplied a further 200 vehicles for FIFA officials, delegates and VIPs.
- Sixty-four Springbok Atlas coaches moved the 32 football teams for more than a month and ensured that every team was on time at every match.
- Hyundai distributed lap-desks to 7 000 learners in underprivileged schools throughout South Africa; donated a large number of tickets to 32 recipient schools from such areas and ensured that the children were safely transported to and from matches.
- Over 4 000 children from underprivileged backgrounds took part in Kia street soccer, identified by FIFA as the "programme of the tournament". This five-a-side initiative in disadvantaged areas was also very educational for the children.
- Europcar was a welcome sight for international visitors at South Africa's major airports and a preferred choice for media teams and tour organisers.
- Behind the scenes, Imperial Logistics trucks transported produce, equipment and more to keep the event moving.

While the FIFA World Cup was unquestionably a solid business opportunity, we were proud to play our part in this historic event and demonstrate our commitment to South Africa and its people. From a marketing perspective, the event put Imperial firmly on the map, coinciding as it did with the group's rebranding, the Europcar rebranding and boosting the public profile of the Hyundai and Kia brands.

The year under review

For our group, slow evidence of improving conditions in certain of our markets, coupled with an unrelenting management focus on capital management, cash flow and efficiencies, underpinned a strong performance for the year and illustrated the resilience of this group.

Following its recent restructuring, Imperial is today a streamlined business, focused on its core activities, and delivering on its strategic intentions for the benefit of all stakeholders. For shareholders, this is evident in the prudent management of capital, the increased focus on industries which offer higher returns and requiring less investment, and improving dividends. For other stakeholders, our unfolding strategy lies more in the solid progress in developing the full potential of our people, uplifting communities where we operate and protecting our environment.

Sustainability

The King report on corporate governance in South Africa (King III) requires companies to integrate their financial and non-financial reporting to stakeholders. While this will require some effort and investment to ensure that reporting standards in both areas remain equally reliable, King III requires no fundamental change to the way we do business.

Our vision for the 21st century is to provide sustainable transportation that is affordable in every sense of the word: socially, environmentally and economically.

IMPERIAL HAS BEEN RANKED 37th IN THE ANNUAL FINANCIAL MAIL SURVEY OF THE 100 MOST EMPOWERED LISTED COMPANIES IN SOUTH AFRICA.

Accordingly, we are concentrating on fostering a culture of integrated sustainability in our business. Our progress is detailed in specific sections of this report (page 10 [people] and page 41 [environment]).

During the year, we continued on the journey of carbon footprint measurement and benchmarking for the group and in addition, the Imperial group again participated in the Carbon Disclosure Project (CDP), a non-governmental organisation representing 475 investors with assets of US$55 trillion. On behalf of these investors, the CDP challenges the world's largest companies to measure and report on their carbon emissions, the potential risks and opportunities resulting from climate change and how they are managing climate change issues. As part of the CDP response, Imperial has quantified the carbon inventory of its operations in southern Africa and Europe, and is in the process of identifying appropriate opportunities to reduce its carbon footprint.

Corporate governance

In accordance with the guidance issued by the JSE, Imperial has to apply King III from its 2011 financial year. Although we are still assessing Imperial's governance policies and procedures against King III, initial indications are that the group already applies all the substantive recommendations of the report.

During the year, the role of the board committee previously focused on transformation was significantly widened to encompass all aspects of sustainability.

Directorate and management

Effective from 1 November 2009, Mrs Thembisa Dingaan and Mr Marius Swanepoel were respectively appointed as non-executive and executive directors to the board of Imperial. Thembisa was also appointed as chairman of Ukhamba Holdings, one of Imperial's empowerment shareholders. She is a director of Skweyiya Investment Holdings & Identity Corporate Advisors, the Development Bank of Southern Africa, the Export Credit Insurance Corporation of South Africa and Mustek Limited.

Marius is chief executive of Imperial Logistics in southern Africa. He joined the group in 1994 as financial director of Highway Carriers and was appointed to his current position in 2005. He joined the executive committee in May 2007.

Our people

A robust skills pipeline is central to Imperial's continued success and our competitive edge depends on the depth and breadth of our talent. However, global skills shortages, particularly in the technology and engineering sectors, make talented people hard to find. In addition, we need to match new employees to our distinctive entrepreneurial culture.

By investing in the continuous development and growth of its own employees, Imperial can ensure a ready supply of people at technical, management and leadership levels; people who match the company's culture and have the innovative and entrepreneurial skills central to the Imperial brand.

Internal human resource development is therefore a key strategic imperative. In 2008 the board approved an investment of R100 million over five years to create a comprehensive skills development programme. We have established two permanent technical training facilities and have made comprehensive arrangements for graduate, management and leadership training to meet the group's immediate and long-term people development objectives.

During the review period, R70 million was invested in various people development initiatives, benefiting employees at different levels of the group.

Black economic empowerment

Black economic empowerment (BEE) remains a strategic imperative for our group; both our success and sustainability depend on it. Our commitment to transformation and empowerment is evident from the group being ranked 37th in the annual *Financial Mail* survey of the 100 most empowered listed companies in South Africa. Europcar was promoted to a level 3 BBBEE rating earlier in the year, and Imperial Logistics, which is rated at level 4, maintained its strong value-added supplier status. We will continue to pursue and promote all facets of empowerment in our business with particular emphasis on the development, promotion and recruitment of black people in the group.

The impact of the global economic recession has put intense pressure on BEE deals, most evident in the availability of funding and quantum of dividend streams.

Third party debt in respect of the Lereko BEE transaction amounting to R856 million is due for settlement on 1 October 2010. Refinancing this debt was examined and it was concluded by the stakeholders that under the current circumstances this could not be achieved at feasible economic levels. Lereko Mobility decided to sell sufficient Imperial and Eqstra shares to settle this debt, leaving approximately 6 million Imperial and Eqstra shares in Lereko until 2015 or a year earlier, at the discretion of Imperial and Eqstra. These shares will then be delivered to Imperial and Eqstra in part settlement of the vendor finance. From the debt settlement date to the vendor finance settlement date dividends will be generated benefiting the Lereko shareholders.

We remain strongly committed to our BEE partners and continue our healthy and fruitful relationship with Lereko and our staff empowerment vehicle, Ukhamba.

Acknowledgments

There are some 36 000 people in the Imperial group. Their individual and collective responses to the challenges of the review period have been inspirational. Equally, the commitment of Hubert Brody and his executive management team has been pivotal in keeping this group focused on sustainable growth. On behalf of the board, I thank every one of them.

My fellow board members are a ready source of insight and counsel. We also deeply appreciate your role as custodians of the strategy driving our growth and sustainability.

Thulani S Gcabashe
Chairman

24 August 2010

PEOPLE DEVELOPMENT

Investing in people

People development is a strategic imperative driven at the group level. The first of Imperial's nine guiding principles is pivotal to this endeavour:

> "Imperial is committed to people development. Our people are our brand, and as such, our most important asset. We believe passionately in supporting their growth and continuous learning."

This principle for people development provides each division with a framework to develop their own human resource development strategies for their specific skills and leadership needs. The company's transformation strategy, which places a strong emphasis on skills and people development for the achievement of greater diversity, provides further guidance on skill development initiatives.

This commitment to people development is reflected in the award for 'Corporate Educator of the year' in the field of supply chain management.

The review of operational skills challenges and requirements has resulted in a comprehensive people development programme comprising a wide range of training initiatives and structures.

Improving the standards of education in impoverished communities

Imperial's educational programmes are not only focused on the group's requirements but also consider the needs of our nation, particularly community school educational needs. A solid education can drastically alter the course of an individual's life for the better, allowing for employment and self-sufficiency.

School overcrowding, lack of resources and insufficient teacher capacity mean that thousands of children, particularly those in severely impoverished communities, are denied the benefits of a quality education.

Imperial joined hands with its BEE partner, Ukhamba Holdings in 2003 to form the Imperial and Ukhamba Community Development Trust. The Trust's mandate from its board is simple: identify well-managed schools in impoverished areas and make the necessary investments to improve the standard of education they offer.

The Trust rolls out programmes that focus on helping educators to improve the standard of teaching in the areas of literacy, numeracy and the sciences. The programmes provide adopted schools with educator training, and the materials needed so that educators can implement what they have learned. These materials include teaching aids, workbooks and worksheets; reading material and libraries; stationery and consumables; and science kits.

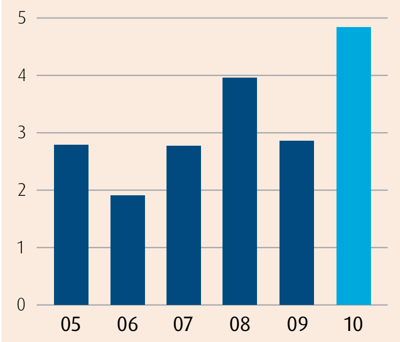
The success of the programme is also due in large part to the hands-on approach of the Trust. Its representatives visit the seven beneficiary schools on a weekly basis and have forged a close working relationship with school principals and educators. These site visits play a vital role in ensuring that the literacy, numeracy and science programmes are rolled out correctly by educators in their classrooms.

Selecting needy schools for optimum success

Since the inception of the programme, the number of adopted schools has grown from two to seven with 7 000 learners. These include the Inkululeko Yesizwe Primary School, Tshepana Primary School, Finetown Primary School, Rekhutlile Primary School, Qalabotjha Secondary School, Leshata High School and Moses Maren Technical School. These schools are located in areas with high unemployment rates with some of the poorest families in Gauteng.

The Trust has built a partnership with the provincial Department of Education in identifying beneficiary schools. Lessons learned have shown that the schools which derive the greatest benefit from the programme are those that are well-managed, with motivated and committed leadership and staff.

Imperial and Ukhumba Development Trust Contributions made to schools (2005-2010) – Rm



Measuring impact

Baseline studies are conducted at each school prior to the intervention of the programmes and post-assessments carried out to track the improvement of learner performance in mathematics. On average, maths results at beneficiary schools improved between 10% and 28% across grades 3 to 6.

Nurturing a future talent pipeline

With the shortage of certain skills in mind, the Imperial group utilises graduate development programmes to attract the best young graduates from the country's top universities. These programmes provide graduates with a wealth of hands-on workplace experience and exposure to a wide range of job types. They also include mentorship from experienced senior managers.

The programmes run between one and three years and develop graduates to the point where they may be offered permanent employment where they could be fast tracked to positions of management. These programmes have a bias towards the selection of historically disadvantaged candidates, helping Imperial to identify and recruit black graduates who, in time, will help to transform the company and increase its diversity.

Since its inception in 2006, 35 graduates have completed the Imperial Logistics graduate development programme which runs for two years. The programme currently has 76 graduates participating (including 47 black persons) recruited from tertiary institutions in the fields of logistics and supply chain management; industrial engineering; computer science and management accounting. In addition 25 academic bursaries are offered to students from designated groups.

Building the competence of middle management

In 2007 Imperial conducted an in-depth analysis of the skills requirements and work demands of people within each division of the company. This highlighted the need for a greater focus on the development of middle management, and in-house management development programmes (MDPs) for the Motor, Logistics and Car Rental Divisions were subsequently created. They run over a 12-month period, with classroom sessions taking place for two days a month.

Lecturers are sourced both externally and from the group who are subject matter experts. Ongoing assessments are an important part of ensuring that what is learned theoretically is translated into desired management behaviours and practices. As the programmes are aligned to the National Certificate: Generic Management, candidates receive an NQF Level 5 qualification in addition to formal certificate recognition from Imperial. In 2009 and 2010, 137 candidates attended the Motor, Car Rental and Logistics MDP programmes of which 84 were black.

The Ikaheng Supervisory Development Programme benefits junior and newly-appointed managers, as well as those who demonstrate management potential. Delegates are familiarised with the roles and required competencies of managers, and are required to relate this back to their own position in the group. The Logistics division has enrolled 140 learners in this programme. Ikaheng HR Services is wholly-owned by Ukhamba Holdings, one of Imperial's empowerment partners.

Growing leadership for the Imperial of today and tomorrow

The quality of leadership within the group will heavily influence Imperial's ability to retain its competitive edge into the future. Leaders need to be multi-talented; those who help companies rise above their competitors possess outstanding strategic prowess and decision-making ability, critical thinking, people management skills and innovative and entrepreneurial flair. Through various leadership programmes Imperial's dual focus on existing leaders and those of tomorrow, serves to strengthen the current leadership and ensure a robust leadership pipeline for the future.

The Peak Leadership Development Programme ran over a two-year period between 2008 and 2009 and benefited 65 of the company's top managers. Similarly, the Edge Programme ran over the same period for 100 senior managers, and helped delegates to make the transition to the level of tactical leadership. Both courses were informed by global best practice in the field of leadership.

In 2010, Imperial initiated a new executive programme. Developed in partnership with the Gordon Institute of Business Science (GIBS), the GIBS Imperial Executive Leadership Programme has been customised to accommodate the company's diversified and decentralised business model, the multi-national nature of its industrial services and its need for entrepreneurial and innovative leaders.

The following table of participants relates to our management development programmes, leadership courses, technical training courses and adult basic education and training courses. They are all seen as an imperative to Imperial's future and exclude other regular programmes.

Training programme Number of recent participants	
Management Development Programmes	114
Graduate Development Programme	76
Peak Leadership Programme	65
Edge Leadership Programme	100
GIBS Executive Leadership Programme	60
Germiston Technical Training Academy	317
Cape Town Technical Training Academy (60% external; 40% from Imperial)	128
Ikaheng Driver Training	270
Ikaheng Supervisory Development Programme	140

The table below covers the entire spectrum of the group's training. There is a range of additional training that takes place at all levels of the group including legal, accounting, finance, taxation, information technology, sales, marketing and driver refresher courses.

Annual training hours	
Senior management	19 324
Middle management	111 378
Professional, production, technical	623 292
Administrative	170 420
Maintenance	11 531
Total hours	935 945

In the next financial year, four groups of senior executives and managers, totalling 120, will participate in this high impact learning programme which runs over 12 days. Modules focus on strategic decision-making, operational execution and people management. Delegates gain from case studies, small group discussion and facilitated individual and team reflection sessions. The programme draws on the input of high profile senior executives, including those from Imperial, who share knowledge and best practice.

Improving the skills of technical employees

People development at Imperial aims to be all-encompassing and in addition to training people in middle and senior management, the company also invests heavily in the development of technical and semi-skilled employees.

A modern training centre in Germiston for petrol and diesel mechanics was completed during the period under review at a cost of R24 million. The centre is aligned to the MERSETA, and has capacity to train 640 apprentices per year, together with existing facilities in Cape Town. Quality standards in the group's dealerships will be maintained through this training initiative and it contributes to addressing the national skills shortage in this area. During 2009, 445 learners attended courses at our technical training facilities including attendees from outside of our group.

Ikaheng HR Services provides various courses that include technical, vocational and adult basic education and training (ABET). During the year, 270 Imperial employees attended its driver training course, an important initiative when one considers the size of Imperial's logistics operation. The Thabang Trust offers skills development opportunities to employees who may not have benefited from extensive formal education. Established to provide educational programmes to historically disadvantaged staff, the Trust concentrates on skills development and ABET courses. In the year ahead the trust programmes will include driver training and basic computer skills to junior employees that wish to advance themselves.

Disabled people

To expand the number of disabled people the group employs, the logistics division embarked on an important initiative to employ disabled people. Thirty five disabled people, of which 32 are employment equity candidates, were placed on freight handling and business administration learnerships.

CHIEF EXECUTIVE OFFICER'S REPORT

Hubert Brody, Chief executive officer

Q&A

Question: How has the global recession affected Imperial?

Answer: It coincided with an internal restructuring that has meant some painful years, but the group is stronger and better positioned in a global environment than perhaps at any time in its recent history.

Question: What are the group's focus areas going forward?

Answer: Logistics is our key growth area, building on our established presence in southern Africa and Europe. But we are also capitalising on our strengths in related sectors such as automotive parts, financial services and tourism.

Question: What is Imperial's growth philosophy?

Answer: All our divisions target strong organic growth. Acquisitive growth is governed by stringent criteria which ensure sufficient returns and an adequate margin for error.

IN THIS SECTION

HIGHLIGHTS

- Significant benefits of restructuring now evident
- Acquisitions were earnings enhancing
- Motor industry recovering
- Our vehicle product range very popular in local market
- Logistics has now evolved into an advanced supply-chain organisation

The review period has been an important one in Imperial's evolution. Our own restructuring, started three years ago to position the group for continued growth in a global environment, coincided with the strongest downturn in the global economy in many decades.

Results for the year reflect the benefits of the restructuring. Perhaps as importantly, these results validate our decisions in recent years to close or dispose of businesses no longer central to our growth strategy and capital allocation priorities, and to better position our group through market cycles. To illustrate this point, our logistics operations largely maintained business levels through the recession, countering the sharp downturn in our vehicle operations. At the same time, we have achieved very pleasing levels of return on invested capital throughout the group notwithstanding the tough conditions that are still evident.

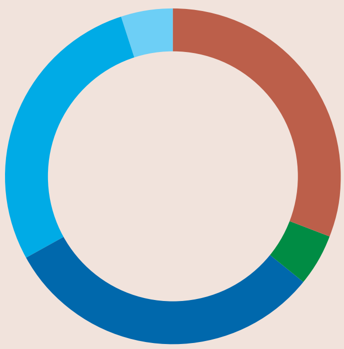
During the restructuring process we clearly communicated our objectives. We also focused intensely on costs, streamlining operations and defining both acceptable performance and tolerance levels. We have set very clear parameters for our operating subsidiaries, focusing on operating profit growth and return on invested capital.

Under the banner of our new corporate identity – the Spirit of Entrepreneurship – Imperial has become more visible as has the scale of our group. This has enhanced the dynamic energy in the group and unified operations, particularly those trading under different brands.

RESULTS FOR THE YEAR UNDERSCORE THE BENEFITS OF STREAMLINING THE GROUP. IMPERIAL'S STRONG BALANCE SHEET AND REBALANCED PORTFOLIO OF BUSINESSES POSITION US WELL IN THE CURRENT MARKET.

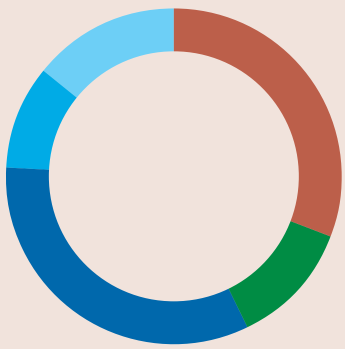
DIVISIONAL STATISTICS – 2010

Revenue contribution



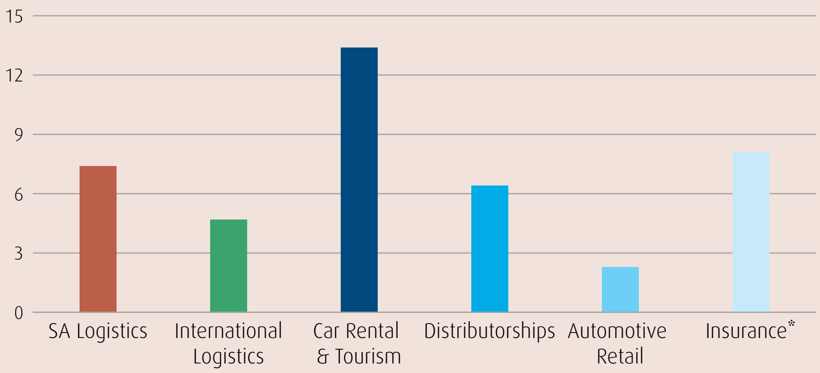
31% Logistics
5% Car rental and tourism
31% Distributorships
28% Automotive retail
5% Insurance

Operating profit contribution



31% Logistics
12% Car rental and tourism
33% Distributorships
10% Automotive retail
14% Insurance

Operating margins – by division (%)



* Underwriting margin

Trading environment and performance

Conditions for the southern African logistics business, with its high exposure to the distribution of fast-moving consumer goods (FMCG), improved in some areas in the second half of the financial year. Volumes are still lower than late in 2008, but well up year on year from the fourth quarter of F2009. Conditions in Europe have recovered significantly from their lows in 2009. Freight rates are still under pressure, but volumes have nearly recovered to their pre-recession levels. German manufacturing is benefiting from the weak euro, with attendant benefits to the inland waterway shipping and port operations of Imperial Logistics International.

Car rental and tourism demand was high during the month of the FIFA World Cup. Prior to that, local business travel and incoming tourist demand was still depressed. The rebranding of the car rental business to Europcar, the associated marketing spend and facilities upgrades brought numerous benefits assisting in a solid increase in foreign visitor demand and efficiencies in the business. Used car demand also strengthened during the year.

The automotive replacement parts market where we are mainly represented by Midas and Alert Engine Parts proved very resilient during the downturn and benefited through consumers keeping vehicles for longer.

The vehicle retail market started improving in the second half of our financial year from very depressed levels in 2008 and 2009. Rental demand prior to the FIFA World Cup contributed to vehicle sales, but demand from ordinary consumers has also been strong.

The recovery in equity markets during our financial year had a significant effect on the profitability of our insurance division compared to losses on the equity portfolio in the prior year. However, underwriting conditions in the passenger car market are still tough.

All the divisions in the Imperial group delivered outstanding results, despite the tough economic conditions still prevailing in many of our markets.

During the year, management concentrated on operational efficiencies, superb marketing and generally doing the basics right. Currently there are no significant underperforming businesses in the group. Our cost base, particularly in our motor divisions where the market contracted considerably, was cut to appropriate levels early in the financial downturn. Acquisitions during the year were earnings enhancing.

Vehicle sales

In South Africa, the group retailed 73 326 new and 52 576 used vehicles during the period. This was 38% and 10% respectively above the previous year, compared with growth of 2% for the national vehicle market. The strong increase in Imperial's sales largely reflects the sale of fully built-up imported models by AMH, assisted by the variety of new models launched in the period, the attraction of its model range and the impact of the stable rand. The exceptional exposure enjoyed by Hyundai and Kia through their sponsorship of the FIFA World Cup also contributed.

The Australian, Swedish and United Kingdom operations sold 8 608 new and 3 929 used vehicles, respectively 20% and 12% down on last year's sales, partly due to the sale of the Swedish operation in the middle of the period.

Financial results

Operating profit was 34% higher at R3,3 billion for the review period, a substantial increase in a market still recovering from the recession. While all divisions increased operating profit, the main contributors to the group increase were Distributorships (+126%) and Insurance (+57%). Automotive Retail and Distributorships represent 44% of operating profit while the Logistics and Car rental and tourism divisions, which have less volatile profit streams, represent a similar proportion. Despite a very turbulent global industrial and trading environment over the past two years, the logistics divisions' profits proved very robust.

Continuing operations recorded a 40% increase in headline earnings to R1 811 million or 976 cents per share.

Net debt to equity (excluding preference shares) is at 39% compared to 50% a year ago and is below the board's guidance of a 60% – 80% gearing level. Gross interest-bearing debt this year declined by almost R2 billion due to bond repurchases, cash receipts from the sale of Imperial Bank, and the effect of the stronger rand on our foreign debt balances. Our debt has decreased by nearly R10 billion since we were at the peak of our gearing at 119% in December 2007. This improvement is testimony to the comprehensive balance sheet streamlining performed by management both at the strategic and operational levels.

Strategic focus

Imperial now has a strong balance sheet and a right-sized portfolio of businesses. We are seeking growth in familiar industries, backed by our significant financial capacity to pursue these opportunities. Given its defensive characteristics, logistics is our key growth priority. Internationally, the group's expansion will be aligned to Imperial Logistics International, and the southern African and European logistics teams are now working very closely. We will also consider opportunities in industries adjacent to our current activities to fill any gaps in our current portfolio. In this respect, our acquisition of Midas made a significant contribution and we will continue to focus on areas related to the distribution of auto and other industrial after-market parts and products.

Acquisitions must be earnings enhancing, and we must have a high level of confidence in the potential of the particular sector. In addition, there must be a safety margin or value buffer in the cost or structure of acquisitions and targets should meet our weighted average cost of capital in the early years, and then exceed it. Imperial must have related proven expertise in the area of each acquisition.

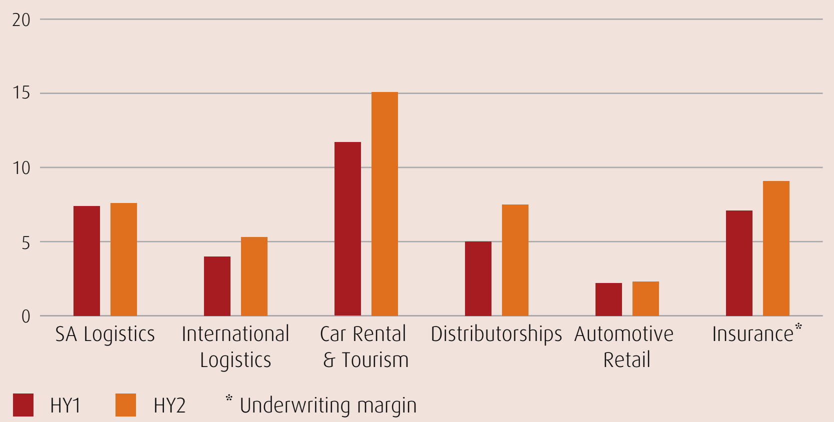
All acquisitions are subject to a formal post-acquisition review process to ensure that we learn from our mistakes.

Expansion of the group

The group spent approximately R750 million on acquisitions during the year, the most significant of which were 75% of Midas, 25,4% in MiX Telematics, 65% of the Goscor group and 55% in Provaart.

- Midas markets and distributes quality automotive, DIY and leisure products through owned and franchised outlets under the brands Midas, Motolek, ADCO, CBS and Auto Care & Diagnostics.
- MiX Telematics, listed on the JSE, is focused on all levels of vehicle tracking through the Matrix brand, and commercial vehicle performance and driver monitoring with a complete range of fleet management products and services. It earns substantial annuity revenue from some 200 000 subscribers, with operations in South Africa, the United Kingdom, the USA, UAE and Australia and a global distribution network covering over 100 countries.
- Goscor is the sole distributor of Crown, Doosan and Bendi forklift trucks, ARC welding and cutting systems, as well as generators, construction, cleaning and other well-known branded industrial equipment.
- Provaart is a chartering business in Rotterdam operating on the Rhine River.
- In the SA logistics division we made a number of smaller acquisitions.

2010 operating margins – first half/second half (HY1/HY2) (%)



As part of our ongoing and strategic portfolio review, during the year we:

- Disposed of our Swedish Nissan dealerships;
- Disposed of our minority share of 35% in Flagstone Reinsurance Africa;
- Completed the sale of our stake in Imperial Bank to Nedbank. In its stead our automotive retail division, Auto Pedigree and AMH have created a vehicle financing alliance with Nedbank through the Motor Finance Corporation which has ensured that vehicle finance of our car sales continued uninterrupted; and
- Disposed of an effective minority shareholding of 27,9% in Fuellogic (Pty) Limited.

Skills development and social investments

The group's philosophy is that training and development of our staff across the organisation, with emphasis on identifying and advancing black talent, is fundamental to ensure sustainability and relevance across our industries in the long term. Approximately R70 million was spent during the year on skills development and upliftment programmes, which focused on people-development initiatives covering the spectrum of graduate programmes, technical training, supervisory courses, middle management programmes and executive education. We partnered with accredited institutions and aligned ourselves with appropriate SETA requirements to gain recognition.

In terms of corporate social investment, the Imperial and Ukhamba Community Development Trust supports seven schools in underprivileged parts of Gauteng and has spent R20 million at these schools since inception. The projects have made significant progress in the areas of numeracy, curriculum development, literacy, teacher training, sports and facilities. The trust supports 7 000 learners at these seven schools.

In addition, our divisions support a vast number of initiatives that are aligned with their businesses and the stakeholders in their areas of operation, ranging from roadside clinics to support of local homes for the aged.

Appreciation

Imperial has weathered the twin storms of restructuring and global economic turmoil in a way that truly demonstrates the calibre of our people. In the process, we have created a group that is focused, financially strong and correctly positioned in our chosen markets. I thank every one of our staff for the part they played in these results.

I deeply appreciate the support of our suppliers, customers, partners and the public sector as well as the input of my colleagues on the executive committee and members of the board.

Prospects

The recovery in the local economy remains sluggish, which will dampen the pace of recovery in our southern African logistics unit. However, further efficiencies, new contract gains and recent acquisitions are expected to augment market growth in general logistics activities and will lead to a further improvement in the performance of this division. The planned acquisition of CIC Holdings Limited which is currently under way will accelerate our growth into the African continent. In Europe, prospects are good for the continuation of the recovery in our business, as industrial activity in our target markets is showing strong signs of improvement.

The significant investment in facilities and the improved efficiencies in Europcar and Tempest should continue to bear fruit in the year ahead; however, our growth will be tempered due to the higher base set by the FIFA World Cup in the past financial year. The follow through in tourist volumes after this event is still uncertain, but we are optimistic that the country's elevated status as a sought after and safe tourist destination will bring long-term benefits to our tourism businesses.

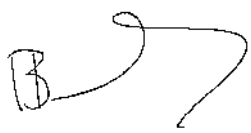
Due to their exceptionally strong network and product range, we expect a good performance from our combined motor retailing businesses in the year ahead. The new and used vehicle markets commenced a strong recovery from a very low base in the first half of the 2010 calendar year. We expect the rate of growth in new vehicle sales to reduce as the base increases, car rental demand reduces and the new emissions tax on new vehicles places further pressure on the affordability of vehicles. The used vehicle market is expected to be strong.

The replacement vehicle parts business will make a good contribution to profits in the year ahead because Midas will be accounted for a full year and due to the benefits flowing from an ageing car park.

The Regent group has undergone significant rationalisation and is focusing on process improvements and distribution channel development. The run-off of the pre-National Credit Act single premium book is nearing completion and scale is now being achieved in monthly premium business and new niche products. The investment portfolio will continue to be prudently managed.

Our balance sheet is currently stronger than at any time in the recent past. This presents opportunities for acquisitive growth, which would be sought in areas where our existing skills and infrastructure would give us an advantage.

The 2010 financial year delivered outstanding organic growth. The building blocks of our business are soundly positioned for further growth, but the economic recovery is still tentative. Uncertain economic trends prevail, including increased workplace instability, high levels of unemployment in southern Africa, the impact of a strong currency on exports and high personal debt levels.



Hubert Brody
Chief executive officer

24 August 2010

DIVISIONAL REVIEW > LOGISTICS

for more information please visit
www.imperial.co.za/ar2010/operational/logistics.asp

HIGHLIGHTS

- *Best Managed Company of the Year 2010* (African Access National Business Awards)
- *Corporate Educator of the Year* (SAPICS) in 2009 and 2010
- Significant contract renewals and extensions
- Improved B-BBEE rating at level 4 (value added supplier)
- Significant strides in eco-friendly transportation and customer supply chains
- Tanker Services celebrated its 50th year, making it the oldest business in IMPERIAL Logistics
- Good progress from IMPERIAL Logistics Integration Services

Gerhard Riemann, Chief executive officer of IMPERIAL Logistics International

DIVISIONAL RESULTS

for the year ended 30 June 2010

LOGISTICS	2010 Rm	2009 Rm	% Change
Revenue	**16 686**	17 877	(7)
Operating profit	**1 061**	1 058	
Net financing cost	**(195)**	(188)	4
Profit before tax and exceptional items	**917**	916	
Operating assets	**9 333**	9 199	1
Non-interest-bearing liabilities	**3 928**	3 539	11
Capital expenditure	**1 003**	997	1
Operating margin (%)	**6,4**	5,9	
Employees	**18 760**	18 192	3

Marius Swanepoel, Chief executive officer of IMPERIAL Logistics in southern Africa

DIVISIONAL CONTRIBUTION

Revenue

2010	2009
31%	34%

Operating profit

2010	2009
31%	42%

Net operating assets

2010	2009
31%	35%

KEY OPERATIONAL FACTORS

Macro drivers

- GDP growth
- Low interest rates
- Outsourcing trends
- Partnerships with state-owned enterprises
- Import and export activity

Performance drivers

- New business gains
- Long-term blue-chip customer base
- African expansion
- Price escalations
- Customer success
- Cost control
- Asset utilisation

Risks

- Weak economic growth in southern Africa and Europe
- Strong rand
- Used truck price declines
- HIV/Aids

Strategies

- Integrated value-adding solutions
- Combine our global logistics skills
- Focus on outsourcing opportunities
- Multi-modal solutions
- Growth, with an asset-light emphasis
- 'Green' logistics and supply chain management

SOUTHERN AFRICAN LOGISTICS

R MILLION	F2010	F2009	Change % YoY	H2 2010	H1 2010	Change % on H1 2010	H2 2009	Change % on H2 2009
Revenue	**10 308**	9 831	4,9	5 194	5 114	1,6	4 523	14,8
Operating profit	**763**	738	3,4	396	367	7,9	327	21,1
Operating margin (%)	**7,4**	7,5		7,6	7,2		7,2	

Imperial Logistics is a multi-branded business with four southern Africa divisions, managed on a decentralised basis.

- **IMPERIAL Logistics Consumer Products** – integrated supply chain solution to a wide range of fast-moving consumer goods (FMCG) and retail companies, as well as the agriculture market in southern Africa.
- **IMPERIAL Logistics Specialised Freight** – with the largest and most modern tanker fleet in South Africa, this division provides dedicated, specialised transport services throughout Africa. It is brand leader in the petrochemical industry, and has unrivalled expertise in managing health, safety, environment and quality (HSEQ) requirements.
- **IMPERIAL Logistics Transport and Warehousing** – offers complete logistics and supply chain solutions throughout South Africa and neighbouring countries. Services include line-haul, local distribution, consolidation, warehousing and logistics, transport integration, cross-border transport, and end-to-end services including road, rail and multi-modal solutions.
- **IMPERIAL Logistics Integration Services** – focuses on business process outsourcing (BPO) in the operations management environment. Services are further enhanced with advanced information technology offerings, as well as consulting and advisory services focused on the design and implementation for strategic, tactical and operational improvements across end-to-end value chains. The unit also houses our freight forwarding subsidiary, Megafreight.

During the year, corporate activity to broaden its footprint and range of services included:

- Acquiring Loubser transport and HM Trust which respectively have operations in long distance haulage and 4PL logistics;
- Acquiring 50% + 1 share of e-Logics, which provides technology-based process planning and control, optimisation, automation and analysis solutions;
- Acquiring a non-controlling interest in Pragma Holdings, a leader in physical asset management services to industrial and public-service entities;
- Formalising partnerships with leading software providers to enhance its customised value-added logistics services and supply chain solutions, specifically in warehouse management and transportation optimisation systems;
- Increasing our interest in Volition Consulting Services from 50,1% to 66,53%; and
- Disposing of our interest in Fuelogic and closing certain non-performing businesses.

Imperial Logistics received several prestigious awards during the year, competing against well-established businesses. Arguably, given Imperial's core business, we are particularly pleased by the Enviro award for eco-friendly transport solutions. This is detailed in the sustainability report which can be downloaded from the Imperial website.

Results

Given its exposure to diverse industries, the division succeeded in limiting the negative impact of the economic recession, growing revenue by some 5% and operating profit by 3,4% for the year after a stronger second half.

Volumes increased on the back of higher economic activity, particularly in the second half of the review period. Our transport and warehousing business, which mainly services the manufacturing, mining, commodities and construction industries performed well and had a marked improvement in revenue and operating profit. New contract gains contributed to this performance.

Good results from the specialised freight business reflect improved efficiencies despite difficult trading conditions and erratic volumes in cement and industrial chemical production. Volumes increased in the food and liquor businesses and additional volumes were obtained in the liquid, petroleum and gas market, due to rationalisation in this industry.

The consumer logistics business was severely affected by the slowdown in consumer demand, although there was some volume improvement more recently. This division cut costs and rationalised its fleets according to current demand levels, thereby protecting its operating margins.

The new sub-division, integration services, was established and is well positioned to provide services to customers and other business units within this division. Megafreight was under significant pressure due to weak import and export activity levels.

Gross capital expenditure was R203 million higher at R811 million. The net investment in the fleet is marginally lower than a year ago.

The fleet size grew marginally to over 5 500 vehicles, with an average age of some 3,5 years. The fleet is being rebranded, which is significantly raising customer awareness.

DESPITE THE RECESSION IMPERIAL LOGISTICS INTERNATIONAL ACHIEVED AN OUTSTANDING RESULT IN THE 2010 FINANCIAL YEAR, ESPECIALLY IN THE SECOND HALF. RESULTS IN EURO TERMS ARE BETTER THAN REFLECTED IN OUR REPORTING CURRENCY.

INTERNATIONAL LOGISTICS

R MILLION	F2010	F2009	Change % YoY	H2 2010	H1 2010	Change % on H1 2010	H2 2009	Change % on H2 2009
Revenue	**6 378**	8 046	(20,7)	3 126	3 252	(3,9)	3 360	(7,5)
Operating profit	**298**	320	(6,9)	167	131	27,5	118	41,5
Operating margin (%)	**4,7**	4,0		5,3	4,0		3,5	

€ MILLION	F2010	F2009	Change % YoY	H2 2010	H1 2010	Change % on H1 2010	H2 2009	Change % on H2 2009
Revenue	**604**	651	(7,2)	312	292	6,8	273	14,3
Operating profit	**30**	25	20,0	18	12	50,0	8	125,0
Operating margin (%)	**5,0**	3,8		5,8	4,1		2,9	

Imperial Logistics International offers logistics services, including inland waterway transport in Europe, bulk and container terminal operations, warehousing, and multi-modal transportation. Global services span complex warehousing and distribution to tailored water, air and land transport for blue-chip customers. Through focused units, it annually manages 80 million tons in transport and handling with 1,5 million square metres of total storage capacity:

- **Panopa Logistik** – a leading logistics provider through 34 locations and subsidiaries in Germany, France, Poland and Portugal. The company's expertise lies in distributing processed steel rolls, automotive parts, components and preliminary assembly for a number of European vehicle and component manufacturers.
- **Neska** – a leading inland ports operator along the Rhine River, responsible for trans-shipment of over 1,2 million containers and 8 million tons per year, including handling and processing, storage and transportation of bulk and general cargo. Neska offers connections from Cologne, Dusseldorf and Duisberg to Antwerp and Rotterdam, utilising a variety of transport modes with our terminals serving as central hubs.
- **Brouwer Shipping and Chartering** – provides short-sea solutions and services routes from Europe to the Far East, USA and India for shipments of grain, feed, fertiliser, steel, coal, timber and scrap, totalling over 20 million tons per annum.
- **IMPERIAL Reederei Gruppe** – a leading European inland waterway shipping company, operating 600 inland vessels, with a total cargo loadcapacity of 1 million tons.

During the year, Imperial Logistics International acquired 55% of Provaart, a chartering business in Rotterdam operating on the Rhine River.

Results

Despite the recession, Imperial Logistics International achieved an outstanding result in its 2010 financial year, especially in the second half, which shows evidence of the strength of the recovery in industrial activity in Europe. Results in euro terms are better than reflected in our reporting currency due to the stronger rand, with revenue down only 7,2% and operating profit up 20% for the period.

Revenue growth was impacted by lower freight rates but volumes were higher than last year, especially in the second half. A new contract secured by Gillhuber for external warehousing and inter-plant transport for a motor manufacturer in Germany and the recommissioning of a steel furnace in January helped offset the decline in revenue.

In 2009 the division was quick to react to the advent of the global economic slump by reducing costs and restructuring supplier arrangements. The full benefit came through in the second half of the review period, evidenced by the healthy increase in operating margin over the preceding half year.

Panopa, which has significant exposure to the automotive market, was worst affected by the economic crisis, with lower volumes exacerbated by the loss of a contract during the period. However, Panopa remains profitable and generates an acceptable return on invested capital.

Port operator Neska performed well and maintained its profits, despite weak market conditions, mainly due to increased volumes in the container business. A number of new container terminals are now in full operation and a highly integrated multi-modal service (waterway, road and rail) is being provided to the German industry, using our network of terminals as central hubs.

Capital expenditure for the period was lower due to uncertainty on the duration of the economic downturn. This trend should reverse in the new financial year as economic conditions begin stabilising.

DIVISIONAL REVIEW > CAR RENTAL AND TOURISM

Imperial's vehicle rental and tourism interests span the domestic, corporate, government, leisure, insurance replacement and inbound tourism markets. Extensive support services are available at over 200 locations throughout southern Africa and Imperial has prime positions at all major airports.

Imperial has a long-term franchise agreement with Europcar International for the southern Africa region. In the prior year, Imperial Car Rental's operations were rebranded to Europcar, with clear benefits in the review period, particularly around the FIFA World Cup event. Europcar has a regional network of 130 branches. In addition, Europcar has exclusive inbound/outbound referral agreements with Enterprise, National and Alamo, providing access to their respective global customer bases and airline partnerships. The pioneer of low-cost car rental in South Africa, Tempest Car Hire, remains a trusted brand, building on an innovative business model that focuses on the optimum use of assets.

Osman Arbee, Chief executive officer of car rental and chairman of the tourism operations

Moeketsi Mosola, Chief executive officer of the tourism operations

DIVISIONAL RESULTS

for the year ended 30 June 2010

CAR RENTAL AND TOURISM	2010 Rm	2009 Rm	% Change
Revenue	**2 941**	2 618	12
Operating profit	**395**	336	18
Net financing cost	**(88)**	(91)	(3)
Profit before tax and exceptional items	**307**	280	10
Operating assets	**2 835**	2 136	33
Non-interest-bearing liabilities	**499**	358	39
Capital expenditure	**1 852**	1 110	67
Operating margin (%)	**13,4**	12,8	
Employees	**2 711**	2 585	2

DIVISIONAL CONTRIBUTION

	2010	2009
Revenue	5%	5%
Operating profit	12%	14%
Net operating assets	14%	11%

KEY OPERATIONAL FACTORS

Macro drivers

- Economic growth
- Interest rates
- Geopolitical stability
- Exchange rates
- Growth in tourism

Performance drivers

- Higher volumes through a fixed cost base
- Pricing
- Cost control, fleet utilisation and efficiencies
- State of the used car market

Risks

- Pricing policies in the car rental industry
- Crime
- Weak used car prices
- Ongoing weakness in local and international travel
- Exchange rates

Strategies

- Acquisitions in niche markets
- Efficiency and process improvements
- Regional growth by appointing agents
- Selectively expand tourism interests

THE DIVISION HAS ACHIEVED EXCELLENT YEAR-ON-YEAR GROWTH IN REVENUE AND OPERATING PROFIT. REAL GROWTH WAS ACHIEVED IN THE CAR RENTAL BUSINESS WITH RENTAL DAYS INCREASING BY 9%.

A network of 34 branches is complemented by growing use of an internet reservation system, alliances with low-cost airlines and a focus on the leisure market.

Imperial's niche rental interests include the Maui/Britz franchise (camper homes and 4x4 vehicles) and U-Drive (pick-up vehicles). Holiday Autos specialises in local and international outbound leisure car rental markets, while Gage Car Hire is a car rental broker specialising in the insurance vehicle replacement market and film industry.

Auto Pedigree is the largest used car dealer network in South Africa, operating from 70 branches. Imperial's strategy is to dispose of the majority of vehicles from its car rental fleet into the retail market through this business: by offering affordable, low-mileage vehicles and related value-added services such as online finance and insurance, Auto Pedigree has become a trusted consumer brand. This business has opened seven Chery franchises. AA Autobay, which facilitates private vehicle sales, and Imperial Auto Auction are complementary service extensions to this portfolio.

Imperial's tourism businesses include Springbok Atlas, an inbound tour operator with 162 luxury coaches and mini buses. Springbok Atlas specialises in organised tours and ground-handling for tourists. It has become the leader in providing transport and logistics at major sports events and conferences. Grosvenor Tours is an inbound tour operator specialising in the North and South American markets. Imperial Chauffeur Drive provides a service to the corporate, government and leisure markets through a fleet of chauffeur-driven vehicles.

Imperial Panelshops provides a repair service for the car rental fleet and, to a lesser extent, services the rest of the group and external customers.

Results

The division achieved excellent year-on-year growth in revenue and operating profit.

Real growth was recorded in the car rental business, with revenue days increasing by 9% and rental volumes boosted by the FIFA World Cup. Significant growth in the international (during the FIFA World Cup), leisure and vehicle replacement businesses compensated for flat corporate volumes and the decline in government volumes. U-Drive contributed for the full year compared to eight months in the prior year. Whilst the size of the fleet in June was 22% higher than last year due to the FIFA World Cup demand, the average rental fleet size was 4% up from last year and utilisation improved by 3%. Revenue per day was 1% below last year given a change in the business mix to a larger proportion of insurance replacement car rentals, generally for longer periods at lower daily rates. Replacement car rentals are beneficial in improving our fleet utilisation.

The used vehicle market was more buoyant and showed a strong improvement late in the period. Retail unit sales increased and margins improved on growing demand for late-model used cars.

Given anticipated demand during the FIFA World Cup, the division postponed its de-fleeting process to July. This had an impact on the year-end balance sheet as vehicles for hire increased by R498 million.

The tourism business also recorded improved performance for the full year, despite the impact of the global recession that has kept its main markets in the UK, Europe and North America under pressure. Touring revenue at Springbok Atlas improved, with the FIFA World Cup contributing significantly to higher coach-charter revenue. However, the global recession has affected all our touring and transport businesses, with normal trading business still under pressure, and we are not expecting any sustainable improvement in this market until 2011.

The year ahead in the car rental market is also expected to remain challenging, given the protracted effects of the global recession, and the combined impact of inflationary increases and new taxes, such as the imminent carbon emissions tax on new vehicles, on pricing structures.

CAR RENTAL AND TOURISM

R MILLION	F2010	F2009	Change % YoY	H2 2010	H1 2010	Change % on H1 2010	H2 2009	Change % on H2 2009
Revenue	**2 941**	2 618	12,3	1 497	1 444	3,7	1 281	16,9
Operating profit	**395**	336	17,6	226	169	33,7	173	30,6
Operating margin (%)	**13,4**	12,8		15,1	11,7		13,5	

DIVISIONAL REVIEW > DISTRIBUTORSHIPS

Manny de Canha, Chief executive officer of Associated Motor Holdings

Daan van der Linde, Chief executive officer of Imperial Parts division

Martin Banner, Chief executive officer of National Airways Corporation (NAC)

The key contributor in this division, Associated Motor Holdings (AMH), imports and distributes a range of passenger and light commercial vehicles, automotive products, industrial equipment and motorcycles for principals in Asia and Europe. AMH also operates Ford dealerships in Australia.

AMH's wholly-owned financial services arm, Liquid Capital, is a leading developer of service and maintenance plans for its own brands and others in the industry. Based on years of experience and hundreds of thousands of customers, Liquid Capital has built a formidable record of developing

DIVISIONAL CONTRIBUTION

Revenue

2010	2009
31%	25%

Operating profit

2010	2009
33%	20%

Net operating assets

2010	2009
29%	24%

KEY OPERATIONAL FACTORS

Macro drivers

- Economic growth
- Interest rates
- New middle class
- National vehicle age
- Regulatory landscape
- Exchange rates

Performance drivers

- Vehicle sales
- Brand awareness
- Cost containment and overhead absorption
- Sales of value-added products
- Working capital management
- Volume throughput

Risks

- Interest rate increases
- Exchange rate volatility
- New legislation
- Availability of consumer credit

Strategies

- Expand value-added product sales
- Improved customer satisfaction
- Build vehicle parc by brand
- Maintain good relations with suppliers
- Own the dealer network

DIVISIONAL RESULTS

for the year ended 30 June 2010

DISTRIBUTORSHIPS	2010 Rm	2009 Rm	% Change
Revenue	**17 372**	13 112	32
Operating profit	**1 110**	491	126
Net financing cost	**(165)**	(188)	(12)
Profit before tax and exceptional items	**946**	307	208
Operating assets	**8 947**	6 656	34
Non-interest-bearing liabilities	**3 878**	2 708	43
Capital expenditure	**516**	545	(5)
Operating margin (%)	**6,4**	3,7	
Employees	**6 805**	5 465	25

THE HIGHLIGHT OF THE YEAR WAS THE CO-SPONSORSHIP OF THE FIFA WORLD CUP, INVOLVING SOME 800 VEHICLES, FIRMLY ESTABLISHING THE HYUNDAI AND KIA BRANDS AS MAJOR COMPETITORS IN SOUTH AFRICA.

affordable, cost-effective solutions that add value for end users and strengthen the relationship between vehicle dealers and their customers. Liquid Capital also offers related services such as customer satisfaction surveys and database mining for Imperial group companies and external parties. As part of its strategy to broaden its portfolio, during the year the division acquired a majority shareholding in the Goscor group. Goscor's primary businesses involve importing, distributing and rental of cleaning equipment, forklifts, power products and specialised arc welding and tooling. Industrial equipment and parts is an area the group will develop further as we can capitalise on our skills in importation, distribution and warehousing.

In the last quarter of the year, AMH and Imperial's automotive retail division launched a joint venture with leading vehicle financier Wesbank: Imperial Fleet Management is focused on providing a comprehensive and cost-effective service in its chosen market to meet the growing need for a total maintenance management solution. Extending the group's services into formal fleet management is underpinned by a solid business case, and capitalises on skills, technology and processes already proven and in place. The launch of Imperial Fleet Management strengthens the group's portfolio and enhances our compelling value proposition.

Imperial's parts division is active in the vehicle after-market, focusing on wholesaling and distributing parts and accessories for vehicles outside manufacturer warranty and service programmes. The group offers a wide range of products across general spares, accessories, engine parts and outdoor-orientated products like fishing, camping and cycling with superior margins. The largest contributors to divisional activities are the Midas group and Alert Engine Parts.

The business of National Airways Corporation (NAC) offers a full range of general aviation services and products to the fixed-wing and helicopter markets. Its services include sales, maintenance, avionics, parts, charter, flight operations and pilot training. NAC is a dealer for Hawker, Beechcraft, Bell helicopters, Robinson helicopters, Tecnam and Diamond aircraft. NAC owns and operates 43 Air School, one of the largest and most respected flying training organisations on the continent, catering for the private, general commercial, airline and military sectors.

Results

The highlight of the year was the co-sponsorship of the FIFA World Cup, a complex operation involving some 800 vehicles. Its seamless fulfilment paid off in firmly establishing the Hyundai and Kia brands as major competitors in South Africa.

The benefits of a rapid response to an extremely weak motor market in 2009 by reducing costs and increasing throughput were evident in the review period. Excluding the Australian operation, new vehicle registrations as reported to NAAMSA by AMH and Amalgamated Auto Distributors (AAD) are 54% up compared to a market increase of 2%. The successful launch of new models and improvement in the new vehicle market in the past six months all contributed to exceptional growth in revenue and operating profit.

Sales reflect a changing trend in the model mix towards entry vehicles, notably Kia Picanto, Hyundai Atos and Hyundai i10, filling a gap in the marketplace. These models also supported significant gains into car rental companies.

R MILLION	F2010	F2009	Change % YoY	H2 2010	H1 2010	Change % on H1 2010	H2 2009	Change % on H2 2009
Revenue	**17 372**	13 112	32,5	9 739	7 633	27,6	6 051	60,9
Operating profit	**1 110**	491	126,1	730	380	92,1	309	136,2
Operating margin (%)	**6,4**	3,7		7,5	5,0		5,1	

The improved margin reflects the substantial increase in sales volumes, effective cost control and a stable rand.

In South Africa, AMH gained considerable market share in the new vehicle market, although conditions remained extremely challenging in the motorcycle and luxury car markets. During the period AMH ceased distributing Citroen in southern Africa. Revenue from service operations reflected the tendency by vehicle owners to drive less and extend service intervals through self-maintenance in current economic conditions. Higher parts sales confirm this trend.

The Australian dealerships made a modest profit after interest, despite lower retail unit sales.

In the first half, we invested a further R150 million via convertible debenture in Renault South Africa, our 49% held associate company. Renault is performing well and has experienced a marked improvement in sales volumes as a result of new product launches.

In the auto parts division, which specialises in supplying after-market spare parts and accessories, the Midas acquisition became effective from 1 December 2009. This business is performing ahead of expectations and made a meaningful contribution to divisional profits over seven months. Alert Engine Parts performed well during the period. Imperial is now the leader in this very substantial market segment and our scale will facilitate further efficiencies and create a base to enter adjacent parts and component markets.

Earnings from NAC declined on lower aircraft sales, in turn a function of lower demand and lack of availability of bank funding for this asset class. This was partly offset by higher revenues from the charter division during the FIFA World Cup.

The division has further reduced its interest in NGK Spark Plugs by disposing of 24% of its shareholding.

DIVISIONAL REVIEW > AUTOMOTIVE RETAIL

Imperial Automotive Retail represents all major original equipment manufacturers (OEMs) in South Africa. The spread of brands includes Alfa, Audi, BMW, Chrysler, Chevrolet, Dodge, Fiat, Ford, Freightliner, Fuso, Hino, Honda, Hyundai, International, Isuzu, Jaguar, Land Rover, Lexus, Mazda, MAN, Mercedes-Benz, Mini, Mitsubishi, Nissan, Nissan Diesel, Opel, Renault, Suzuki, Toyota, Volkswagen and Volvo.

The final steps in rationalising the automotive retail footprint was completed early in the review period, allowing management time to focus on marketing. We now have a more balanced representation model for various OEMs in South Africa.

In the United Kingdom, the group retails DAF, Isuzu, Renault, Fiat, and Hino commercial vehicles. During the year, we also acquired Ford, Volkswagen and Isuzu light commercial vehicle franchises at some of our existing sites to enhance economies of scale. All three brands are substantial volume players in the light delivery vehicle market.

The four Nissan dealerships in Sweden were sold in the first quarter of the financial year.

Philip Michaux, Chief executive officer of automotive retail

DIVISIONAL RESULTS

for the year ended 30 June 2010

AUTOMOTIVE RETAIL	2010 Rm	2009 Rm	% Change
Revenue	**15 543**	16 691	(7)
Operating profit	**351**	279	26
Net financing cost	**(134)**	(185)	(28)
Profit before tax and exceptional items	**206**	142	45
Operating assets	**4 381**	4 932	(11)
Non-interest-bearing liabilities	**1 707**	1 658	3
Capital expenditure	**239**	297	(20)
Operating margin (%)	**2,3**	1,7	
Employees	**6 489**	6 802	(9)

Results

Divisional results improved significantly over the prior year, despite new commercial vehicle sales volumes being down on last year, and passenger sales volumes being in line with the overall market growth of 2%. Pressure on volumes was exacerbated by dealership closures in the previous year. Volumes began to improve significantly in the second half of 2009.

Following strict cost management and the closure of unprofitable dealerships, the operating margin for the full year improved to 2,3% from 1,7% in 2009. Margins also benefited from the robust used vehicle market and continued focus in the after-sales businesses.

DIVISIONAL CONTRIBUTION

	2010	2009
Revenue	28%	31%
Operating profit	10%	11%
Net operating assets	16%	20%

KEY OPERATIONAL FACTORS

Macro drivers

- Economic growth
- Interest rates
- Consumer confidence
- Currency movements
- OEM performance
- Regulatory landscape

Performance drivers

- New vehicle sales
- Cost containment and overhead absorption
- Sales of value-added products
- Working capital management

Risks

- Ability to source and retain skilled individuals
- Exchange rate volatility
- Interest rate increases
- Availability of consumer credit

Strategies

- Expand used vehicle sales
- Improve customer satisfaction
- Maintain good relations with suppliers and customers
- Develop non-OEM product lines further

CURRENT TRENDS INDICATE PASSENGER AND LIGHT COMMERCIAL VEHICLE VOLUMES HAVE IMPROVED MARKEDLY. THE TOTAL MARKET HAS RISEN ALMOST 24% FOR THE SIX MONTHS TO JUNE 2010

The balanced brand representation model contributed to improved results. Despite the highly competitive market, this division has maintained market share.

Current trends indicate passenger and light commercial vehicle volumes have improved markedly. The total market has risen almost 24% for the six months to June 2010, with passenger cars up 28%.

The commercial vehicle market has flattened out due to stronger extra-heavy commercial sales but medium and heavy commercial sales have continued to decline.

Availability of new vehicle stock continues to be under pressure due to the impact of the labour market instability in the local vehicle manufacturing market.

The pricing gap between quality used cars and new cars has continued to close, which should favour new car sales in future.

In the UK, Imperial Commercials produced positive results in an extremely depressed market, driven primarily by its significant after-market business and aggressive cost-cutting measures.

The marketing strategy implemented during the year saw Beekman Canopies' sales improve despite a reduction in the light commercial vehicle market. Sales volumes in Jurgens Caravans also improved. Beekman and Jurgens are capitalising on manufacturing synergies and a strategy to improve volumes by harnessing group-wide opportunities is being implemented and should assist in further improving divisional profitability.

R MILLION	F2010	F2009	Change % YoY	H2 2010	H1 2010	Change % on H1 2010	H2 2009	Change % on H2 2009
Revenue	**15 543**	16 691	(6,9)	7 829	7 714	1,5	7 195	8,8
Operating profit	**351**	279	25,8	182	169	7,7	128	42,2
Operating margin (%)	**2,3**	1,7		2,3	2,2		1,8	

DIVISIONAL REVIEW > INSURANCE

Since merging its short-term insurance and life assurance operations in 2008, Regent is now well-positioned to achieve solid growth, offering a comprehensive and competitive range of products and service to the commercial and retail markets.

- **Short-term insurance**
  Regent has developed a robust short-term insurance business through a focused strategy, empowered leadership and strong entrepreneurial flair. Its product range caters for a number of specialist and niche markets, such as commercial vehicles and aviation, spanning both group and individual cover with innovative products that meet the unique and changing needs of customers.

- **Life insurance**
  Regent's life assurance offering spans a diverse range of needs for groups and individuals, based on the commitment to develop solutions aimed at protecting and generating wealth at the most affordable rates. Expanding from its established base in the credit life market, Regent now provides life assurance beyond the motor-related sector.

The strengthened management team has concentrated on balance sheet management and operational efficiencies to achieve a combined operation that functions smoothly under a single Regent banner.

David Gnodde, Chief executive officer of Regent group

DIVISIONAL RESULTS

for the year ended 30 June 2010

INSURANCE	2010 Rm	2009 Rm	% Change
Revenue	**2 694**	2 847	(5)
Operating profit	**493**	315	57
Profit before tax and exceptional items	**506**	328	54
Operating assets	**3 891**	4 080	(5)
Non-interest-bearing liabilities	**2 243**	2 509	(11)
Capital expenditure	**37**	81	(54)
Operating margin (%)	**18,3**	11,1	
Employees	**1 090**	1 097	(5)

Results

Results for the year reflect an unfolding strategy as Regent builds its presence in related markets and develops opportunities within the broader group. The improvement in operating profit is due to a pleasing underwriting result coupled with investment income, including fair value adjustments, which increased from R116 million to R275 million mainly due to the recovery of equity markets over the past year.

Equities currently represent some 20% of the investment portfolio, and this proportion should increase modestly over the next year within a prudent investment framework.

DIVISIONAL CONTRIBUTION

	2010	2009
Revenue	5%	5%
Operating profit	14%	13%
Net operating assets	10%	10%

KEY OPERATIONAL FACTORS

Macro drivers

- Economic growth
- Interest rates
- Motor vehicle sales
- Regulation
- Consumer disposable income

Performance drivers

- Economies of scale
- Niche products
- Distribution channels
- Assumed risk and reinsurance

Risks

- Investment return weakness
- Underwriting cycles
- Policy lapse rates

Strategies

- Access new, related markets
- Further develop distribution channels
- Process and product design
- Cost and capital efficiency

RESULTS FOR THE YEAR REFLECT AN UNFOLDING STRATEGY AS REGENT BUILDS ITS PRESENCE IN RELATED MARKETS AND DEVELOPS OPPORTUNITIES WITHIN THE BROADER GROUP.

Gross written premium was 5,4% lower, following the loss of a key account in Botswana and generally lower economic activity levels affecting the commercial vehicle and motor comprehensive policy sales in the South African short-term business in the first half of the review period.

The adjusted underwriting result was 9,5% higher at R218 million, largely due to good growth and improved profitability from individual life business in South Africa. This made a meaningful contribution to results, particularly in the second half as reflected in the improved net underwriting margin. This result was, however, affected by the reduced benefit of the run-off in the remaining single premium book. The profit contributed by this run-off is reducing in line with expectations and will end in the 2012 financial year. This revenue stream is being replaced by growth in recurring premium individual life business, underscoring Regent's strategy of accessing new and related markets.

While short-term insurance underwriting conditions are expected to remain difficult, we expect positive growth in gross written premiums, reflecting improved conditions in the motor market.

During the period, the 35% interest in Flagstone Re Africa was sold for R84 million.

The Regent group is well capitalised, with both short-term insurance and life assurance solvency margins and capital adequacy ratios being well above statutory minimum levels.

While underwriting conditions are expected to remain challenging for the foreseeable future, strong management and strategic focus are expected to underpin this division's steady growth.

R million	F2010	F2009	Change % YoY	H2 2010	H1 2010	Change % on H1 2010	H2 2009	Change % on H2 2009
Revenue	**2 694**	2 847	(5,4)	1 345	1 349	(0,3)	1 393	(3,4)
Investment income	**275**	116	137,1	110	165	(33,3)	128	(14,1)
Underwriting result	**218**	199	9,5	122	96	27,1	110	10,9
Operating profit	**493**	315	56,5	232	261	(11,1)	238	(2,5)
Net underwriting margin	**8,1**	7,0		9,1	7,1		7,9	

Note: Investment income and underwriting income have been adjusted by the reallocation to underwriting income of policyholder benefits attributable to investment-linked policies of R42 million (2009: R24 million)

FINANCIAL DIRECTOR'S REPORT

Hafiz Mahomed, Financial director

IN THIS SECTION

Review of results

Revenue from continuing operations was 2% higher at R53,4 billion: 59% generated by our automotive retail and distributorships divisions which derive the bulk of their revenue from retailing passenger and commercial vehicles, and 31% from the southern African and European logistics operations. The car rental and tourism and insurance divisions generated the remaining 10% of revenue. This revenue split indicates an increase of 3% in the contributions of the combined motor retailing businesses.

Revenue from the sale of goods was up 9,5% from R27,8 billion to R30,4 billion mainly due to the strong performance of the distributorship division. Revenue from services rendered dropped from R21,7 billion to R20,5 billion caused by the 21% drop in revenue from the international logistics division, partially due to rand strength in relation to the euro.

Operating profit was 34% higher, a substantial increase in a market still recovering from the recession. The group's operating margin of 6,2% improved from 4,7% in 2009 and 5,3% in 2008, before the onset of the global economic crisis and subsequent recession. All divisions improved their margins, most significantly the distributorships division which rose from 3,7% to 6,4% on a substantial revenue increase of 32,5%. The group's margin improvement can be credited to a modest revival in certain of our markets and good cost management across the group.

Given its exposure to diverse industries, the local logistics division succeeded in limiting the negative impact of the economic recession by growing revenue 4,9% and operating profit by 3,4%. Operating profit from African operations was 33% up as we continue growing our footprint in the continent. Despite the drop in revenue, Imperial Logistics International achieved an outstanding result in its 2010 financial year, especially in the second half, reflecting the strength of the recovery in industrial activity in our European target markets. Revenue growth was negatively impacted by lower freight rates but volumes were higher than last year, especially in the second half. Results in euro terms are more reflective of the actual performance as the stronger rand negates this on translation, with revenue down only 7,2% and operating profit up 20,0% for the year.

The car rental and tourism division achieved excellent year-on-year growth in revenue and operating profit. Strong growth was recorded in the car rental business with rental volumes boosted by the FIFA World Cup. Significant growth in the international, leisure and vehicle replacement businesses compensated for flat corporate volumes and the decline in government volumes. The rebranding of the car rental business to Europcar, associated marketing spend and facilities upgrades brought numerous benefits and efficiencies to the business. U-Drive also contributed for the full year compared to eight months in the prior year.

The improved operating profit from our insurance division reflects a pleasing underwriting result and increased investment income (including fair value gains) from R116 million to R275 million, predominantly due to improved equity markets.

Income from associates increased by 63% to R174 million. The contribution of R175 million from our 49,9% interest in Imperial Bank until its disposal in early February 2010 was up from R126 million earned last year. Our newly acquired 25% interest in MiX Telematics added R5,6 million, while the contribution from some smaller associates declined.

Net finance cost reduced by 35% to R597 million. Gross interest-bearing debt declined by almost R2 billion due to good working capital management, cash receipts from the sale of Imperial Bank and the effect of the stronger rand on our foreign debt balances. The charge was further reduced by lower rand interest rates on our floating rate debt, which constitutes some 40% of gross debt, fair value gains compared to prior-year losses on interest rate swaps as well as interest savings on euro bond repurchases.

The effective tax rate was 31% compared to the statutory tax rate of 28%. The higher tax rate is attributable to the capital gains tax (CGT) payable on the sale of our 49,9% shareholding in Imperial Bank and STC on dividends paid and on share buybacks to hedge share appreciation rights obligations. This was partially offset by the benefit

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www.imperial.co.za/ar2010/reports/fd_report.asp

from the share scheme provision reversal and prior-year overprovisions.

Certain non-trading items included in headline earnings made a relatively small contribution to headline earnings per share (HEPS). These are a fair value gain on the Lereko BEE financial instrument of R78 million (42cps), a benefit of R69 million (37cps) on the reversal of a share trust loan impairment and related tax benefit, and a R27 million (15cps) gain on the repurchase of euro bonds. When set off against the inclusion in headline earnings of R120 million (65cps) in capital gains tax on the sale of Imperial Bank, the net gain of these items (29cps) is only 3% of continuing HEPS.

HEPS of 976 cents from continuing operations increased by 40%, compared to a 17% increase at the interim stage. HEPS in the previous year included a foreign exchange gain of R394 million (212 cents per share), earned on the repatriating of capital from our European operations.

Discontinued operations

Revenue from discontinued operations was R361 million, with an operating loss of R5 million. After fair value adjustments the profit for the year was R59 million.

The winding down of Commercial Vehicle Holdings is virtually complete. Vendor loans to the acquirer of our aviation assets are paid up to date in accordance with the various contractual obligations. Net assets still to be realised amounts to R485 million.

HEPS from discontinued operations was 16 cents compared to 17 cents in the prior year. In view of the fact that discontinued operations are now insignificant, in future the results will be disclosed in total only.

Full details of discontinued operations are disclosed in note 16 to the annual financial statements.

Dividends

A final ordinary dividend of 200 cents per share has been declared, which brings the total ordinary dividend for the year to 350 cents per share (2009: 200 cents per share), an increase of 75% on the prior year. A preference dividend of 783,08 cents per preference share will be paid for the full year.

Review of the financial position

Total assets increased by 2,7% to R34,2 billion. Vehicles for hire increased by R584 million as a result of the delayed de-fleeting because of the FIFA World Cup. Investments in associates decreased following the sale of our 49,9% interest in Imperial Bank.

The decrease in cash during the year also reflects the share buyback of R200 million and the movement of approximately R750 million cash to a longer-dated maturity profile in the investment portfolio of Regent, resulting in a reallocation from cash to investments on the balance sheet.

Working capital was tightly managed at R1 851 million, a net decrease of R36 million compared to a year ago notwithstanding the acquisition of Midas and Goscor.

Net debt (excluding preference shares) to equity is at 39% compared to 50% a year ago and at December 2009, and is below our target range of 60% to 80%.

Two bonds totalling R2 billion mature in August and November 2010 and adequate facilities are available for these redemptions. We will continue to raise long-term debt when appropriate to maintain good liquidity to ensure a smooth debt redemption profile that matches our asset base. Imperial also participates in the commercial paper market as our needs require.

The group has R6,4 billion of unutilised funding facilities.

Review of cash flow

Cash generated by operations (after net capital expenditure on rental assets) is down by 27% to R3 865 million, mainly as a result of the delayed de-fleeting in the car rental fleet because of the FIFA World Cup and the reduction in net working capital being much lower than in the prior year.

Financial ratios and statistics

	2010	2009
EBITDA to revenue (%)*	8,7	7,2
Net interest covered by EBITDA (times)*	7,8	4,1
Interest cover by operating profit (times)*	5,5	2,7
Operating margin (%)*	6,2	4,7
Operating profit to operating assets (%)*	11,1	8,6
Tax rate (%)*	31,0	32,1
Headline earnings on average equity (%)	17,6	13,7
Return on invested capital (%)#	12,9	11,5
Weighted average cost of capital (%)	10,5	10,9
Working capital to revenue (%)#	5,1	6,1
Revenue to net operating assets#	3,0	3,0
Net debt to equity (including preference shares) (%)	42,5	53,9
Net debt to EBITDA (times) (including preference shares)	1,1	1,5
Equity to total assets (%)	34,9	31,1
Distributions during the year (cents)	350	200
Headline earnings per share (cents)	992	715
Price earnings ratio (times)	8,6	8,2
Earnings yield (%)	11,6	12,3
Dividend yield (%)	4,1	3,6
Net asset value per share (cents)	5 529	4 820

**For continuing operations only*

 # These are based on the average invested capital, working capital and net operating assets during the year

OPERATING PROFIT WAS 34% HIGHER, A SUBSTANTIAL INCREASE IN A MARKET STILL RECOVERING FROM RECESSION. THE GROUP'S OPERATING MARGIN OF 6,2% IMPROVED FROM 4,7% IN 2009, AND 5,3% IN 2008.

The major improvement in working capital in the prior year, when our businesses contracted, could not be repeated, considering the growth experienced in most of the underlying operations in the current year.

Net capital expenditure (other than rental assets) was down from R1 217 million to R905 million.

Cash proceeds from the sale of Imperial Bank Limited totalled R1,4 billion.

A net amount of R415 million was spent on acquiring subsidiaries and businesses. The major acquisitions were Midas group and Uvundlu Investments group (Goscor group). Net acquisition of associates amounted to R271 million including the acquisition of 25% of MiX Telematics and an investment of R150 million in Renault South Africa, our 49% held associate, via a convertible debenture. Cash dividends of R653 million were paid and R200 million incurred on share buybacks to hedge share scheme obligations.

Free cash flow was 119% of total headline earnings for the year showing great strength in converting earnings into cash generation. Free cash flow has been 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.

Treasury management

The group's treasury activities are directed by the asset and liability committee (Alco) with primary focus on liquidity, interest rate and foreign exchange risk management.

The group's liquidity position remained strong and was enhanced with the R1,4 billion received from the sale of our interest in Imperial Bank Limited. The final payment of R477 million was received on 13 August 2010. Due to the low bank debt position of the group the sale proceeds were used to repay short-term commercial paper. The strong liquidity position also allowed the group to reduce bank facilities further and, as such, reduced the commitment fees payable on such facilities. In addition the Midas and Goscor acquisitions were funded during the period.

During the first half of this financial year, we took advantage of weak international bond markets to repurchase euro 49 million of Imperial Mobility Finance's euro bond when parcels became available on the open market at attractive price levels. These purchases were funded out of cash held overseas and drawing down a small portion of the euro 250 million syndicated loan facility. This brings total purchases to euro 63,7 million, leaving a total of euro 236,3 million outstanding maturing in April 2013.

The interest rate risk of the group remained at modest levels. Two fixed rate interest rate swaps of R500 million each will expire in August and December 2010 resulting in lower interest rates on the floating rate debt portion.

The group's committed foreign exchange exposures are hedged and the strong rand provided the opportunity to lock in favourable exchange rate levels on future motor vehicle import orders up to a year ahead. New South African exchange control regulations came into effect allowing the hedging of certain direct exposures by way of 'rand settled' hedging instruments up to six months at a time. The group used this new ruling to hedge its exposure to import duties and will continue to do so.

Improvements in the group's return on invested capital, and working capital were achieved, reflecting the continued focus by all divisions on these disciplines.

Two bonds mature in the first half of the 2011 financial year, being Imperial Capital Limited's R1 billion bond (IC01) on 31 August 2010 and Imperial Group (Pty) Limited's R1 billion bond (IPL3) on 30 November 2010. The IC01 bond will be repaid using existing bank facilities. The group intends to access the debt capital market shortly. Lead arrangers have been appointed and work is under way to prepare for issuance of five-year and seven-year bonds for a combined total of up to R2 billion in September 2010.

To supplement the group's hedges for share appreciation rights allocated to staff, R200 million of Imperial Holdings Limited shares were purchased during the reporting period.

Imperial Capital

This funding structure was implemented in 2005 when Imperial still had a large leasing book and needed to fund mobility assets including mining and earthmoving equipment. With the unbundling of Eqstra Holdings Limited the future viability of Imperial Capital is being monitored and reviewed. The spread advantage over unsecured Imperial debt has now narrowed to such an extent that we have decided to use the bond maturity in August 2010 to start financing new assets in Imperial Group (Pty) Limited instead. The structure will be maintained for a smaller pool of logistics assets and reviewed when the second bond (IC02) for R500 million matures in May 2012.

Black economic empowerment

Lereko Mobility

Third-party debt for the Lereko BEE transaction of R856 million is due for settlement by Lereko Mobility on 1 October 2010. Lereko Mobility (49% held by Imperial) holds 14 516 617 preferred ordinary shares in Imperial and Eqstra; these will convert to ordinary Imperial and Eqstra shares on 30 September 2010. Lereko Mobility has sold 8 million Imperial and 8 million Eqstra ordinary shares by way of forward sales, and a further small quantity of Imperial and Eqstra shares will still be sold to raise the required funds to settle the third-party debt when it falls due. Lereko Mobility will then hold approximately 6 million Imperial and 6 million Eqstra shares. The agreement regarding vendor finance of R598 million provided in 2005 will continue until 2015, or one year earlier, at the discretion of Imperial and Eqstra. On settlement of the third-party funding, the fair value of the vendor loan will no longer be adjusted through the statement of comprehensive income and the remaining shares will be treated as treasury shares. Although the group will have approximately 8,5 million additional ordinary shares in issue, the saving of the preferred dividend will result in earnings being neutral. From the date of the conversion of the shares to the date of the vendor finance settlement, the dividends accruing on the converted Imperial and Eqstra shares will be for the benefit of Lereko shareholders.

Ukhamba share conversion

In terms of the Ukhamba BEE transaction, 883 090 deferred ordinary shares converted to ordinary shares with effect from 1 July 2010. These shares will be listed on the JSE.

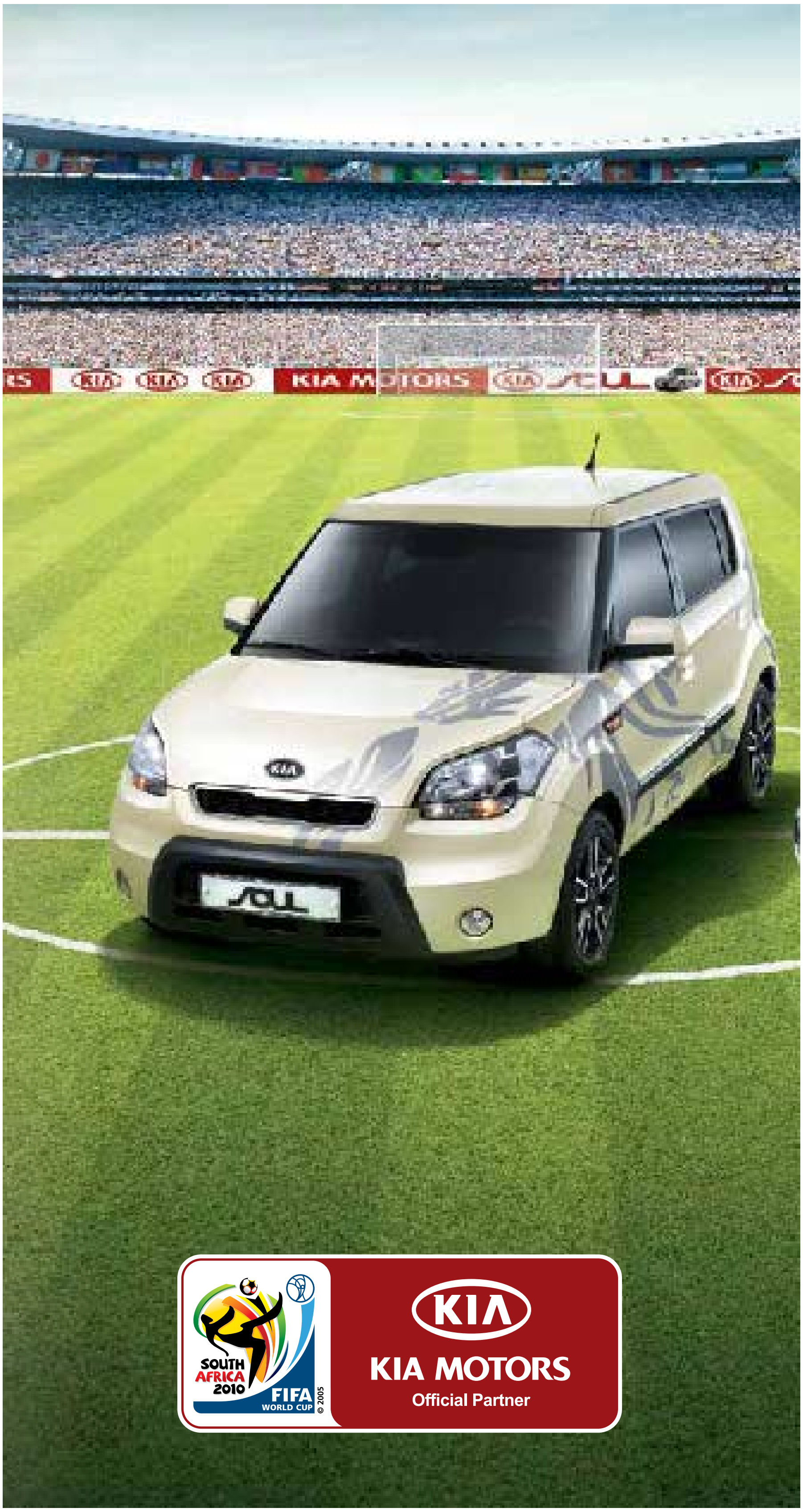
Post year-end announcement

On 15 July 2010 Imperial announced its firm intention to make an offer to acquire 100% of issued shares in JSE-listed CIC Holdings Limited for a total cash consideration of R724 million.

CIC operates within the fast moving consumer goods (FMCG) industry through distributor agreements with blue chip manufacturers, both locally and internationally. Its service offering includes wholesaling, merchandising, warehousing, distribution, debtors administration, staffing and security solutions. The group has facilities in the main centres throughout Namibia, Botswana, Swaziland, Mozambique and South Africa.

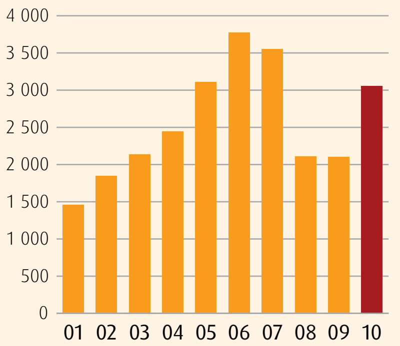
Hafiz Mahomed
Financial director

24 August 2010



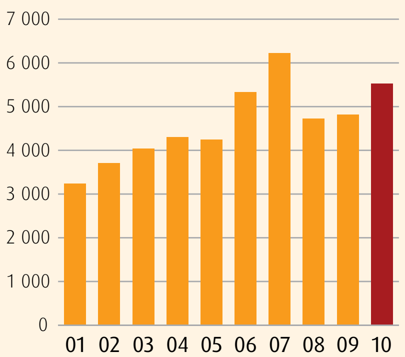
10-YEAR REVIEW

Profit before tax and exceptionals (R million)



2007 to 2010 continuing operations only

Net asset value per share (cents)

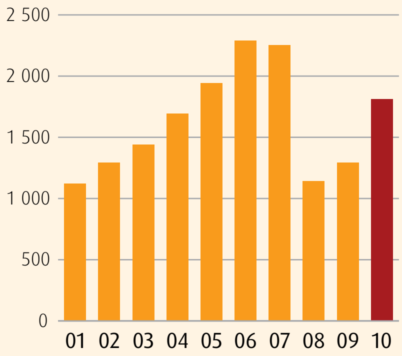


	10 year compound growth	2010 Rm
Income statement – Headline earnings (Note 1)		
Revenue	13	**53 438**
Profit from operations before the following:		**4 858**
Depreciation, amortisation and recoupments		**(1 379)**
Net financing costs		**(597)**
Income from associates and joint ventures		**174**
Profit before taxation and exceptional items	6	**3 056**
Income tax expense		**911**
Profit after taxation	6	**2 145**
Impairment (reversal) of property, plant and equipment, net of taxation		**33**
Profit on disposal of property, plant and equipment, net of taxation		**(80)**
Non-controlling interest		**10**
Taxation on exceptional items		**18**
Exceptional items included in income from associates and joint ventures		**4**
Goodwill, net of taxation		
Non-controlling interest, excluding share of exceptional items		**(241)**
Earnings attributable to preferred ordinary shareholders		**(78)**
Headline earnings attributable to ordinary shareholders	4	**1 811º**
Abridged statement of financial position		
Intangible assets		**1 006**
Investments, loans, associates and joint ventures		**3 211**
Property, plant and equipment		**5 983**
Transport fleet		**3 399**
Leasing assets		
Vehicles for hire		**2 237**
Deferred tax assets		**658**
Other non-current financial assets		**206**
Inventories		**6 809**
Taxation in advance		**126**
Trade and other receivables		**6 165**
Cash resources		**3 199**
Assets classified as held for sale		**747**
Final instalment on sale of Imperial Bank Limited		**477**
Total assets	9	**34 223**
Equity settled interest-bearing debt		
Insurance and investment contracts		**1 093**
Deferred tax liabilities		**656**
Interest-bearing borrowings (Including preference shares)		**8 274**
Other liabilities		**11 992**
Liabilities directly associated with assets classified as held for sale		**262**
Total liabilities		**22 277**
Net assets		**11 946**

See page 34 for notes.

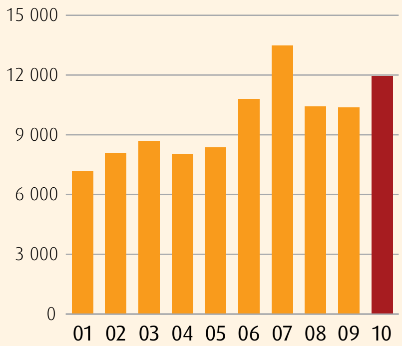
	2009 Rm	2008 Rm	Note 1 2007 Rm	2006 Rm	2005 Rm	2004 Rm	2003 Rm	2002 Rm	2001 Rm
	52 219	55 927	54 451	54 105	42 605	34 747	32 277	28 122	21 874
	4 157	3 728	4 681	5 904	4 898	3 954	3 741	3 364	2 672
	(1 237)	(1 086)	(889)	(1 632)	(1 390)	(1 256)	(1 216)	(1 078)	(824)
	(923)	(807)	(478)	(782)	(586)	(478)	(555)	(500)	(428)
	107	278	236	282	186	228	167	65	42
	2 104	2 113	3 550	3 772	3 108	2 448	2 137	1 851	1 462
	502	707	1 008	1 234	989	692	606	484	291
	1 602	1 406	2 542	2 538	2 119	1 756	1 531	1 367	1 171
	(6)	3	(4)	8					
	(67)	(58)	(25)	(10)	(5)	(9)	(9)	(4)	(5)
	(1)								
		25	1	(1)	22				
	4	6	(3)						
						59	58	50	16
	(160)	(162)	(207)	(244)	(195)	(112)	(142)	(119)	(60)
	(78)	(78)	(52)						
	1 294º	1 142º	2 252º	2 291	1 941	1 694	1 438	1 294	1 122
	901	897	688	945	622	488	504	606	280
	3 470	4 337	5 782	3 810	2 699	2 660	1 989	1 903	1 944
	5 976	5 681	4 505	4 231	2 781	2 311	2 180	2 109	1 544
	3 483	3 465	2 789	2 570	2 449	4 785	1 881	1 556	1 205
		337	338	6 443	5 074	2 150	4 713	4 532	3 388
	1 653	1 286	1 012	896	790	734	735	580	538
	645	637	268	426	339	275	247	348	133
	203	330	842	718	412				
	5 592	6 442	6 227	7 535	5 586	3 729	3 551	2 772	2 538
	154	111	(73)	108	128	98	61	90	49
	5 633	6 821	6 284	8 248	5 752	4 769	4 480	4 142	3 249
	4 655	3 148	2 302	1 630	1 043	1 261	1 298	1 472	1 508
	950	4 440	14 570						
	33 315	37 932	45 534	37 560	27 675	23 260	21 639	20 110	16 376
				794					
	1 356	1 535	1 722	1 331	978	833	566	428	247
	652	549	548	941	695	630	531	489	232
	10 235	12 040	6 950	10 699	7 562	6 576	6 135	5 901	4 110
	10 252	11 035	10 915	13 008	10 084	6 161	5 715	5 201	4 629
	459	2 357	11 932						
	22 954	27 516	32 067	26 773	19 319	14 200	12 947	12 019	9 218
	10 361	10 416	13 467	10 787	8 356	9 060	8 692	8 091	7 158

Headline earnings (R million)



2007 to 2010 continuing operations only

Total shareholders' equity (R million)



	10 year compound growth	2010 Rm
Funded by		
Imperial Holdings' shareholders		**11 140**
Non-controlling interest		**806**
Total shareholders' equity	6	**11 946**
Share performance (cents per share)		
Headline earnings per share*	5	**976°**
Dividends per share#	2	**350**
Net asset value per share	6	**5 529**
Market prices		
– Closing		**8 580**
– High		**10 750**
– Low		**5 650**
Total market capitalisation at closing prices (Rm)		**18 095**
Value of shares traded (Rm)		**22 964**
Value traded as a percentage of average capitalisation (%)		**151**
Number of employees		**35 968**
Key ratios		
Operating margin (%)		**6,2**
Return on average ordinary shareholders' interest (headline) (%)		**17,6**
Total shareholders' equity to total assets (%)		**34,9**
Interest-bearing debt as a % of total shareholders' equity (%)		**42,5**

1 Certain ratios, share performance and market capitalisation numbers are not comparable as the effects of the discontinued operations, unbundling and disposals impact comparability of the prior years.

The 2006 to 2010 numbers are stated in terms of IFRS. The previous years are reported as previously under SA GAAP.

* *Calculated on weighted average number of shares*

\# *Dividend includes capital distributions and notional dividends on which capitalisation share awards were calculated*

° *Continuing operations only*

for more information please visit
www.imperial.co.za/ar2010/FDreview/10yearreview.asp

2009 Rm	2008 Rm	Note 1 2007 Rm	2006 Rm	2005 Rm	2004 Rm	2003 Rm	2002 Rm	2001 Rm
9 774	9 605	12 521	10 002	7 890	8 618	8 199	7 658	6 975
587	811	946	785	466	442	493	433	183
10 361	10 416	13 467	10 787	8 356	9 060	8 692	8 091	7 158
698º	615º	1 216º	1 221	969	836	700	609	528
200	245	560	474	395	315	265	230	190
4 820	4 732	6 223	5 330	4 244	4 307	4 041	3 712	3 235
5 830	5 275	14 150	12 850	10 180	6 712	5 399	5 430	6 750
6 700	14 849	17 693	17 600	10 850	7 150	5 750	7 000	6 850
3 957	4 800	12 250	10 000	6 650	5 250	4 300	4 375	4 950
12 367	11 190	29 661	26 715	20 909	14 676	11 703	11 739	14 553
14 258	23 801	26 823	23 158	10 596	5 738	5 249	5 896	5 036
121	117	95	97	60	44	45	45	39
34 353	41 520	43 792	39 412	32 696	29 528	26 897	27 162	25 036
4,7	5,2	6,9	8,2	8,0	8,3	8,1	8,1	8,4
13,7	10,3	20,0	25,6	23,0	20,3	18,1	17,7	17,5
31,1	27,5	29,6	28,7	30,2	39,0	40,2	40,2	43,7
53,9	85,4	85,4	91,4	78,0	58,7	55,6	54,7	36,4

SHAREHOLDERS' INFORMATION

Distribution of shareholders (listed ordinary shares)

	Number of shareholders	Number of shares ('000)	% of ordinary shares listed
Public shareholders	4 771	149 521	70,9
Non-public shareholders			
– Shareholder holding more than 10%	1	26 893	12,8
– Directors, their associates and employees	35	10 614	5,0
– Treasury stock	1	23 864	11,3
	4 808	210 892	100,0

Spread of holdings (listed ordinary shares)

	Number of shareholders	%	Number of shares ('000)	%
1 – 1 000	3 335	69,4	1 157	0,5
1 001 – 10 000	915	19,0	2 879	1,4
10 001 – 100 000	383	8,0	14 079	6,7
Over 100 000	175	3,6	192 777	91,4
	4 808	100,0	210 892	100,0

Shareholder type

	Number of shares ('000)	% of voting shares
Financial institutions, pension and provident funds	84 024	38,6
Unit trusts	52 209	24,0
Individuals	20 888	9,6
Directors and employees	10 614	4,9
Corporate holdings	19 293	8,9
Listed ordinary shares (net of treasury stock)	187 028	86,0
Deferred ordinary shares	15 896	7,3
Preferred ordinary shares	14 517	6,7
Total voting shares in issue net of treasury stock	217 441	100,0
Treasury stock	23 864	
Total shares in issue	241 305	

Shareholdings of more than 3%

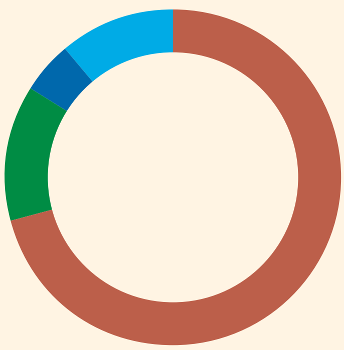
	Share class	Number of shares ('000)	% of issued voting capital
Public Investment Corporation Limited	Ordinary	26 893	12,4
Sanlam Investment Management	Ordinary	12 350	5,7
Lynch Family Holdings	Ordinary	8 963	4,1
Ukhamba Holdings (Proprietary) Limited	Ordinary	6 860	3,2
Ukhamba Holdings (Proprietary) Limited	Deferred ordinary	15 896	7,3
Lereko Mobility (Proprietary) Limited	Preferred ordinary	14 517	6,7

for more information please visit
www.imperial.co.za/ar2010/shareholders/stockslive.asp

Stock exchange performance

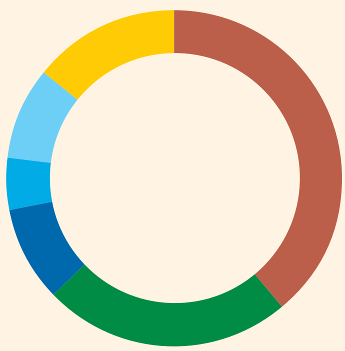
	2010	2009
Number of shares in issue (million)	**211**	212
Number of shares traded (million)	**272**	268
Value of shares traded (Rm)	**22 964**	14 258
Market price (cents per share)		
– Closing price	**8 580**	5 830
– High	**10 750**	6 700
– Low	**5 650**	3 957
Earnings yield (%)	**11,6**	12,3
Price: earnings ratio (based on headline earnings)	**8,6**	8,2

Distribution of shareholders (%)



71% Public shareholders
13% Shareholder holding more than 10%
5% Directors, their associates and employees
11% Treasury stock

Shareholder type (%)



39% Financial institutions, pension and provident funds
24% Unit trusts
9% Individuals
5% Directors and employees
9% Corporate holdings
14% Deferred and preferred ordinary shares

DECLARATION OF DIVIDENDS

Preference shareholders and ordinary shareholders

Notice is hereby given that:

- A preference dividend of 383,2192 cents per preference share has been declared payable to holders of non-redeemable, non-participating preference shares; and
- A final dividend in an amount of 200 cents per ordinary share has been declared payable to ordinary shareholders.

The company has determined the following salient dates for the payment of the preference dividend and ordinary dividend:

	2010
Last day for preference shares and ordinary shares respectively to trade cum-preference dividend and cum-ordinary dividend	Thursday, 16 September
Preference and ordinary shares commence trading ex-preference dividend and ex-ordinary dividend respectively	Friday, 17 September
Record date	Thursday, 23 September
Payment date	Monday, 27 September

Share certificates may not be dematerialised/rematerialised between Friday, 17 September 2010 and Thursday, 23 September 2010, both days inclusive.

On Monday, 27 September 2010, 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 27 September 2010 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, 27 September 2010.

Preferred ordinary shareholders (unlisted)

Notice is hereby further given that a preferred ordinary dividend of 267,5 cents per preferred ordinary share has been declared and is payable to preferred ordinary shareholders recorded in the registers of the company at the close of business on Wednesday, 22 September 2010.

On Thursday, 23 September 2010 the preferred ordinary dividend will be electronically transferred to the bank accounts of preferred ordinary shareholders.

Secondary Tax on Companies (STC)

STC amounting to 10% of the dividend declared, less any STC credits, is due by the company when the dividend is paid.

On behalf of the board

RA Venter
Group company secretary

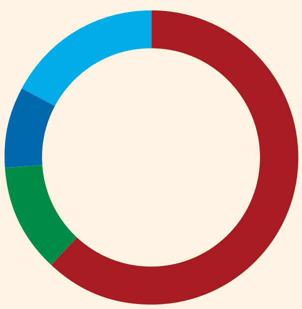
24 August 2010

VALUE-ADDED STATEMENT

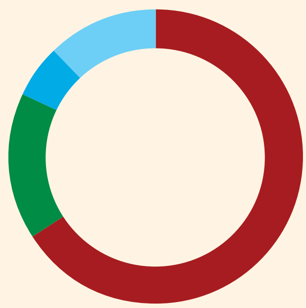
for the year ended 30 June 2010

	2010 Rm	2010 %	2009 Rm	2009 %
Revenue	**53 438**		52 219	
Paid to suppliers for materials and services	**41 263**		41 220	
Total wealth created	**12 175**		10 999	
Wealth distribution				
Salaries, wages and other benefits (note 1)	**7 515**	**62**	7 236	66
Providers of capital	**1 450**	**12**	1 688	16
– Net financing costs	**597**	**5**	923	9
– Dividends, share buybacks and cancellations	**853**	**7**	765	7
Government (note 2)	**1 054**	**9**	706	6
Reinvested in the group to maintain and develop operations	**2 156**	**17**	1 369	12
– Depreciation, amortisation and recoupments	**1 328**		1 237	
– Future expansion	**828**		132	
	12 175	**100**	10 999	100
Value-added ratios				
– Number of employees	**35 968**		34 353	
– Revenue per employee (R'000)	**1 468**		1 520	
– Wealth created per employee (R'000)	**339**		320	
Notes				
1. Salaries, wages and other benefits				
Salaries, wages, overtime, commissions, bonuses, allowances	**6 954**		6 640	
Employer contributions	**561**		596	
	7 515		7 236	
2. Central and local governments				
SA normal taxation	**734**		355	
Secondary tax on companies	**65**		80	
Foreign taxation	**116**		136	
Rates and taxes	**71**		58	
Skills development levy	**33**		31	
Unemployment Insurance Fund	**35**		46	
	1 054		706	

Wealth distribution



2010		2009
62%	Employees	66%
12%	Providers of capital	16%
9%	Government	6%
17%	Reinvested in the group	12%



SUSTAINABILITY

CHIEF EXECUTIVE OFFICER'S MESSAGE

for more information please visit
www.imperial.co.za/ar2010/sustainability/ceo_message.asp

Chief executive officer's message

Key to our long-term success is building a business focused on meeting our responsibilities to all stakeholders. This starts with delivering sustainable returns to shareholders to retain their support and fuel our growth. A stable business, in turn, underpins all our activities with other stakeholders – from the training and personal development we offer our people to the community empowerment programmes and environmental initiatives we are undertaking to protect our planet.

Our strategy determines our sustainability initiatives while our values guide our approach. As a multinational group, each Imperial division faces different challenges, and thus has different priorities and perspectives. Equally, stakeholders in the different markets and countries in which we operate also have varying expectations and needs. Developing a group strategy from this diverse base requires close consultation to meet divisional objectives while fulfilling group targets.

Accordingly, a senior management conference on the subject was convened at which key issues affecting the group were identified. While these may overlap with other key issues in the various divisions, they are considered the most important drivers of the group sustainability strategy:

- Energy and climate impacts – carbon output
- Social issues – transformation and skills development
- Health and safety – road safety and HIV
- Waste produced by group operations – discharges to air, landfill and water.

Key issues for Imperial group 2010

In developing a group-wide sustainability strategy and programme integrated into the business of each division, we are initiating a process to identify the key sustainability drivers per division, and assess systems or initiatives in place and aspects to be addressed in taking sustainability forward. As part of this initiative, an initial forum will be established in each division to champion the process:

This is a challenging task, spanning some 36 000 people across five divisions and three continents, with different key performance indicators and operating platforms. We are, however, determined to develop an appropriate framework for assuring and reporting sustainability performance each year to the same high standards as our financial reporting. In time, this will evolve to integrated reporting, as recommended by King III. Given our South African roots, and the pressing needs in our home country, we are prioritising this region.

Highlights of the year

- Imperial Logistics received an Enviro award at the 2009 Logistics Achievers Awards based on a study done with Cardiff University to calculate the extra distance travelled because of uncertainties in the supply chain, and identify where performance gaps occur. This was measurable evidence of an economic benefit with 'green' benefits – taking costs out of the supply chain also reduced emissions.
- Imperial Logistics' Fast 'n Fresh has in partnership with a key retail consumer product client launched a project to create an increasingly sustainable "eco-chain". The project includes a pilot with five new Euro 5 trucks for which high quality imported fuel will be supplied, together with exhaust gas treatment fluid.
- We participated in the Carbon Disclosure Project for the third year. This process has been valuable in crystallising our thinking about both the risks and opportunities of climate change, starting with more efficient use of natural resources. As a result, we have launched a number of energy efficiency initiatives across the group.
- Our Europcar South Africa business has established a baseline for its carbon footprint. This gives us a measurable platform for initiatives focused on using natural resources (primarily fuel) more efficiently to reduce emissions. With a baseline in place, we will now be able to report on annual progress to stakeholders.
- Due to its critical importance for the group and the South African society, we significantly enhanced our people development programmes at all levels in the group. From a strategic perspective, people development is driven at group level by the first of Imperial's nine guiding principles:

  > "Imperial is committed to people development. Our people are our brand, and as such, our most important asset. We believe passionately in supporting their growth and continuous learning."

- Imperial Logistics has for many years recognised the effect of HIV/AIDS on the logistics industry and the need to combat the scourge. A decision was taken almost ten years ago that, in order to counter the pandemic most effectively, there should be a concerted national initiative where resources and effort could be pooled for maximum effect. Imperial Logistics was instrumental in launching this initiative for the logistics industry and continues to play a vital role through its sponsorship of wellness clinics along major transport routes. Further progress has also recently been made in respect of treatment of infected employees through ARVs in partnership with transport industry bodies.

In South Africa, where transformation and empowerment are such important elements in the sustainability of most companies, we have made good progress in addressing areas we believe will have the greatest impact on transforming the wider group:

- People development – Our philosophy is that training and developing human talent across our organisation is fundamental to ensuring sustainability and relevance in our industries in the long term. People development initiatives cover the spectrum from technical training through supervisory functions up to executive levels.
- Promotion and attraction – Imperial has established a number of programmes to fast track individuals with potential and to position the group as an employer of choice in its chosen target markets.

Imperial has weathered a difficult time in its own history and its markets. It has made us stronger and even more determined to play our role in building a lasting future. We welcome your feedback on our approach and our progress (contact details below). Together, I believe we can make our world a better one.

Hubert Brody
Chief executive officer

24 August 2010

Key facts at a glance

	2010	2009
People employed	**35 968**	34 353
Staff costs (R million)	**7 515**	7 236
Training expenditure (R million)	**70**	61
Donations to social responsibility causes (R million)	**16**	12
Distance travelled by our road fleet excluding rental vehicles (million kilometres)	**426**	419
Fines paid for traffic offences (R million)	**5,3**	3,0
Employee fatalities in road accidents	**12**	8
Road accidents involving our fleet	**1 211**	1 247
Environmental incidents	**120**	176
Electricity purchased (million kW/h)	**160,3**	171,6
Fuel consumed (million litres)	**231,7**	229,2
Biofuel consumed (million litres)	**0,7**	1,7
CO_2 emissions (tonnes)	**938 838**	946 286

Further information on the scale of the Imperial group appears in the ten-year review on page 32, the value-added statement on page 39, the statement of financial position on page 60, the statement of comprehensive income on page 61 and the employment section on page 138 of the annual report.

Contact details and further information

For further information, please refer to the Imperial website: www.imperial.co.za/sustainability2010/report.pdf for a comprehensive version of our sustainability report. Contact person for sustainability: Rohan Venter, tel: +27 (0)11 372 6500.