creating value through mobility

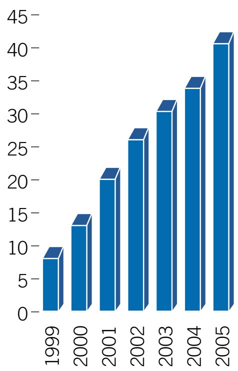
Imperial Holdings

Imperial Holdings Limited

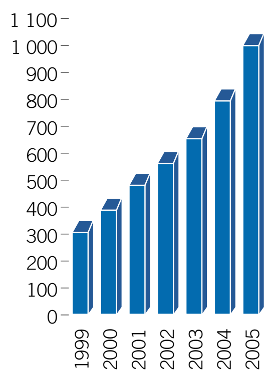
Audited results for the year ended 25 June 2005

OPERATIONAL AND FINANCIAL HIGHLIGHTS

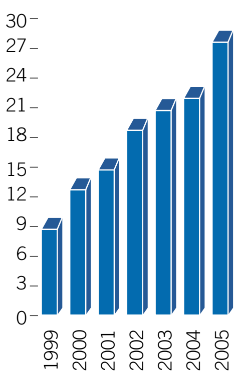
- Revenue up **22%** to **R42.5 billion**
- Headline earnings per share up **25%** to **1 046 cents**
- Return on equity improved to **22%**
- Distribution per share up by **25%**
- An outstanding performance from our distribution and insurance divisions
- The conclusion of a second BEE transaction
- An upgrade to our international scale credit rating to Baa1



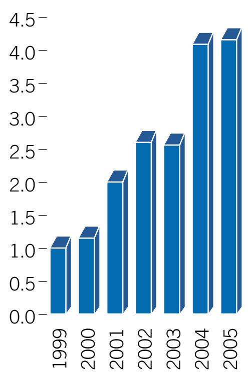
Revenue
(R billion)



Headline earnings per share (cents)



Total assets
(R billion)



Cash generated by operations (R billion)

OVERVIEW

Imperial Holdings had an outstanding year during which the group's 18 year record of uninterrupted growth since listing was extended with headline earnings per share growth of 25%.

The macroeconomic environment was generally supportive, with strong economic growth, relatively low interest rates and muted inflation combining to generate significant momentum in the consumer environment. The strong rand supported consumer demand for our products but impinged on results in our tourism and aviation businesses.

The group's revenue improved by 22% against last year and operating profits grew by 23%. Cash generation was also good with operating cash flow after adjusting for replacement capital expenditure (free cash flow) of R2.3 billion. The return on equity increased to 22.0% from 20.3% in 2004 as a result of strong growth in profits, share buy-backs and an increase in the use of debt funding.

We continued to expand key growth areas in our business. Thirty one new dealerships were added to our network and we acquired nine Ford dealerships in Australia. Four bolt-on acquisitions were added to our South African logistics business and two to our German operations. In our insurance division, we acquired a 60% stake in Lesotho National Insurance Holdings. Our leasing division won a number of new outsourcing contracts despite flat market conditions and the aviation businesses expanded their specialised operations fleet, added territories to its distribution rights for Raytheon products and acquired Naturelink. Our car rental and tourism interests expanded their regional presence and the insurance operations focused on expanding their distribution network.

In the interest of better focus, the group disposed of its European based clearing and forwarding business, JH Bachmann effective from 1 June 2005 to the European logistics group, DFDS Transport. We also disposed of our interests in DAWN Limited to Ukhamba Holdings and Sani-Tech to a BEE investor. These disposals resulted in a profit of R344 million.

Imperial received an upgrade to its international scale credit rating from Moody's Investors Service from Baa2 to Baa1. This is equivalent to South Africa's sovereign rating and positions the group well to raise capital abroad should the need arise.

The board approved a final distribution for the year of R2.20 per share, bringing the total distribution to R3.95 per share, increasing by 25% over 2004.

Income statement

Revenue increased by 22% to R42.5 billion amidst strong trading conditions in many areas of the business. The operating margin was maintained at 8.3%, which together with the increased revenue resulted in operating profits of R3.5 billion, up 23% against the corresponding period.

Despite lower inflation and its effect on the residual values in all our fleet owning businesses, recoupments of depreciation on asset disposal remained high at R217 million (2004: R302 miilion). In order to better reflect true depreciation, the annual depreciation rate on vehicles for hire was decreased from 25% to 20% per annum, which resulted in a R41 million reduction in the depreciation charge net of recoupments. Overall depreciation net of recoupments, at R1 322 million increased by 11% against a 17% increase in the group's fleet assets.

The slight weakening of the rand during the latter part of the financial year had a positive impact on the results. A realised forex gain of R7 million was recorded against a loss of R30 million last year, and fair value gains on foreign exchange derivatives amounted to R107 million against an R82 million loss in the previous year. Fair value gains on equity investments of our insurance businesses were also higher at R190 million (2004: R49 million).

Interest cost increased principally due to fair value losses on debt and swap instruments of R32 million compared to gains of R55 million last year. Net finance costs amounted to R586 million (2004: R478 million).

Income from associates declined from R228 million to R216 million as a result of the disposal of the interest in DAWN Limited and a decline in profits of Safair Lease Finance and Imperial Bank.

Our tax rate increased to 32.6% from 31.2% in the previous year despite the 1% lower corporate tax rate. This resulted predominantly from the receipt of a revised assessment on a finance structure. While we will challenge this assessment, we regard it prudent to provide for the revised charge.

Headline earnings per share increased by 25% to R10.46 versus a restated base of R8.36 (previously R8.41). The previous year's income statement was restated to account for changes to the basis of accounting for operating leases.

Earnings per share increased by 46% to R11.68.

Balance sheet

The group's balance sheet remains resilient. During the period the group's total assets expanded by 24% to R29 billion. This growth was driven primarily by an expansion in the leasing and fleet management, distributorships, dealerships, and insurance management businesses.

The balance sheet structure of the group remained conservative. Gross debt to equity increased from 73% to 80% and from 59% to 69% net of cash. A strategy is currently being implemented which would ultimately facilitate more appropriate gearing of our quasi banking assets through the planned ring-fencing of our fleet assets in a separate entity. In this way, the group would be able to secure long term matched maturity funding in the capital markets at more competitive rates. Were we to apply an appropriate gearing level of say 4:1 to the group's vehicle fleets of R6.5 billion, the remainder of the group's balance sheet would be only marginally geared.

In terms of the Lereko empowerment transaction which was concluded at the year-end, we recognised a creditor of R1.4 billion of which up to R836 million will be reinstated as equity when the debt raised to fund the share purchase is fully or partially settled in five years' time.

Cash flow

Cash flow from operating activities increased from R3.1 billion to R3.2 billion despite absorbing an increase in net working capital of R473 million. Working capital increased mainly as a result of an increase in inventories necessitated by the substantial growth in trading activity in the distributorships division. The group's free cash flow of R2.3 billion equates to 110% of headline earnings (2004: 144%), reflecting the group's ability to generate strong cash flows.

Expansion capital expenditure increased from R1.2 billion to R1.9 billion and replacement capital expenditure went up from R0.7 billion to R0.9 billion as a result of the increase in the revenue producing assets.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The group will be implementing International Financial Reporting Standards (IFRS) with effect from the 2006 financial year. Accordingly, we will report our interim results to 25 December 2005 under the new standards. In preparation for this change, considerable work has been done on assessing the likely impact of the new standards, which also require opening balances for the comparative period, i.e. balances at 26 June 2004, to be adjusted to the new accounting guidelines.

Initial indications from this process are that the impact on the group's income statement is relatively limited, while the impact on the balance sheet is significant. A detailed analysis of the estimated impact of the adoption of IFRS on the group's financial reporting is set out in a separate announcement released on SENS today. This can also be viewed on www.imperial.co.za.

The balance sheet impact arises predominantly from the assessment of the group's aviation assets. The aviation division (including Safair Lease Finance, a joint venture in aviation finance with Sanlam and ACL Aviation an associate) has long term leases of up to ten years with strong counter parties. In terms of South African GAAP, and prior to the adoption of IFRS, the carrying value of each aircraft was subjected to an impairment test from time to time, to determine a value in use, whereby such carrying value is written down to the higher of net realisable value or the aggregate of the net present value of (i) future cash flows from the long term leases and (ii) the rand based residual value at the end of the lease term, which was established in US$ and translated using a forward exchange rate derived from a market related forward exchange curve.

In terms of IFRS, the carrying value of the relevant assets will be stated at their current market value as their deemed cost, which is determinable in US$ and converted to rand at the ruling exchange rate. The difference in carrying value determined in terms of SA GAAP in accordance with the impairment test referred to above is that SA GAAP recognises the present value of future cash flows from the long term lease rentals as well as the residual value at the end of the lease term as converted from US$ to rand at a forward exchange rate, and in terms of IFRS the current market value is used.

We estimate that as a result of the implementation of IFRS, the carrying values of Imperial's investment in SLF will be reduced by approximately R420 million, and in ACL by R30 million and the leasing assets in Safair by approximately R730 million.

We estimate that, at existing exchange rates, the annual depreciation charge to the end of the lease term in SLF will be higher in terms of IFRS than in terms of SA GAAP, but the need for future impairments would be far less, if any, and in Safair, the annual depreciation charge will be lower in terms of IFRS. The aforesaid difference between SLF and Safair is because of the relative age of the aircraft.

These adjustments will have no cash flow effect.

LOGISTICS

The division achieved revenue growth of 10% to R12,7 billion and operating profit increased by 16% to R698 million, with an outstanding performance by the international logistics business.

Southern Africa

The past year was a challenging, but successful one for Imperial Logistics. Whilst currency volatility, a sharply rising fuel price and industrial action provided significant challenges, improved productivity, good domestic demand levels and reasonable import activity were key positive factors. Revenue improved by 11%, despite the impact of low inflation on contract escalations and the effects of the ten-day truck drivers' strike in March. The strike action cost the group about R25 million, although some of this was recouped through improved productivity due to pent-up demand immediately after the strike. Against this background, the division improved its operating profit by 7%. Margins were also compressed by the significant impact of sharply rising fuel prices, particularly in the second half of the year. While increases in fuel costs are recovered, we are not able to make a margin on the higher cost of fuel.

During the year, Imperial Logistics was successful in acquiring four bolt-on businesses that complement the group's offering in key markets. These acquisitions made a marginal initial contribution to profits and revenue.

Europe

Imperial Logistics International experienced a good year. Despite a continued strong exchange rate against the Euro, rand-based revenue grew by 9%. Profits from operations increased by 47% to R196 million, with margins improving to 3.1% from 2.2%. In Euros revenue grew by 13% to €812 million (2004: €719 million) and operating profit increased by 51% to €24.8 million (2004: €16.4 million). These improved profits resulted from efficiencies, cost containment and fundamentally good performances across the board. The group successfully disposed of its interest in JH Bachmann to DFDS Transport with effect from 1 June 2005, excluding Megafreight in South Africa, which is an important component of our Southern African service offering.

During the period, Imperial Logistics International acquired two complementary businesses, adding expertise and new customers to two of our core operations. A large logistics contract with a major original equipment manufacturer was also renewed during the period for a further five years.

LEASING AND FLEET MANAGEMENT

The market environment remained challenging during the year. Despite this, the division recorded a 12% increase in fleet size. Revenue improved by 15% to R2,6 billion, driven both by volume growth and increased motor retailing activity in Hypercar, the division's newly established used car chain. Profitability came under pressure with operating profits declining by 11% to R469 million. This was caused by new business that was added during the period which did not make a profit contribution as yet. At the pre-tax level, lower interest rates resulted in interest margin compression due to a portion of the group's capital market debt funding having been raised at fixed rates. A significant provision has been raised arising out of the non-payment by the National Prosecuting Authority (NPA) of a substantial claim which Imperial has against it, recovery of which is being pursued. Although the company and its legal advisors are of the view that the claim will succeed, it is considered prudent to make a provision from an accounting perspective in view of the NPA's failure to pay the amount claimed.

Our United Kingdom forklift operation disappointed, but we had an excellent result from our South African operations. Hypercar came close to breakeven with good volumes.

The division's contract with certain South African government departments expired at end of May 2005. This contract has been extended on a short term basis pending a tender process. We are hopeful of securing this contract for a further term.

While used vehicle prices have come under pressure, we managed to realise profits on the transfer and sale of vehicles, confirming our prudent depreciation policies.

AVIATION LEASING

The past year was difficult for this business. While the fundamental trading performance of the division was sound, the strong rand had a significant impact on reported results. Revenue improved by 11% to R2.7 billion, but margins contracted to 9% (2004: 10.8%) resulting in an 8% decline in operating profit.

Fleet utilisation and trading activity remained good. Certain leases terminated during the period and these aircraft have successfully been placed with new customers at current market rates which are lower than the expired leases. Sales volumes also remained strong in the general aviation market where we sell both new and used general aviation aircraft and helicopters. However, NAC posted poor results, while Naturelink performed well. The group's Ireland based business, Air Contractors experienced a tough second half as a result of start-up costs associated with new contracts in the freight integrator market, which will benefit the business going forward. Despite a sound operational performance across this division, a significant exposure to US$ and Euro revenues amidst a continued strong rand negatively impacted results.

CAR RENTAL AND TOURISM

The car rental and tourism businesses had a good year, which saw operating profit increase by 14% to R495 million. While the inbound tourism market continued to feel the effects of the strong rand, the car rental businesses were buoyed by strong demand, particularly in the domestic tourism segment. Excluding Tourvest, revenue improved by 5%, driven by strong volume growth in the car rental businesses and a good performance by Auto Pedigree. The rental market was highly competitive in most areas. Despite this, good utilisation levels resulted in better efficiencies and together with a reduced depreciation charge, operating margins improved from 15.6% last year to 17.9%. Divisional revenue increased by 4% to R3,1 billion.

The car rental businesses experienced strong demand patterns in both the corporate and local leisure markets. The growth experienced by the low cost airline industry in South Africa has accelerated demand in the local leisure market in particular. As the strength in demand was somewhat unexpected, we experienced occasional fleet shortages. With further growth expected to continue, we intend to increase our vehicle fleet for the coming year.

The tourism operations experienced relatively challenging trading conditions. Tourist volumes and buying patterns were affected by the strength of the rand, which has significantly impacted the affordability of South Africa as a destination. Tourvest was similarly affected by these issues and experienced pressure on revenue and profitability. Tourvest's revenues and its operating profits increased by 3%, though its earnings per share were up by 81% largely due to a high tax (STC) charge last year.

DISTRIBUTORSHIPS

The group's distribution interests had an outstanding year. Strong demand in the passenger and commercial vehicle markets buoyed revenue by 54% to R9,7 billion. In addition to the distribution of passenger cars and light commercial vehicles, the divisions' performance was boosted by heavy truck and auto parts distribution in Tyco and Lectrolite, as well as income from 76 car dealerships and seven heavy truck outlets, through which 85% growth in new and used unit sales were achieved over 2004.

Motor vehicle purchases by new emerging consumers was particularly evident in the passenger market. While this trend was fuelled by favourable economic conditions for the consumer, we believe that structural factors of a permanent nature have caused a great deal of the increased demand. Good economic conditions also supported growth in the commercial segments. Profitability grew strongly, with margins increasing to 9.6% from 9.0%. This was supported by improved economies of scale, more emphasis on maintenance, service plans, extended warranties and financial services, which secured more back-end and after-sales income streams.

The division was our largest profit contributor.

During the year, the group was appointed distributors of Tata passenger and light commercial vehicles in partnership with Tata Motors and Ukhamba Holdings. We also gained the distribution rights for Renault Trucks and Lotus sports cars. Since the year-end we obtained the Proton distributorship from Petronas in Malaysia.

DEALERSHIPS

The division experienced the benefit of an extremely buoyant new vehicle market. However, despite the strong volume performance of the new vehicle segment, margins remained under pressure. It acquired eight dealerships during the year, including a DCSA outlet in the Limpopo province, and a BMW dealership in Germiston in partnership with Ukhamba. It was also awarded five new franchises.

Revenue increased by 20% to R12.1 billion, driven mainly by volume growth as pricing has remained static for about two and a half years. Operating profit increased by 9.5% to R301 million. Margins declined to 2.5% from 2.7% due to the impact of inflation on our overheads while nominal gross profits per unit were weak, and due to a changing sales mix. The division again applied sound cash flow management and achieved its goal of pre-capex cash flow exceeding its profit.

The group (including sales by other divisions) retailed a total of 136 882 (2004: 93 422) vehicles during the year of which 45 002 (2004: 36 771) were used vehicles. While growth in used vehicle sales was marginally behind that of new vehicles, improved capacity in the sale of used vehicles supports our goal of selling one used vehicle for every new vehicle in time.

INSURANCE

The group's insurance businesses had a great year, buoyed by strong demand in the automotive market. Strong equity markets provided an additional fillip by boosting investment gains from R49 million last year to R190 million. Revenue grew by 24% to R2 billion.

Supported by good underwriting conditions, Regent Insurance, our short term insurer, achieved strong growth in its underwriting profit from R78 million last year to R96 million where the claims experience was significantly better than expected. In both Regent Life and Regent Insurance improved economies of scale resulted in a reduction in unit costs. Pre-tax profits improved by 54% to R420 million. The life operation also saw good underwriting results, and we are now taking on more risk while making less use of re-insurance in both operations. This has enhanced profitability without impacting negatively on claims experience.

The group acquired a 60% interest in Lesotho National Insurance Holdings during the year and it operated successfully.

ASSOCIATES

The contribution made by associates declined marginally from R228 million in 2004 to R216 million. The principal effects on this result were:

- Safair Lease Finance's contribution declined mainly due to the strong currency.
- Our share of Imperial Bank's profit declined from R108 million to R91 million, mainly due to a reduction in income from the assets bought from Saambou Bank, as well as an increase in bad debts in the aviation finance division due to the strong rand. The motor and property finance divisions performed well.
- Renault South Africa experienced good trading conditions with substantially increased profits.
- The group disposed of its 33% interest in DAWN Limited to Ukhamba Holdings in December 2004, effectively disposing of half of our interest.
- Ukhamba Holdings continues to develop into a very credible broad-based black economic empowerment business.

SUCCESS OF IMPERIAL'S BROAD BASED EMPOWERMENT

Ukhamba, a 10.2% shareholder and the group's first empowerment initiative representing 15 000 historically disadvantaged employees of the Imperial group, grew rapidly during the year. The first tranche of 1 740 001 deferred ordinary shares will now be converted to ordinary shares, representing tangible wealth enhancement for Ukhamba and its shareholders. The converted ordinary shares will be listed on the JSE and now have a value in excess of some R200 million. This is a unique achievement creating wealth for such a large number of historically disadvantaged individuals in the first full year of the transaction. In addition, the first dividend will be paid to Ukhamba shareholders in October 2005.

The group made significant progress during the year towards attaining its long term empowerment goals. It has always been the view of the group that further empowerment would be necessary in its transformation process. A further empowerment transaction with Lereko Mobility was successfully implemented with the overwhelming support of shareholders. Lereko Mobility became the owners of approximately 7.25% of the company's ordinary shares in a transaction valued at R1.4 billion.

The transformation efforts of Imperial were however, not concentrated solely on equity but also extended to all other areas of the business from enhancing representation at board level where previously disadvantaged groups now represent 42% of the board, to areas such as BEE procurement, employment, social development and training, which were given priority during the year. The group is committed to transformation and empowerment and will continue to pursue and enhance all facets of empowerment in its businesses.

JOB CREATION AND INVESTMENT

The group employs 32 696 people worldwide, including 27 640 in South Africa, and added 3 168 new jobs, of which 2 254 were in South Africa. R47 million was spent on training during the year with 725 000 total training hours. R2.2 billion was invested in the future expansion of the group up from R1.3 billion last year.

OUTLOOK

The outlook for the group remains positive. It is expected that consumer spending will remain relatively buoyant, which should be good, not only for our vehicle interests, but for the wider group, through strength in the economy as a whole. The current environment of low inflation, stable interest rates and a relatively strong currency should be supportive of further growth for the group.

Our businesses are also well positioned to benefit from expected growth in infrastructure spending and we have the funding capacity to take opportunities as they arise.

Accordingly our focus remains on growing organically within our current business mix, with a secondary priority on bolt-on acquisitive growth. We also expect a solid performance from our businesses outside South Africa.

We anticipate good growth in earnings in the ensuing year, as measured on a like for like basis in terms of accounting policies applied this year.

By order of the board

L Boyd, *Chairman*

W G Lynch, *Chief executive*

A H Mahomed, *Financial director*

Johannesburg

23 August 2005

CAPITAL DISTRIBUTION

Ordinary shareholders

Notice is hereby given that a capital distribution of 220 cents per ordinary share has been declared in terms of the general authority granted at the annual general meeting of shareholders held on 2 November 2004 and is payable to ordinary shareholders recorded in the registers of the company at the close of business on Friday, 30 September 2005. In compliance with the requirements of STRATE, the electronic settlement and custody system used by the JSE Limited, the company has determined the following salient dates for the payment of the capital distribution:

	2005
Last day to trade *cum* capital distribution	Friday, 23 September
Shares commence trading *ex* capital distribution	Monday, 26 September
Record date	Friday, 30 September
Payment date	Monday, 3 October

Share certificates may not be dematerialised/ rematerialised between Monday, 26 September 2005 and Friday, 30 September 2005, both days inclusive.

On Monday, 3 October 2005, the capital distribution will be electronically transferred to the bank accounts of certificated shareholders that utilise this facility. In respect of those who do not, cheques dated 3 October 2005 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, 3 October 2005.

In terms of the Exchange Control Regulations of the Republic of South Africa, cash payments based on emigrant's shares controlled in terms of the Exchange Control Regulations will be forwarded to an authorised dealer in foreign exchange controlling their blocked assets, nominated in advance by such emigrants.

Preferred ordinary shareholders

Notice is hereby further given that a capital distribution of 267.5 cents per unlisted 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 Thursday, 29 September 2005.

On Friday, 30 September 2005 the capital distribution will be electronically transferred to the bank accounts of preferred ordinary shareholders.

On behalf of the board

R A Venter, *Group Company Secretary*

23 August 2005

INCOME STATEMENT

for the years ended 25 June

	2005 Rm	2004 Rm	% change
Revenue	**42 546**	34 747	22
Profit from operations before depreciation and recoupments	**4 845**	4 066	
Depreciation and recoupments	**(1 322)**	(1 193)	
Operating profit	**3 523**	2 873	23
Foreign exchange gains/(losses)	**7**	(30)	
Fair value gains/(losses) to foreign exchange derivatives	**107**	(82)	
Goodwill amortisation	**—**	(63)	
Profit before net financing costs	**3 637**	2 698	35
Finance costs including fair value gains and losses on borrowings and interest swaps	**(608)**	(529)	
Finance income	**22**	51	
Income from associates and joint ventures	**216**	228	
Profit before exceptional items	**3 267**	2 448	33
Exceptional items	**261**	(26)	
Profit before taxation	**3 528**	2 422	46
Taxation	**994**	692	
Profit after taxation	**2 534**	1 730	46
Minority interest	**194**	113	
Net attributable profit for the year	**2 340**	1 617	45
	Cents	Cents	
Earnings per share*			
– Basic	**1 168.1**	797.5	46
– Diluted	**1 095.7**	748.9	46
Headline earnings per share*			
– Basic	**1 045.8**	835.9	25
– Diluted	**981.0**	784.9	25
Earnings per share reconciliation*			
Headline earnings per share	**1 045.8**	835.9	
Goodwill amortisation		(29.2)	
Profit on sale of property, plant and equipment	**2.8**	4.2	
Exceptional items	**119.5**	(13.4)	
Basic earnings per share	**1 168.1**	797.5	

**Based on the weighted average number of shares in issue for the year*

Additional information			
Net asset value per share (cents)	**4 836**	4 307	
Number of shares (million)			
– in issue	**186**	200	
– weighted average	**200**	203	
Financing costs	**Rm**	Rm	
Interest paid	**577**	586	
Capitalised to property, plant and equipment	**(1)**	(2)	
Fair value (gains)/losses on borrowings and interest swaps	**32**	(55)	
	608	529	
Exceptional items			
Surplus on disposal of Imperial Bank Limited		53	
Impairment of property, plant and equipment		(41)	
Loss on closure of business	**(16)**		
Impairment of goodwill	**(67)**	(33)	
Reversal of impairment of other assets		3	
Profit/(Loss) on sale of investments in subsidiaries and associates and joint ventures	**344**	(8)	
	261	(26)	

Accounting policies

The preliminary audited financial information is prepared in accordance with AC 127 on Interim Financial Reporting, and should be read in conjunction with the 2004 Annual Financial Statements. The accounting policies adopted are consistent with those applied in the Annual Financial Statements for the year ended 25 June 2004 except for the changes detailed in notes 1, 2 and 3 below.

1. AC 140 – Business Combinations

During the current year the group adopted AC 140 – Business Combinations which results in goodwill no longer being amortised but rather reviewed for impairment. Negative goodwill of R17 million has been credited to opening retained earnings at 26 June 2004. As this is a prospective adjustment comparatives have not been restated.

In 2005 the goodwill impairment was R67 million and there was no amortisation. In 2004 goodwill of R33 million was impaired and the amortisation charge was R63 million.

2. AC 105 – Leases

According to recent accounting developments operating lease expenses should be charged to the income statement, on a straight-line basis unless another systematic method is more representative of the time pattern of the user's benefit. Previously operating leases were accounted for as an expense when incurred.

As this is a retrospective adjustment comparatives have been restated. Accounts receivable and accounts payable have been restated. The after tax effect to attributable profit in the current year is a reduction of R7 million (2004: R9 million). Basic earnings per share has been restated from 802.3 cents to 797.5 cents, and basic headline earnings per share has been restated from 840.5 cents to 835.9 cents.

3. Revenue classification

Tourvest Inbound Division

During the year, the Tourvest Inbound Division changed its definition of revenue. In line with the practice in the industry revenue from Tourvest Inbound Operations is now accounted for on a net commission basis, that is commissions receivable. Previously, revenue was accounted for on gross amounts billed to customers. Comparatives have been restated accordingly.

Financial services businesses investment income

Previously dividends and interest earned in the insurance businesses were classified as revenue. In the current year this classification has been changed to include it in investment income as part of operating profit.

The above revenue classification changes had no other effect on the income statement or balance sheet other than the calculation of revenue as noted below:

	2005 Rm	2004 Rm
As stated before the restatement	**43 012**	35 278
Less:		
– Revenue from Tourvest Inbound operations now accounted for on a net commission basis	**383**	454
– Financial services investment income	**83**	77
	42 546	34 747

Audit report

The comprehenisive results have been audited by the group's auditors Deloitte & Touche. Their unqualified audit opinion is available for inspection at the company's registered office.

BALANCE SHEET

at 25 June

	2005 Rm	2004 Rm
Property, plant and equipment	**2 760**	2 311
Intangible assets	**622**	488
Investments in associates and joint ventures	**1 917**	1 770
Other investments and loans	**1 284**	890
Deferred tax assets	**280**	275
Leasing assets	**5 818**	4 785
Transport fleet	**2 397**	2 150
Vehicles for hire	**790**	734
Inventories	**5 695**	3 729
Trade and other receivables	**6 164**	4 769
Taxation in advance	**128**	98
Cash and cash equivalents	**1 043**	1 261
Total assets	**28 898**	23 260
Insurance funds	**978**	833
Interest-bearing borrowings	**7 562**	6 576
Retirement benefit obligations	**162**	178
Deferred tax liabilities	**885**	630
Treasury stock buy back liability*	**1 438**	
Other liabilities	**8 419**	5 983
Total liabilities	**19 444**	14 200
Net assets	**9 454**	9 060
FUNDED BY		
Ordinary shareholders' interest	**8 991**	8 618
Minority interest	**463**	442
Total shareholders' equity	**9 454**	9 060
Supplementary information		
Investments in associates and joint ventures		
At carrying value	**1 013**	796
Loans	**904**	974
	1 917	1 770
Other investments and loans		
Listed, at market value	**1 121**	698
Unlisted, at fair value	**91**	62
Loans receivable	**72**	130
	1 284	890
Capital expenditure	**4 627**	3 834
Capital commitments	**658**	328
Contingent liabilities	**507**	301
Lease commitments	**1 901**	1 331

*The Group entered into a scheme of arrangement in terms of section 311 of the Companies Act whereby its wholly owned subsidiary, Imperial Corporate Services ("ICS") repurchased 7.25 of every 100 ordinary shares held by shareholders at a price of R96.85 per share ("the Scheme of Arrangement"). The scheme of arrangement was approved by shareholders on 6 June 2005 and sanctioned by the High Court on 14 June 2005, on which day it became binding on all the parties thereto. The financial effects of the scheme of arrangement were consequently accrued in this financial year although settlement only took place on 27 June 2005, after the financial year end. This amount was settled from the proceeds received from Lereko Mobility on the issue of 8 319 323 preferred ordinary shares at R96.85 and 6 197 294 preferred ordinary shares at their par value of 4 cents.

CASH FLOW STATEMENT

for the year ended 25 June

	2005 Rm	2004 Rm
Cash flows from operating activities		
Cash generated by operations before changes in working capital	**4 841**	4 317
Net working capital movements	**(473)**	(31)
Cash generated by operations	**4 368**	4 286
Net financing costs	**(554)**	(533)
	3 814	3 753
Taxation paid	**(565)**	(614)
Net cash flows from operating activities	**3 249**	3 139
Cash flows from investing activities		
Acquisition of subsidiaries and businesses	**(286)**	(156)
Proceeds on disposal of subsidiaries and businesses	**290**	60
Expansion of property, plant and equipment	**(373)**	(403)
Expansion of leasing assets	**(1 125)**	(548)
Expansion of transport fleet	**(330)**	(219)
Expansion of vehicles for hire	**(53)**	—
Net replacement of property, plant and equipment	**(193)**	(88)
Net replacement of leasing assets	**(476)**	(168)
Net replacement of transport fleet	**(142)**	(298)
Net replacement of vehicles for hire	**(104)**	(138)
Net acquisition of intangibles	**(20)**	(10)
Additional investments in and loans to subsidiaries and associated companies, net of disposals	**116**	(313)
Purchase of equities and loans advanced	**(601)**	(680)
Proceeds on disposal of investments	**417**	552
Net cash flows from investing activities	**(2 880)**	(2 409)
Cash flows from financing activities		
Cash flow from the issue of shares and movements in minorities	**61**	57
Purchase of treasury stock	**(70)**	(307)
Dividends paid	**(66)**	(427)
Capital distribution	**(699)**	(283)
(Decrease)/increase in long-term borrowings	**(662)**	519
Net cash flows from financing activities	**(1 436)**	(441)
Net (decrease)/increase in cash and cash equivalents	**(1 067)**	289

STATEMENT OF CHANGES IN EQUITY

for the year ended 25 June

	Share capital and premium Rm	Non-distributable reserve Rm	Distributable reserve Rm	**Total Rm**
Balance at 26 June 2003	2 205	403	5 591	**8 199**
Opening distributable reserves adjustment resulting from AC133			(146)	**(146)**
Balance at 26 June 2003 inclusive of 2004 prospective adjustment	2 205	403	5 445	**8 053**
Opening distributable reserves adjustment resulting from AC105		(1)	(34)	**(35)**
Net losses arising on translation of foreign operations not recognised in the income statement		(222)		**(222)**
Net attributable profit for the year			1 617	**1 617**
Share of distributable reserves of associates and joint ventures		177	(177)	**—**
Contingency reserve		23	(23)	**—**
Realised gains on sale of subsidiaries		(4)	4	**—**
Revaluation of available for sale investments to fair value		4		**4**
Issue of 22 755 389 deferred ordinary shares	1			**1**
Issue of 1 901 401 ordinary shares	74			**74**
Purchase of 4 676 582 ordinary shares	(307)			**(307)**
Ordinary dividend of 140 cents per share net treasury stock in September 2003			(284)	**(284)**
Capital distribution of 140 cents per share in March 2004	(283)			**(283)**
Balance at 25 June 2004	1 690	380	6 548	**8 618**
Opening distributable reserves adjustment resulting from AC140			17	**17**
Net gains arising on translation of foreign operations not recognised in the income statement		83		**83**
Net attributable profit for the year			2 340	**2 340**
Share of distributable reserves of associates and joint ventures		175	(175)	**—**
Contingency reserve		29	(29)	**—**
Cancellation of 14 532 422 treasury shares	626		(626)	**—**
Purchase of 14 533 096 ordinary shares in terms of scheme of arrangement	(1 438)			**(1 438)**
Hedge accounting reserve		80		**80**
Issue of 1 268 400 ordinary shares	60			**60**
Purchase of 911 169 ordinary shares	(70)			**(70)**
Capital distribution of 175 cents per share in October 2004	(349)			**(349)**
Capital distribution of 175 cents per share in March 2005	(350)			**(350)**
Balance at 25 June 2005	169	747	8 075	**8 991**

SEGMENTAL INFORMATION

25 June 2005

INCOME STATEMENT

	Group		Logistics		Leasing and fleet management		Aviation leasing		Car rental and tourism		Distributor-ships		Motor vehicle dealerships		Insurance		Head office and eliminations	
	2005 Rm	2004 Rm	2005 Rm	2004 Rm	2005 Rm	2004 Rm	2005 Rm	2004 Rm	2005 Rm	2004 Rm	2005 Rm	2004 Rm	2005 Rm	2004 Rm	2005 Rm	2004 Rm	2005 Rm	2004 Rm
Business segmentation																		
Revenue																		
– Sales of goods	22 657	17 125	626	589	543	470	769	748	1 323	1 252	8 603	5 025	10 793	9 041				
– Rendering of services	18 122	16 080	11 676	10 523	1 712	1 511	1 878	1 694	1 586	1 515	607	342	550	463	20	8	93	24
– Gross premiums received	1 709	1 491													1 709	1 491		
– Other	58	51	58	51			1				(1)					1		(1)
	42 546	34 747	12 360	11 163	2 255	1 981	2 648	2 442	2 909	2 767	9 209	5 367	11 343	9 504	1 729	1 500	93	23
Inter-segment revenue			361	413	314	259	51		160	185	446	918	730	586	298	131	(2 360)	(2 492)
	42 546	34 747	12 721	11 576	2 569	2 240	2 699	2 442	3 069	2 952	9 655	6 285	12 073	10 090	2 027	1 631	(2 267)	(2 469)
Operating expenses excluding gains and losses on investments	37 974	30 807	11 592	10 566	1 570	1 284	2 328	2 080	2 419	2 321	8 666	5 674	11 739	9 788	1 873	1 475	(2 213)	(2 381)
Investment income	(83)	(77)													(83)	(77)		
Fair value gains investments	(190)	(49)													(190)	(49)		
Depreciation	1 539	1 495	500	464	572	490	181	173	205	295	62	50	34	32	9	9	(24)	(18)
Recoupments	(217)	(302)	(69)	(54)	(42)	(59)	(53)	(74)	(50)	(97)	(1)	(5)	(1)	(5)	(1)	(1)		(7)
Operating profit	3 523	2 873	698	600	469	525	243	263	495	433	928	566	301	275	419	274	(30)	(63)
Foreign exchange gains (losses)	7	(30)	3	(16)	(11)	(12)	10	(9)	2		4	7					(1)	
Fair value gains (losses) on foreign exchange derivatives	107	(82)	1		4	(8)	2				101	(74)					(1)	
Goodwill amortisation		(63)		(30)		(2)				(25)		(3)		(1)		(1)		(1)
Profit before net financing costs	3 637	2 698	702	554	462	503	255	254	497	408	1 033	496	301	274	419	273	(32)	(64)
Net financing costs	(586)	(478)	(92)	(105)	(165)	(156)	(152)	(125)	(27)	(38)	(43)	(83)	(31)	(31)	1		(77)	60
Income from associates and joint ventures	216	228	11	18	(1)		53	71	1	1	49	24	2	1			101	113
Profit before exceptional items	3 267	2 448	621	467	296	347	156	200	471	371	1 039	437	272	244	420	273	(8)	109
Geographic segmentation																		
Revenue	42 546	34 747	12 721	11 576	2 569	2 240	2 699	2 442	3 069	2 952	9 655	6 285	12 073	10 090	2 027	1 631	(2 267)	(2 469)
– South Africa	33 615	27 165	6 116	5 267	2 131	1 832	1 972	1 888	2 821	2 852	8 695	6 199	12 073	10 090	1 902	1 506	(2 095)	(2 469)
– Rest of Africa	726	889	182	393	180	185			152	100	162	86			125	125	(75)	
– Rest of World	8 205	6 693	6 423	5 916	258	223	727	554	96		798						(97)	
Operating profit	3 523	2 873	698	600	469	525	243	263	495	433	928	566	301	275	419	274	(30)	(63)
– South Africa	3 208	2 565	491	444	401	433	240	245	485	421	943	568	301	275	374	242	(27)	(63)
– Rest of Africa	105	135	11	23	45	69			10	12	(4)	(2)			45	32	(2)	1
– Rest of world	210	173	196	133	23	23	3	18			(11)						(1)	(1)
Net financing costs	586	478	92	105	165	156	152	125	27	38	43	83	31	31	(1)		77	(60)
– South Africa	553	444	85	94	144	134	153	123	30	42	33	81	31	31	(1)		78	(61)
– Rest of Africa	15	19	3	6	11	12			(2)	(2)	3	2						1
– Rest of world	18	15	4	5	10	10	(1)	2	(1)	(2)	7						(1)	
BALANCE SHEET																		
Business segmentation																		
ASSETS																		
Property, plant and equipment	2 760	2 311	1 050	969	114	93	128	107	181	181	639	459	451	323	91	83	106	96
Intangible assets (including Goodwill)	622	488	256	226	4	15	77	21	231	231	33		15	(2)	6	5		(8)
Investments, loans and associates	2 225	1 956	1	100			774	506	2	1	168	254	8	9	1 336	870	(64)	216
Leasing assets	5 818	4 785			3 119	2 468	2 479	2 185			227	139					(7)	(7)
Transport fleet	2 397	2 150	2 461	2 208													(64)	(58)
Vehicles for hire	790	734							793	740							(3)	(6)
Inventories	5 695	3 729	154	182	310	292	676	501	365	335	2 973	1 346	1 368	1 074			(151)	(1)
Trade and other receivables	6 164	4 769	2 990	2 544	338	341	325	476	297	250	1 171	600	478	387	664	626	(99)	(455)
Cash in financial services businesses	454	473													454	473		
Operating assets	26 925	21 395	6 912	6 229	3 885	3 209	4 459	3 796	1 869	1 738	5 211	2 798	2 320	1 791	2 551	2 057	(282)	(223)
Deferred tax assets	280	275																
Loans to associates and other investments	976	704																
Taxation in advance	128	98																
Cash and cash equivalents	589	788																
Total assets per balance sheet	28 898	23 260																
LIABILITIES																		
Insurance funds	978	833													978	833		
Retirement benefit obligations	162	178	162	178														
Accounts payable and provisions	7 783	5 561	2 432	2 349	540	457	513	404	501	461	2 380	1 082	1 050	709	616	514	(249)	(415)
Non-interest-bearing liabilities	8 923	6 572	2 594	2 527	540	457	513	404	501	461	2 380	1 082	1 050	709	1 594	1 347	(249)	(415)
Interest-bearing borrowings	7 562	6 576																
Treasury stock buy back liability	1 438																	
Deferred tax liabilities	885	630																
Current tax liabilities	636	422																
Total liabilities per balance sheet	19 444	14 200																
Geographic segmentation																		
OPERATING ASSETS	26 925	21 395	6 912	6 229	3 885	3 209	4 459	3 796	1 869	1 738	5 211	2 798	2 320	1 791	2 551	2 057	(282)	(223)
– South Africa	22 758	17 912	4 758	4 366	3 115	2 543	4 093	3 454	1 847	1 712	4 454	2 763	2 320	1 791	2 383	1 907	(212)	(624)
– Rest of Africa	566	552	122	213	269	190			22	26	57	35			168	150	(72)	(62)
– Rest of world	3 601	2 931	2 032	1 650	501	476	366	342			700						2	463
NON-INTEREST-BEARING LIABILITIES	8 923	6 572	2 594	2 527	540	457	513	404	501	461	2 380	1 082	1 050	709	1 594	1 347	(249)	(415)
– South Africa	7 591	5 390	1 713	1 572	439	353	383	388	454	449	2 243	1 066	1 050	709	1 519	1 268	(210)	(415)
– Rest of Africa	185	213	29	62	54	45			22	12	21	16			75	79	(16)	(1)
– Rest of world	1 147	969	852	893	47	59	130	16	25		116						(23)	1
INTEREST BEARING BORROWINGS	7 562	6 576	1 420	1 529	2 266	1 767	2 328	1 967	163	311	978	434	121	19		14	286	535
– South Africa	6 867	5 835	1 261	1 302	2 254	1 513	2 275	1 765	162	270	495	405	121	19		14	299	547
– Rest of Africa	(3)	217	8	69		90			1	41		29					(12)	(12)
– Rest of world	698	524	151	158	12	164	53	202			483						(1)	
GROSS CAPITAL EXPENDITURE	4 627	3 834	907	895	1 612	1 372	463	207	867	825	579	392	195	95	17	21	(13)	27
– South Africa	4 182	3 292	784	699	1 347	1 190	421	53	856	814	575	392	195	95	17	21	(13)	28
– Rest of Africa	201	126	39	55	148	60			11	11	3							
– Rest of world	244	416	84	141	117	122	42	154			1							(1)
Gross capital expenditure	4 627	3 834	907	895	1 612	1 372	463	207	867	825	579	392	195	95	17	21	(13)	27
Less: Proceeds on disposal	(1 813)	(1 962)	(303)	(224)	(450)	(597)	(77)	(142)	(659)	(620)	(283)	(334)	(35)	(25)	(3)	(7)	(3)	(13)
Net capital expenditure	2 814	1 872	604	671	1 162	775	386	65	208	205	296	58	160	70	14	14	(16)	14

Imperial Holdings Limited (Registration number 1946/021048/06) Share code: IPL ISIN code: ZAE 000067211

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EXECUTIVE DIRECTORS
WG Lynch (Irish), RJ Boëttger, MP de Canha, RL Hiemstra, AH Mahomed, GW Riemann (German), CE Scott

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This announcement is available on the Imperial Holdings website at http://www.imperial.co.za and on SENS