Imperial Holdings Limited Audited Preliminary Results

for the year ended 25 June 2006

Imperial Holdings

Driving entrepreneurial momentum

Headline earnings per share up 26.1% to 1 222.1 cents

Revenue up 27.0% to R54.1 billion

Operating profit up 31.4% to R4.5 billion

Free cash flow increased by 33% to R3.2 billion

Distribution to shareholders up 20% to 474 cents

Overview

Imperial had another outstanding year with headline earnings per share rising by 26.1% after a 25% increase last year, bringing the 19-year compound growth rate since listing to 29%. Revenue grew by 27.0% and operating profit by 31.4% with the operating margin increasing to 8.2% from 8.0%.

While strong growth was recorded in our motor vehicle distribution and retail operations and related financial services, our remaining mobility businesses also produced good results.

Business conditions were favourable but competitive in all areas of our business. Consumer demand for motor vehicles remained high with year-on-year growth in new vehicle sales of 22% during our financial period. This was buoyed by a growing consumer sector with real increases in salaries and wages amidst flat vehicle prices and low interest rates. Demand was driven by affordability, as well as growth in the urban middle class and the necessity for families to own a private motor vehicle due to an inadequate public transport system.

Consumer spending is showing signs of cooling down following recent increases in interest rates. Further rate increases are possible, but sales growth is expected to continue as the fundamental factors driving vehicle demand still remain firmly in place.

We have increased our exposure to the infrastructure building and resources sectors of the economy with the acquisition of the MCC group, which owns and operates 1 039 units of earthmoving equipment. This acquisition, which was effective from December 2005, has already made a positive contribution. In the current climate of growth in construction and strong global demand for commodities, we aim to increase our investment in this sector. Combining with our vehicle leasing, fleet management and logistics operations, we expect to benefit substantially from corporate and government spending patterns in South Africa over the next four years.

Further new growth initiatives were launched in all parts of the group this year, including the following acquisitions and new ventures:

- In the Logistics division, TFD Network Africa, a warehousing and distribution business, Transmart, a specialised courier business, Bongani Logistics, an empowerment logistics provider as well as the assets and long-term fuel distribution contracts of Bulktrans.
- Imperial Logistics International invested €3.8 million in trailer equipment and spent €5.7 million on the expansion and upgrading of the inland waterway fleet.
- In the Motor division, seven new car dealerships and three truck dealerships were added in South Africa, and four Nissan dealerships were acquired in Sweden. The division disposed of a dealership in East London to a black empowerment group.
- The acquisition of Beekman Canopies, a manufacturer and distributor of canopies for light commercial vehicles.
- Auto Pedigree in the Car Rental and Tourism division opened 5 used car dealerships.
- The acquisition of Safedrive, a group of 36 franchised vehicle testing stations in the Leasing and Fleet Management division.
- Tourvest acquired Cummings Travel, a travel agency in South Africa, as well as a number of tourist destination assets in South Africa which combine well with its inbound division. Outside South Africa, it acquired three businesses engaged in wildlife tourism in Botswana and Zambia, interests and agencies in the retail travel industry in Nigeria and Ghana, as well as a retail merchandising chain in the Caribbean. Certain of the international acquisitions are still subject to regulatory approval.
- In the United Kingdom, Imperial has acquired, a group of companies from RAC plc for a total consideration of approximately £50 million on a debt-free basis. The businesses include Lex Commercials, a dealer in DAF trucks and LDV vans, operating 22 dealerships and workshops, Lex Auto Logistics, based near Manchester, engaged in auto parts warehousing and distribution, Lex Fleetserve, a niche parts provider of supply chain services to selected user groups, and Lex Multipart Defence, a provider of outsourcing and warehousing services to the UK defence sector.
  The group had a combined turnover of approximately £300 million in its year to December 2005, and employs 1 340 people. The truck dealership group has been renamed Imperial Commercials and the parts logistics businesses trade under the name Multipart.
- Associated Motor Holdings in the Distributorships division opened 6 dealerships around the country. It was further awarded the Benzhou franchise, with a competitively priced Chinese motor cycle, and it opened its first Kawasaki retail outlet. Truck assembly capacity in the Distributorships division was increased from 1 600 to 3 000 units per annum. Four new service facilities were opened, the VDL Bus (powered by DAF) was launched and the division concluded distributorship agreements with King Long Bus and JAC Trucks from China.

Including acquisitions the group invested R1 214 million in real estate during the year, bringing our total investment in well-located commercial, industrial and office properties to R3.2 billion.

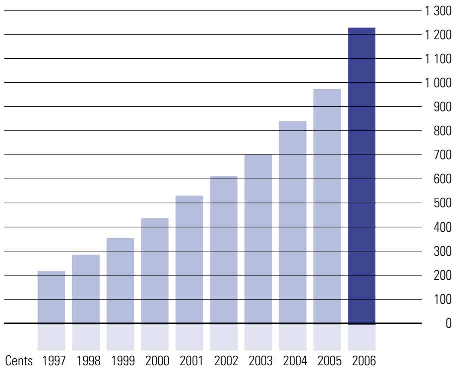
The value of the group's insurance investments inclusive of cash holdings, amounts to R2 474 million, of which R1 479 million is in listed South African and off-shore equities and bonds.

In total, Imperial's net capital expenditure for the year amounted to R3 766 million, of which R2 662 million was for expansion.

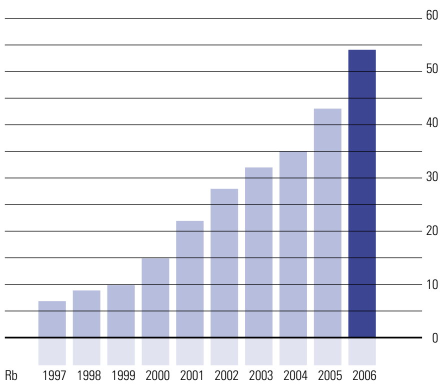
Locally the group retailed 102 170 new and 56 166 used vehicles, respectively 33% and 26% more than last year. In addition, it sold 25 285 new vehicles to outside dealers as a distributor, an increase of 93% over last year. The Australian, Swedish and UK operations sold 12 595 new and 4 605 used vehicles. In addition, sales by Imperial's associates, Renault and Tata, amounted to 36 353 units.

Prior to the year-end, the company concluded a forward purchase agreement to acquire Imperial shares. The company will take delivery of 4 961 389 shares during November 2006 for a total purchase consideration of R655 million. Various options are being considered for the funding of this amount, including the issue of non-redeemable preference shares.

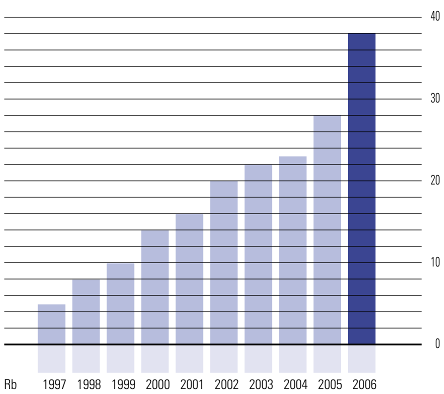
Headline earnings per share



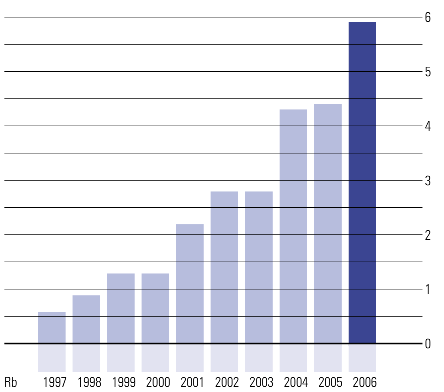
Revenue



Total assets



Pre-tax profits



Financial results

International Financial Reporting Standards (IFRS)

These are the group's first annual results reported under IFRS. The reduction in the opening equity for June 2005 was R1 040 million as detailed in the reconciliation of equity. The reduction in attributable profit for the year to June 2005 was R156 million of which R95 million is a once-off charge relating to the Lereko empowerment transaction. The net impact on equity for the year to June 2005 was R61 million as the R95 million for the Lereko transaction is credited to equity, being a share-based payment.

Review of group results

Income statement

Revenue increased by 27.0% to R54.1 billion against a background of little or no inflation in our high-turnover vehicle businesses. The operating margin improved from 8.0% to 8.2%. The main contributor to this increase was the Logistics division, internationally due to the sale of the low-margin clearing and forwarding business, JH Bachmann, and locally through increased operating efficiencies.

EBITDA, at R6 090 million, was 27.3% up, but after depreciation which increased by 17.4%, operating profit was 31.3% higher at R4 458 million. The foreign exchange loss of R138 million (R7 million gain last year) was substantially caused by the sharp drop in the Rand during May and June and related to the revaluation of supplier liabilities on imports. The positive fair value adjustments of R26 million (R107 million last year) were in respect of forward exchange contracts. A negative adjustment of R74 million was provided against the embedded derivative instrument relating to the Lereko Mobility transaction, caused by the increase in the Imperial share price during the financial year. During the second half, a positive adjustment of R9 million was recorded after a charge of R83 million in the first half.

The net interest charge amounted to R782 million, an increase of 33.4%, which is in line with the increase in interest-bearing debt.

Income from associates and joint ventures at R282 million was 51.6% higher, aided by a good performance from Imperial Bank. Exceptional items of R53 million were charged, relating mainly to impairments of goodwill compared to the R258 million gain last year, stemming mainly from the disposal of businesses.

The effective tax rate was 35.4%, compared to 33.8%. Contributing to the high tax rate, was the non-deductibility of R160 million in interest and related charges in respect of the Lereko BEE transaction, other non-deductible expenditure, the higher tax rates prevailing in our international businesses, STC and underprovisions in respect of prior years, as well as a charge of R36 million in respect of the non-deductibility of trademark write-offs in Tourvest. While this charge is taken to equity in Tourvest, it has to be charged against Imperial Holdings' income statement even though it is a pre-acquisition cost. The group also has a contingent liability in respect of an assessment for R382 million relating to an off-shore company. We do not believe this is a valid claim and will oppose the assessment.

Income attributable to minorities increased by 23.3%. The largest minority holdings are in Tourvest and Associated Motor Holdings.

Headline earnings at R2 291 million increased by 18%, but as a result of the lower number of shares in issue after the Lereko transaction (see below), headline earnings per share improved by 26.1%.

Accounting for the Lereko transaction

This transaction, in terms of which Lereko Mobility, 51% owned by a black consortium and 49% by Imperial, acquired 14.5 million Imperial shares from existing shareholders, is accounted for as a share buy-back. Due to the structure of the funding mechanism, Imperial consolidates Lereko Mobility and treats the full number of shares as treasury stock, thereby reducing the weighted average number of shares in issue by 14.5 million shares to 187.5 million. Against the reduced number of shares in issue, the full funding cost of the transaction, comprising preference dividends as well as interest and an equity-linked interest bonus on the Lereko debentures, is included as charges to the income statement. Provision for the equity-linked interest bonus amounted to R74 million, calculated as 25% of the amount by which the value of an Imperial share exceeds R145.25 in October 2010, multiplied by 14.5 million, being the number of Lereko debentures in issue. In determining this amount, the rise in the Imperial share price from R101.80 in June 2005 to R128.50 in June 2006 had a significant impact.

A once-off charge of R95 million on the Lereko transaction was absorbed in 2005 as a share-based payment in terms of IFRS. This positively impacted on the reported rate of growth in headline earnings per share for 2006.

As restated the return on equity was 25.6% compared to 23,0% last year.

Balance sheet and cash flow

Net interest-bearing debt at R9 069 million increased by R2 550 million over 2005. Some components of this increase are the following:

- Acquisitions of R771 million and their accompanying debt of R553 million.
- Expansion capital expenditure of R2 662 million, inter alia contributing to the 17% growth in our vehicle fleets from 46 348 to 54 104 units.
- Facilitating the Lereko transaction with R598 million.
- Funding the working capital requirements of the growth in revenue in our Distributorships division, which by its nature as an importer, distributor and dealer in motor vehicles has a long working capital cycle, as well as strong growth in revenue in the Dealerships division. Combined, these divisions had revenues of R31.0 billion compared to R21.7 billion in the previous period.
- The funding of the purchase of Imperial shares in terms of the Executive Share Purchase Scheme to the value of R454 million.
- Interest-bearing debt increased by R267 million being the value of cross-currency swaps on the Eurobond issues referred to below which cannot be set off against the matching asset for accounting purposes.

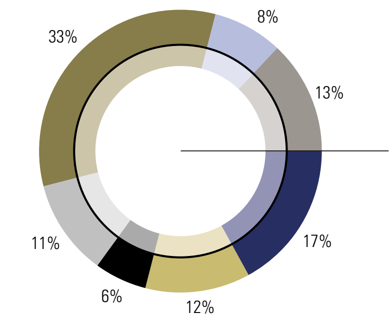
On 19 April, Imperial issued a 7-year bond of €300 million in Europe, partially to fund our off-shore operations. The portion which was repatriated to South Africa has been hedged against currency fluctuations.

Net debt/equity, on the basis that the equity settled debt of R794 million relating to the Lereko transaction is treated as equity is calculated at 78%, compared to 65% on a similar basis last year. If the equity settled debt were treated as debt, the ratio would be 91% (2005: 78%).

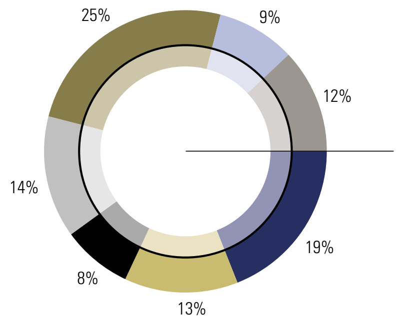
Imperial Capital raised R1 373 million of debt capital during the year, R1 billion by way of 4 year corporate paper and the balance in 90-day commercial paper. Its current equity, inclusive of subordinated interest bearing intercompany funding, amounts to R644 million. It has registered a R6 billion Domestic Medium-Term Note Programme with the Bond Exchange of South Africa to establish its long-term borrowing capacity. Imperial Capital obtained strong short and long-term credit ratings from Moody's, the long-term rating being one credit level higher than the wider group's main borrowing entity. Imperial Capital is a ring-fenced entity which owns fleet assets employed in the Car Rental, Logistics and Leasing divisions. R2.1 billion worth of these assets have thus far been transferred to Imperial Capital, giving this company a debt/equity ratio of 213%. When assessing the gearing in Imperial excluding Imperial Capital (on the basis of equity settled debt being treated as equity), the debt:equity ratio amounts to 70%. Asset growth in Imperial Capital will be phased towards owning most of the group's non-aviation revenue-earning fleets, which amounted to approximately R7.8 billion at June 2006. We are confident that this entity will gradually start to make a valuable contribution to the debt capital structure and borrowing costs of the group.

Cash flow from operating activities increased by 28.4% to R4 255 million. Whilst over 70% of cash utilised for investing activities was applied towards the expansion of the group, free cash flow generated increased by 33% to R3 151 million.

Divisional operating profit June 2006



Divisional operating profit June 2005



- Logistics
- Leasing and Fleet Management
- Aviation
- Car Rental and Tourism
- Distributorships
- Motor Vehicle Dealerships
- Insurance

Review of divisions

Logistics

Rm	2006	2005	% change
Revenue	**12 426**	12 721	(2)
Operating profit	**763**	664	15
Operating margin (%)	**6.1**	5.2	
Operating asset	**7 702**	7 016	9

The decline in turnover is attributable to the sale of JH Bachmann at the end of the previous financial year. The growth in margin and operating profit was highly satisfactory.

In Southern Africa, revenue grew by 15.1% to R7 252 million and the operating margin grew from 7.4% to 7.9%, despite intensified competition and higher fuel prices. This was achieved through volume increases on several fronts, buoyant consumer spending, labour stability and increased efficiencies. Higher margins were also earned from servicing larger segments of our customers' supply chains.

Outsourcing opportunities within the current customer base remain an important source of revenue and profit growth for the future.

In our European operations, we benefited from the trend towards global sourcing and integrated production systems where Imperial Logistics International has profound knowledge and experience in the automotive and steel industries. Adjusted for the sale of JH Bachmann, International Logistics was able to grow revenue by 8.6% and operating profit by 30.5%. All subdivisions experienced strongly increasing volumes. The rising fuel costs could generally be passed on to the clients.

While consumer spending growth may decline in South Africa, we expect to see further real growth in our customers' demand for logistics services from which we expect to benefit. Internationally, we are confident of further growth and profitability from continuing demand growth and increased efficiencies.

Leasing and Fleet Management

Rm	2006	2005	% change
Revenue	**3 028**	2 301	32
Operating profit	**540**	456	18
Operating margin (%)	**17.8**	19.8	
Operating asset	**5 171**	3 736	38

Market conditions for this division remained challenging, with low inflation, low interest rates and increased competition from vehicle manufacturers in certain of our core markets. Demand for fleet management outsourcing was also sluggish, but the diversity of the division and its new ventures ensured a very respectable performance.

Excluding the 1 039 new fleet units from the MCC acquisition, owned vehicles and forklifts in the division increased by 8.5% from 26 960 to 29 252, which represented good growth in market share.

The performance of our vehicle disposal retail chain, HyperCar, continued to disappoint due to an incorrect stock mix, softening residual values and inadequate gross margins. The business was restructured, branches and stock levels were reduced. We are confident that the remaining 17 outlets will turn to profitability in the new year.

The forklift business in Southern Africa delivered a fine performance, but the results from Impact Forklift in the UK were below expectation in a flat market. In South Africa, pricing was under pressure due to the strong Rand and price reductions limited revenue growth to 13% whilst record unit sales were achieved.

We are still supplying vehicles in terms of the RTG contract with certain national government departments under an extension of the contract that officially expired at the end of May 2005. We anticipate some further revenue in our 2006/2007 financial year in terms of this contract.

The unpaid debt of the National Prosecuting Authority remains unresolved. Legal action has been instituted and a positive outcome is anticipated.

The acquisition of a controlling interest in the MCC Plant Hire and Mining Contracting group has proven to be a good strategic fit with our business and has performed to expectation. We are pleased with the opportunities created by this acquisition to expand our exposure to significant infrastructure spending in both the public and private sectors in Sub-Saharan Africa in the foreseeable future.

We expect macro factors such as higher interest rates and vehicle prices to create new opportunities for us in fleet management and facilitate margin improvement. In addition, we will pursue further opportunities in South Africa and the rest of Africa in other mobility-related industrial, mining and construction equipment.

Aviation

Rm	2006	2005	% change
Revenue	**3 349**	2 699	24
Operating profit	**280**	265	6
Operating margin (%)	**8.4**	9.8	
Operating asset	**3 786**	3 304	15

Safair's results were negatively impacted by continued Rand strength throughout the year, with approximately 55% of revenue being dollar based, despite a significant depreciation in the Rand shortly before year-end. Perversely, the late Rand weakness negatively impacted SLF's results on the revaluation of foreign loans and related financial instruments. The total charge for the year in Safair Lease Finance relating to this change amounted to R42 million (2005: Loss of R2 million).

Safair's operational performance improved throughout the year, with improved service reliability in the locally operated fleet and the Hercules fleet. During the latter half of the year year eight B737-200 aircraft reached the end of their dry-lease period with SAA and were returned resulting in some financial pressure. Market conditions have been tough for the sale or lease of the aircraft. Three of these aircraft have been sold and 5 have been placed on short-term leases. Safair realised a profit on the sale aircraft amounting to R47 million (2005: R52 million), including the sale of a Hercules aircraft.

NAC again had outstanding sales, and has a good order book for the new year. However, margins have been under pressure due to the strength of the Rand. Poor trading conditions and increased maintenance costs in the contracts market negatively impacted results for both NAC and Naturelink, causing losses at the latter.

Cost-cutting measures and improved processes and procedures have resulted in a significant turnaround in the results of the Air Contractors group.

In the year ahead, Safair's fleet upgrading plan, aimed at disposing of older aircraft and replacing with fewer later-model aircraft on the back of long-term leases, will continue. Further trading in Hercules aircraft will also be pursued.

Contract changes, stabilisation and a fleet review will be the primary focus in NAC and Naturelink, which should result in a significant improvement in their results.

Car Rental and Tourism

Rm	2006	2005	% change
Revenue	**3 441**	3 128	10
Operating profit	**507**	496	2
Operating margin (%)	**14.7**	15.9	
Operating asset	**2 312**	1 864	24

Revenue growth in the car rental operation was satisfactory given extremely competitive market conditions in an environment where rates were reduced. Operating profit growth was impacted by a once-off R41 million reduction in depreciation last year to bring residual values more in line with disposal proceeds. This had the effect of reducing this year's operating income growth by 9%. Profits were further impacted by excessive accident costs and reduced profit margins on disposal of vehicles. However, through an increased market presence, Auto Pedigree performed well, increasing revenue and profits.

Our panelshops, which are expanding their capacity, significantly improved profitability through improved cost management. Imperial Chauffeur Drive improved revenue during the year and introduced a new brand focusing on the lower end of the market.

In the tourism market, trading conditions have been very difficult, with a strong Rand, exacerbated by the unacceptable level of crime. We will continue to expand existing markets and expand into markets in which we are not currently represented. We will also replace and reconfigure our coach fleet in readiness for expected turnaround in the tourism businesses, aided by an expected weaker Rand.

Tourvest, the listed 67%-held subsidiary, also suffered from Rand strength, but grew its headline earnings per share by 12%. Rationalisation in its inbound division and a good performance by the outbound and retail merchandising divisions supported the results. Profits from American Express foreign exchange were down as a result of a decline in inbound US$ volumes.

Distributorships

Rm	2006	2005	% change
Revenue	**16 009**	9 655	66
Operating profit	**1 503**	923	63
Operating margin (%)	**9.4**	9.6	
Operating asset	**9 029**	5 211	73

The division took advantage of favourable market conditions in the motor industry, benefiting from sales growth in passenger vehicles, light commercial vehicles, trucks, motorcycles and allied products. Profit margins were reduced marginally.

Significant investment was made in dealerships, warehousing, logistics, staff development and working capital to support the division's unique business model of combining the distribution function with retail dealerships. The division's financial services interests grew with the market and reached a level of maturity which increased profitability.

The truck distribution business had a good year, with strong growth in unit sales. We also benefited from strong growth in sales of motorbikes.

The nine Ford dealerships in Australia which were acquired late in the previous financial year made a loss and a restructuring of the business is under way.

The results of the newly acquired UK operations, which took effect from 1 April 2006, are reported in this division.

Lectrolite continued to deliver a steady performance.

Dealerships

Rm	2006	2005	% change
Revenue	**14 980**	12 073	24
Operating profit	**377**	301	25
Operating margin (%)	**2.5**	2.5	
Operating asset	**3 269**	2 320	41

This division, which represents all the local vehicle manufacturers as franchisees, had an excellent year, also benefiting from strong demand for vehicles. Despite high sales volumes, competition was tough, especially from directly imported models.

The net margin remained at 2.5% which is satisfactory in view of static prices and reducing gross margins on new vehicles amidst normal inflation pressure in our overhead base. At the same time, the used vehicle market was tough as a result of competition from entry-evel new vehicles. Income earned from the sale of financial and ancillary products improved to compensate for the above.

Our Daimler Chrysler SA franchises remained the largest contributor to the division's profits, but growth was limited due to a number of factors including substantial new investment in dealership facilities. This ongoing investment is expected to yield improved results in the future. All other franchises performed well with newer franchises like Honda beginning to contribute meaningfully.

We anticipate that the recent interest rate increases will cause revenue growth in the division to slow. However, the much larger car parque of vehicles up to four years old should benefit our service and parts businesses. We are also focusing on related accessories businesses, having acquired Beekman Canopies, effective from 1 June 2006. We also opened a Renault refurbishment centre in Boksburg which provides this service to Renault SA. More such opportunities are being sought.

Insurance

Rm	2006	2005	% change
Revenue	**2 622**	1 899	38
Operating profit	**589**	419	41
Operating margin (%)	**22.5**	22.1	
Operating asset	**3 742**	2 962	26

High activity levels in the motor retail businesses contributed to strong growth in premium income. Regent Insurance and Regent Life both gained market share and increased profitability over previous years. The highest growth in sales occurred from the group's motor retail operations, where financial services sales are strong and we enjoy a healthy share of the insurance market. The achievement of good insurance results can be attributed to sound underwriting and risk management processes.

Investment returns exceeded expectations, despite weakness in the equities markets in the last two months of the financial year. We were exposed to a relatively high equity content in our investment portfolios, which now stands at 59% of the total portfolio of R2 474 million including cash.

We expect that the National Credit Act, which will only begin to affect us late in our 2007 financial year, will restrict the use of single-premium business. This business comprises the majority share of credit life business conducted in the dealer-based market. We are prepared for the implementation of the changes brought about by the Act for the furtherance of consumer protection in the industry. As a specialist in the dealer-based market, we expect to gain long-term benefits from this important change in the industry.

Associates

Imperial Bank had an excellent year with our share of profit almost doubling to R179 million. The Bank took advantage of favourable market conditions including low interest rates and a benign credit environment.

Advances grew by 38% to R23.3 billion of which R14.6 billion is in motor finance. Costs were well contained at 34.7% of income.

The recent increases in interest rates are likely to slow down the growth in demand for motor vehicle finance. These rate increases are unlikely to have a significant impact on the other divisions of the bank where demand continues to be strong. In the second half of the year, bad debts were starting to reflect a more normalised pattern against the unsustainably favourable pattern of the first half. The interest rate increases are likely to re-enforce this trend.

Renault benefited from good marketing initiatives and increased its market share under very competitive conditions with an attractive product range.

The group's 50% share in Safair Lease Finance and the Air Contractors group contributed R47 million compared to R31 million last year.

Ukhamba continues to progress and contributed R19 million (2005: R10 million). The bulk of its contribution came from its 34% holding in Dawn Limited, but it has investments in 15 other entities, which made a positive contribution.

Black Economic Empowerment

Approximately 15 000 black staff members participate in the acquisition by Ukhamba Holdings of a 10.1% interest in Imperial. In terms of the scheme, a further 1 721 529 preferred ordinary shares have converted to ordinary shares, bringing the total Imperial ordinary shares held by Ukhamba to 3 461 530. Cash distributions on these shares are paid to Ukhamba shareholders and the beneficiaries.

Prospects

We feel positive about the coming year, despite the expected slowdown in consumer spending and its effects on vehicle sales growth. The group has an extensive exposure to the broader South African economy which is well positioned for sustainable growth. Whilst the group benefits from a healthy consumer-led upswing, it also benefits from different economic conditions which are beginning to emerge. A substantial portion of the group's debt carries fixed interest rates, and higher interest rates benefit our leasing operations. The residual values of our vehicle fleets are also better underpinned by a weaker Rand. A weaker Rand also provides strong impetus to our aviation and tourism operations.

Internationally, we are well positioned in a strengthening German economy, particularly driven by its steel exports to Asian economies and a relatively strong automotive sector.

Accordingly, we expect another good year of growth in earnings.

By order of the board

L Boyd Chairman
W G Lynch Chief executive
A H Mahomed Financial director

Capital distribution

Ordinary shareholders

Notice is hereby given that a capital distribution of 244 cents per ordinary share has been declared in terms of the general authority granted at the annual general meeting of shareholders held on 1 November 2005 and is payable to ordinary shareholders recorded in the registers of the company at the close of business on Friday, 29 September 2006. 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:

	2006
Last day to trade cum-capital distribution	Thursday, 21 September
Shares commence trading ex-capital distribution	Friday, 22 September
Record date	Friday, 29 September
Payment date	Monday, 2 October

Share certificates may not be dematerialised/ rematerialised from Friday, 22 September 2006 to Friday, 29 September 2006, both days inclusive.

On Monday, 2 October 2006, the capital distribution will be electronically transferred to the bank accounts of certificated shareholders who utilise this facility. In respect of those who do not, cheques dated 2 October 2006 will be posted on or around that date. Shareholders who have dematerialised their shares will have their accounts, held at their CSDP or Broker, credited on Monday, 2 October 2006.

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. The elections by emigrants for the above purpose must be made through the Authorised Dealer in foreign exchange controlling their blocked assets. Payments due to non-residents are freely transferable from the Republic.

Preferred ordinary shareholders (unlisted)

Notice is hereby further given that a capital distribution 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 Thursday, 28 September 2006.

On Friday, 29 September 2006 the capital distribution will be electronically transferred to the bank accounts of preferred ordinary shareholders.

On behalf of the board

RA Venter Group company secretary

29 August 2006

Condensed income statement

For the years ended 25 June	2006 Rm	Restated 2005 Rm	% change
Revenue	54 105	42 605	27
Profit from operations before depreciation and recoupments	6 090	4 784	
Depreciation and recoupments	(1 632)	(1 390)	
Operating profit	4 458	3 394	31
Foreign exchange (losses) gains	(138)	7	
Fair value gains on foreign exchange derivatives	26	107	
Fair value losses on embedded financial instruments	(74)		
Profit before net financing costs	4 272	3 508	22
Finance costs including fair value gains and losses on borrowings and interest swaps	(884)	(647)	
Finance income	102	61	
Income from associates and joint ventures	282	186	
Profit before exceptional items	3 772	3 108	21
Exceptional items	(53)	258	
Profit before taxation	3 719	3 366	10
Income tax expense	1 234	989	
Profit after taxation	2 485	2 377	5
Attributable to:			
Equity holders of Imperial Holdings Limited	2 247	2 184	
Minority interest	238	193	
Net attributable profit for the year	2 485	2 377	5
	Cents	Cents	
Earnings per share*			
– Basic	1 198.1	1 089.8	10
– Diluted	1 125.8	1 022.2	10
Additional information			
Headline earnings per share*			
– Basic	1 222.1	968.8	26
– Diluted	1 148.3	908.8	26
Earnings per share reconciliation*			
Headline earnings per share	1 222.1	968.8	
Impairment of property, plant and equipment	(4.2)		
Profit on sale of property, plant and equipment	5.5	2.6	
Exceptional items	(25.3)	118.4	
Basic earnings per share	1 198.1	1 089.8	
*Based on the weighted average number of shares in issue for the year			
Net asset value per share (cents)	5 380	4 244	
Number of shares (million)			
– in issue	187.6	185.9	
– weighted average	187.5	200.4	

Financing	Rm	Rm
Interest paid	914	616
Capitalised to property, plant and equipment	(4)	(1)
Foreign exchange loss on monetary items	284	
Fair value (gains) losses on borrowings and interest swaps	(310)	32
	884	647
Finance income	(102)	(61)
Exceptional items		
Impairment of goodwill	(43)	(67)
(Loss) profit on disposal of investments subsidiaries, associates and joint ventures	(10)	344
Loss on closure of business		(19)
	(53)	258

Accounting policies / Basis of preparation

First-time adoption of International Financial Reporting Standards (IFRS)

This preliminary audited financial information has been prepared in accordance with IAS 34 – Interim Financial Reporting, and with IFRS 1, First-time Adoption of IFRS. Imperial's date of transition to IFRS is 26 June 2004. At this date, the group prepared its opening balance sheet under IFRS. IFRS has been applied consistently to all periods presented on a retrospective basis, except for certain exceptions and exemptions, as prescribed by IFRS1.

Please refer to the reconciliations contained in this report for an analysis of how the transition to IFRS affected equity, the balance sheet and attributable profit of the group. Except for minor re-classifications between working capital movements and leasing assets in line with IFRS balance sheet reclassifications, Imperial's cash flow statement is unaffected by IFRS.

These preliminary audited results are a summary of the group's unqualified audited financial statements.

Revenue restatement

In line with SAICA Circular 9/2006 (Discounts, rebates and extended payment terms) the basis for determining revenue in our Car Rental and Tourism division has been revised. Comparatives have been restated accordingly.

Audit report

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

Condensed balance sheet

	2006 Rm	Restated 2005 Rm
ASSETS		
Intangible assets	945	622
Investments in associates and joint ventures	1 602	1 415
Property, plant and equipment	4 231	2 781
Transport fleet	2 570	2 449
Leasing assets	6 443	5 074
Vehicles for hire	896	790
Deferred tax assets	426	339
Other investments and loans	2 208	1 284
Other non-current financial assets	718	412
Inventories	7 535	5 586
Taxation in advance	108	128
Trade and other receivables	8 248	5 752
Cash and cash equivalents	1 630	1 043
Total assets	37 560	27 675
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital and premium	1 762	1 929
Shares repurchased and consolidated shares	(2 497)	(1 760)
Other reserves	1 272	476
Retained earnings	9 465	7 245
Attributable to Imperial Holdings' shareholders	10 002	7 890
Minority interest	785	466
Total shareholders' equity	10 787	8 356
Liabilities		
Equity-settled interest-bearing borrowings	794	
Retirement benefit obligations	218	190
Interest-bearing borrowings	6 783	2 629
Liabilities under insurance contracts	1 331	978
Deferred tax liabilities	941	695
Other non-current financial liabilities	127	
Provisions for liabilities and other charges	925	707
Trade and other payables	10 620	7 113
Current tax liabilities	1 118	636
Current portion of interest-bearing borrowings	3 916	4 933
Treasury stock buy-back liability		1 438
Total liabilities	26 773	19 319
Total equity and liabilities	37 560	27 675

Supplementary information	2006 Rm	Restated 2005 Rm
Investments in associates and joint ventures		
– At carrying value	1 029	870
– Loans	573	545
	1 602	1 415
Other investments and loans		
– Listed, at market value	1 479	1 121
– Unlisted, at fair value	171	91
– Loans receivable	558	72
	2 208	1 284
Capital commitments	1 038	658
Contingent liabilities	810	627
Lease commitments	2 444	1 990

Condensed cash flow statement

For the years ended 25 June	2006 Rm	Restated 2005 Rm
Cash flows from operating activities		
Cash generated by operations before changes in working capital	5 889	4 906
Net working capital movements	(255)	(442)
Cash generated by operations	5 634	4 464
Net financing costs	(782)	(586)
	4 852	3 878
Taxation paid	(597)	(565)
Net cash flows from operating activities	4 255	3 313
Cash flows from investing activities		
Net acquisition of subsidiaries and businesses	(755)	3
Expansion capital expenditure	(2 662)	(1 944)
Net replacement capital expenditure	(1 104)	(935)
Investments, equities and loans	(321)	(68)
Net cash flows from investing activities	(4 842)	(2 944)
Cash flows from financing activities		
Cash flow from financing activities	3 809	(601)
Purchase of treasury stock	(1 539)	(70)
Dividends paid	(138)	(66)
Capital distribution	(846)	(699)
Net cash flows from financing activities	1 286	(1 436)
Net increase (decrease) in cash and cash equivalents	699	(1 067)

Reconciling SA GAAP to IFRS

	June 2005 Rm	June 2004 Rm
EQUITY		
As previously reported under SA GAAP	9 454	9 077
Adjusted as follows:		
IAS 16 – Property, plant and equipment	(961)	(925)
IAS 17 – Leases	(78)	(65)
IAS 18 – Revenue	(43)	(30)
IAS 19 – Employee Benefits	(19)	(20)
Minority interest in the above	3	4
Stated under IFRS	8 356	8 041
BALANCE SHEET		
Assets		
As previously reported under SA GAAP	28 898	
Adjusted as follows:		
Investments in associates and joint ventures	(502)	
Property, plant and equipment	21	
Transport fleet	52	
Leasing assets	(744)	
Deferred taxation	59	
Inventories	(109)	
Stated under IFRS	27 675	
Liabilities		
As previously reported under SA GAAP	19 444	
Adjusted as follows:		
Retirement benefit obligations	28	
Deferred tax liabilities	(190)	
Other liabilities	37	
Stated under IFRS	19 319	
NET ATTRIBUTABLE PROFIT		
As previously reported under SA GAAP	2 340	
Adjusted as follows:		
Operating expenses	(79)	
Depreciation and recoupments	(50)	
Income from associates and joint ventures	(30)	
Exceptional items	(3)	
Deferred tax assets	5	
Minority interest	1	
Stated under IFRS	2 184	

Condensed statement of changes in equity

For the years ended 25 June	Share capital and premium	Share repurchases/ consolidated shares	Other reserves	Retained earnings	Minority interest	Total
Balance at 26 June 2004 - restated to IFRS	2 637	(947)	39	5 866	446	8 041
Net gains arising on translation of foreign operations not recognised in the income statement			83		4	87
Net attributable profit for the year				2 184	193	2 377
Net disposal of minority interest					(111)	(111)
Share of reserves of associates and joint ventures			150	(150)		
Contingency reserve created in terms of the Insurance Act			29	(29)		
Movement in hedge accounting reserve			80			80
Cancellation of 14 532 422 treasury shares	(1)	627		(626)		
Issue of 1 268 400 ordinary shares	60					60
Purchase of 14 533 096 ordinary shares in terms of scheme of arrangement		(1 438)				(1 438)
Purchase of 911 169 ordinary shares		(70)				(70)
Movement in share based payment reserve			95			95
Capital distribution of 175 cents per ordinary share in October 2004	(383)	34				(349)
Capital distribution of 175 cents per ordinary share in March 2005	(384)	34				(350)
Minority share of dividends					(66)	(66)
Balance at 25 June 2005 - restated to IFRS	1 929	(1 760)	476	7 245	466	8 356
Prospective adjustment to minority interest					(1)	(1)
Net gains arising on translation of foreign operations not recognised in the income statement			261		18	279
Net attributable profit for the year				2 247	238	2 485
Net acquisition of minority interest					128	128
Contingency reserve created in terms of the Insurance Act			57	(57)		
Release of distributable reserves of associates and joint ventures to retained earnings			(34)	34		
Movement in hedge accounting reserve			535		74	609
Realised gain on the sale of subsidiary			4	(4)		
Recognition of share based payments			(27)			(27)
Issue of 761 500 ordinary shares	39					39
Issue of 14 516 617 preferred ordinary shares	806	(802)				4
Purchase of 772 116 ordinary shares		(101)				(101)
Capital distribution of 220 cents per ordinary share in October 2005	(456)	43				(413)
Capital distribution of 230 cents per ordinary share in April 2006	(478)	45				(433)
Capital distribution of 267.5 cents per preferred ordinary share in September 2005	(39)	39				
Capital distribution of 267.5 cents per preferred ordinary share in March 2006	(39)	39				
Minority share of dividends					(138)	(138)
Balance at 25 June 2006	1 762	(2 497)	1 272	9 465	785	10 787

Segment information – Income statement

For the years ended 25 June	Group 2006 Rm	Group 2005 Rm	Logistics 2006 Rm	Logistics 2005 Rm	Leasing and Fleet Management 2006 Rm	Leasing and Fleet Management 2005 Rm	Aviation 2006 Rm	Aviation 2005 Rm	Car Rental and Tourism 2006 Rm	Car Rental and Tourism 2005 Rm	Distributorships 2006 Rm	Distributorships 2005 Rm	Motor Vehicle Dealerships 2006 Rm	Motor Vehicle Dealerships 2005 Rm	Insurance 2006 Rm	Insurance 2005 Rm	Head Office and Eliminations 2006 Rm	Head Office and Eliminations 2005 Rm
BUSINESS SEGMENTATION																		
Revenue																		
– Sales of goods	32 438	22 657	684	626	688	543	1 279	769	1 491	1 323	14 756	8 603	13 540	10 793				
– Rendering of services	19 160	18 181	11 486	11 676	2 305	1 712	2 065	1 878	1 767	1 645	741	607	720	550	31	20	45	93
– Gross premiums received	2 442	1 709													2 442	1 709		
– Other	65	58	60	58			2	1				(1)	1		2			
	54 105	42 605	12 230	12 360	2 993	2 255	3 346	2 648	3 258	2 968	15 497	9 209	14 261	11 343	2 475	1 729	45	93
Inter-segment revenue*			196	361	35	46	3	51	183	160	512	446	719	730	147	170	(1 795)	(1 964)
	54 105	42 605	12 426	12 721	3 028	2 301	3 349	2 699	3 441	3 128	16 009	9 655	14 980	12 073	2 622	1 899	(1 750)	(1 871)
Operating expenses excluding gains and losses on investments	48 393	38 094	11 211	11 589	1 805	1 317	2 900	2 284	2 720	2 479	14 402	8 671	14 563	11 739	2 409	1 745	(1 617)	(1 730)
Investment income	(105)	(83)													(105)	(83)		
Fair value gains on investments	(273)	(190)													(273)	(190)		
Depreciation	1 792	1 562	483	493	720	570	209	203	255	203	106	62	39	34	11	9	(31)	(12)
Recoupments	(160)	(172)	(31)	(25)	(37)	(42)	(40)	(53)	(41)	(50)	(2)	(1)	1	(1)	(9)	(1)	(1)	1
Operating profit	4 458	3 394	763	664	540	456	280	265	507	496	1 503	923	377	301	589	419	(101)	(130)
Foreign exchange (losses) gains	(138)	7		3	(34)	(11)	13	10		2	(113)	4					(4)	(1)
Fair value gains (losses) on foreign exchange derivatives	26	107	(1)	1	28	4	1	2			(3)	101					1	(1)
Fair value gains (losses) on embedded financial instrument (Lereko Mobility)	(74)																(74)	
Profit before net financing costs	4 272	3 508	762	668	534	449	294	277	507	498	1 387	1 028	377	301	589	419	(178)	(132)
Net financing costs	(782)	(586)	(76)	(92)	(196)	(165)	(169)	(152)	(46)	(27)	(113)	(43)	(63)	(31)	3	1	(122)	(77)
Income from associates and joint ventures	282	186	2	11		(1)	49	31		1	33	49		2			198	93
Profit before exceptional items	3 772	3 108	688	587	338	283	174	156	461	472	1 307	1 034	314	272	592	420	(102)	(116)
GEOGRAPHIC SEGMENTATION																		
Revenue	54 105	42 605	12 426	12 721	3 028	2 301	3 349	2 699	3 441	3 128	16 009	9 655	14 980	12 073	2 622	1 899	(1 750)	(1 871)
– South Africa	43 068	33 674	7 014	6 116	2 482	1 901	2 496	1 972	3 161	2 880	12 393	8 695	14 748	12 073	2 387	1 774	(1 613)	(1 737)
– Rest of Africa	1 017	726	238	182	275	142			158	152	185	162			235	125	(74)	(37)
– Rest of world	10 020	8 205	5 174	6 423	271	258	853	727	122	96	3 431	798	232				(63)	(97)
Operating profit	4 458	3 394	763	664	540	456	280	265	507	496	1 503	923	377	301	589	419	(101)	(130)
– South Africa	4 089	3 079	540	457	461	388	264	262	475	486	1 542	938	375	301	521	374	(89)	(127)
– Rest of Africa	165	105	33	10	56	45			25	10	(3)	(4)			68	45	(14)	(1)
– Rest of world	204	210	190	197	23	23	16	3	7		(36)	(11)	2				2	(2)
Net financing costs	782	586	76	92	196	165	169	152	46	27	113	43	63	31	(3)	(1)	122	77
– South Africa	732	553	89	85	170	144	158	153	48	30	91	33	62	31	(3)	(1)	117	78
– Rest of Africa	24	15	4	3	19	11			(2)	(2)	4	3					(1)	
– Rest of world	26	18	(17)	4	7	10	11	(1)		(1)	18	7	1				6	(1)

* Inter-segment revenue has been restated for 2005 for the Leasing and Fleet Management and Insurance divisions, to eliminate revenue within the segment which was previously eliminated at group level.

Segment information – Balance sheet

	Group 2006 Rm	Group 2005 Rm	Logistics 2006 Rm	Logistics 2005 Rm	Leasing and Fleet Management 2006 Rm	Leasing and Fleet Management 2005 Rm	Aviation 2006 Rm	Aviation 2005 Rm	Car Rental and Tourism 2006 Rm	Car Rental and Tourism 2005 Rm	Distributorships 2006 Rm	Distributorships 2005 Rm	Motor Vehicle Dealerships 2006 Rm	Motor Vehicle Dealerships 2005 Rm	Insurance 2006 Rm	Insurance 2005 Rm	Head Office and Eliminations 2006 Rm	Head Office and Eliminations 2005 Rm
BUSINESS SEGMENTATION																		
Assets																		
Intangible assets (inc goodwill)	945	622	342	256	57	4	118	77	308	231	28	33	84	15	8	6		
Investments, loans and associates	2 679	1 723	14	1	11		404	308	2	2	333	168	12	8	1 742	1 336	161	(100)
Property, plant and equipment	4 231	2 781	1 325	1 075	193	114	129	128	228	176	1 386	639	740	451	83	91	147	107
Transport fleet	2 570	2 449	2 663	2 540													(93)	(91)
Leasing assets	6 443	5 074			3 986	2 970	2 060	1 898			420	227					(23)	(21)
Vehicles for hire	896	790							896	793								(3)
Other non-current financial assets	718	412						1							451	411	267	
Inventories	7 535	5 586	177	154	293	310	624	567	425	365	4 371	2 973	1 780	1 368			(135)	(151)
Trade and other receivables	8 248	5 752	3 181	2 990	631	338	451	325	453	297	2 491	1 171	653	478	726	664	(338)	(511)
Cash in financial services businesses	732	454													732	454		
Operating assets	34 997	25 643	7 702	7 016	5 171	3 736	3 786	3 304	2 312	1 864	9 029	5 211	3 269	2 320	3 742	2 962	(14)	(770)
Deferred tax assets	426	339																
Loans to associates and other investments	1 131	976																
Taxation in advance	108	128																
Cash and cash equivalents	898	589																
Total assets per balance sheet	37 560	27 675																
Liabilities																		
Retirement benefit obligations	218	190	218	190														
Liabilities under insurance contracts	1 331	978													1 331	978		
Accounts payable and provisions	11 545	7 820	2 787	2 458	907	540	606	513	718	501	3 538	2 391	1 538	1 050	949	616	502	(249)
Other non-current financial liabilities	127																127	
Non-interest-bearing liabilities	13 221	8 988	3 005	2 648	907	540	606	513	718	501	3 538	2 391	1 538	1 050	2 280	1 594	629	(249)
Equity-settled interest-bearing borrowings	794																	
Interest-bearing borrowings	10 699	7 562																
Treasury stock buy-back liability		1 438																
Deferred tax liabilities	941	695																
Current tax liabilities	1 118	636																
Total liabilities per balance sheet	26 773	19 319																
GEOGRAPHIC SEGMENTATION																		
Operating assets	34 997	25 643	7 702	7 016	5 171	3 736	3 786	3 304	2 312	1 864	9 029	5 211	3 269	2 320	3 742	2 962	(14)	(770)
– South Africa	27 892	21 476	5 217	4 851	4 343	3 002	3 030	2 938	2 236	1 842	6 719	4 454	3 181	2 320	3 418	2 794	(252)	(725)
– Rest of Africa	913	566	149	115	354	269			54	22	69	57			324	168	(37)	(65)
– Rest of world	6 192	3 601	2 336	2 050	474	465	756	366	22		2 241	700	88				275	20
Non-interest-bearing liabilities	13 221	8 988	3 005	2 648	907	540	606	513	718	501	3 538	2 391	1 538	1 050	2 280	1 594	629	(249)
– South Africa	9 943	7 656	1 921	1 714	766	439	176	383	708	454	2 882	2 254	1 482	1 050	1 967	1 519	41	(157)
– Rest of Africa	474	185	43	29	90	54			10	22	19	21			313	75	(1)	(16)
– Rest of world	2 804	1 147	1 041	905	51	47	430	130		25	637	116	56				589	(76)
Interest-bearing borrowings	10 699	7 562	1 322	1 420	2 870	2 266	2 310	2 328	304	163	2 012	978	393	121		1	1 488	285
– South Africa	7 368	6 371	964	822	2 497	1 783	2 056	2 162	342	99	1 046	439	393	121		1	70	944
– Rest of Africa	33	273	9	61	49	145			(36)	12	(1)	56					12	(1)
– Rest of world	3 298	918	349	537	324	338	254	166	(2)	52	967	483					1 406	(658)
Gross capital expenditure	6 164	4 627	1 210	907	1 837	1 612	520	463	1 048	867	1 127	579	406	195	20	17	(4)	(13)
– South Africa	5 514	4 182	1 000	784	1 562	1 347	481	421	1 030	856	1 012	575	406	195	19	17	4	(13)
– Rest of Africa	139	201	40	39	87	148			18	11	2	3			1		(9)	
– Rest of world	511	244	170	84	188	117	39	42			113	1					1	
Gross capital expenditure	6 164	4 627	1 210	907	1 837	1 612	520	463	1 048	867	1 127	579	406	195	20	17	(4)	(13)
Less: Proceeds on disposal	2 398	(1 813)	(318)	(303)	(627)	(450)	(214)	(77)	(680)	(659)	(441)	(283)	(92)	(35)	(25)	(3)	(1)	(3)
Net capital expenditure	3 766	2 814	892	604	1 210	1 162	306	386	368	208	686	296	314	160	(5)	14	(5)	(16)

"Imperial Holdings had an outstanding year during which the group's 19-year record of uninterrupted growth since listing was extended with headline earnings per share growth of 29%"

Non-executive directors
L Boyd (chairman), PL Erasmus, P Langeni, MJ Leeming, JR McAlpine, VJ Mokoena, PS Molefe, MV Moosa, CE Scott, M Sisulu, RJA Sparks, A Tugendhaft, Y Waja

Executive directors
WG Lynch (Irish), RJ Boëttger, HR Brody, MP de Canha, RL Hiemstra, WS Hill, AH Mahomed, GW Riemann (German)

Company secretary
RA Venter

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70 Marshall Street, Johannesburg, 2001

Sponsor
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Imperial Holdings

The results announcement is available for viewing on the Imperial Holdings website:
http://www.imperial.co.za
and on SENS

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