IMPERIAL™

FAST MOVING FORWARD THINKING

Imperial Holdings Limited

Unaudited interim results for the six months ended 31 December 2013

Look at life in kilometres

Logistics | Automotive Distribution & Retail | Car Rental | Financial Services

Highlights and key data

Revenue **13%** higher at R51 357 million

Operating profit improved **8%** to R3 166 million

HEPS flat at **831** cents per share

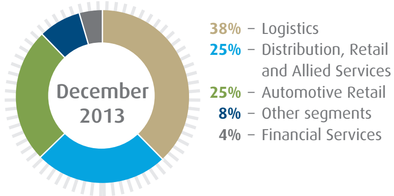
Core EPS up **7%** to 937 cents per share

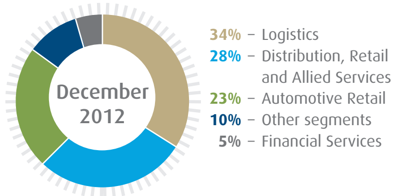
Diluted core EPS up **10%** to 915 cents per share

Interim dividend up **5%** to 400 cents per share

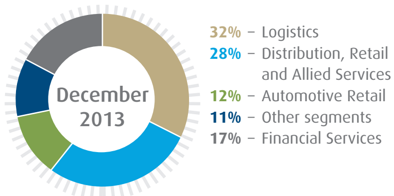
Return on equity of **21%**

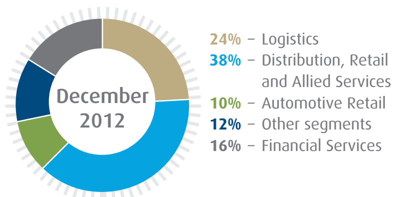
Divisional revenue



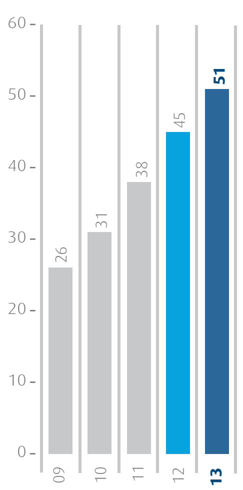


Divisional operating profit

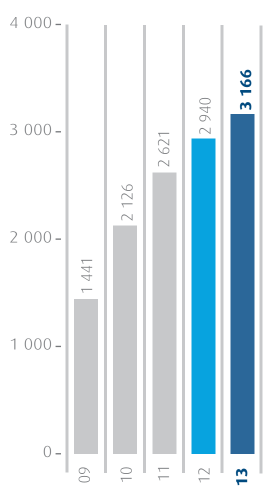




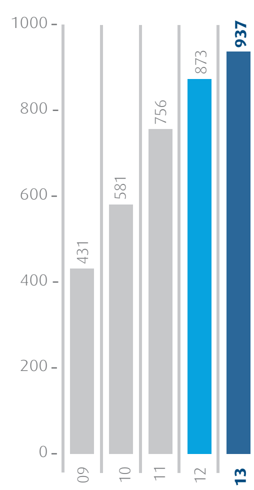
Revenue
(R billion)



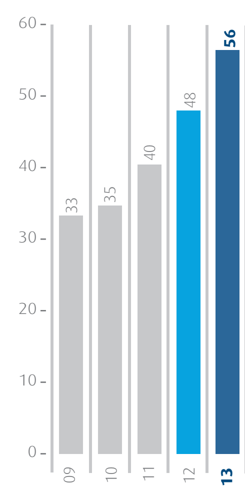
Operating profit
(R million)



Core earnings per share
(cents)



Total assets
(R billion)



Overview of results

Imperial produced a good first half performance in its 2014 financial year. The portfolio of businesses within the group proved to be resilient and performed according to expectations amid challenging trading conditions in South Africa and Europe.

Revenue was 13% higher at R51,4 billion and operating profit increased by 8% to R3,2 billion. The annualised return on average equity of the group was 21% and the balance sheet remains healthy with a net debt to equity ratio (excluding preference shares) of 62%.

Diluted core EPS was up by 10% to 915 cents per share. HEPS growth is lower than core earnings per share growth mainly due to the R70 million once-off impact of the charge for amending the conversion profile of the deferred ordinary shares issued to Ukhamba and the amortisation of intangible assets arising on business combinations.

Operating profit from foreign operations has grown to R712 million, and now comprises 22% of group operating profit, while foreign turnover of R16,7 billion has increased from 29% to 33% of group turnover. Operating profit derived from African operations outside of South Africa increased by 31% to R240 million.

In line with our strategy of focusing on our core industries namely, logistics, distribution of products, automotive retailing and financial services, the group clusters its businesses into three main pillars as follows:

R million	**H1 2014**	H1 2013	% change
Logistics			
Revenue	**20 005**	15 888	26
Operating profit	**1 062**	708	50
Operating margin (%)	**5,3**	4,5	
Automotive and Industrial			
Revenue	**30 897**	28 693	8
Operating profit	**1 674**	1 798	(7)
Operating margin (%)	**5,4**	6,3	
Financial Services			
Revenue	**2 055**	2 165	(5)
Operating profit	**543**	491	11
Operating margin (%)	**26,4**	22,7	

Performance of the various divisions within each pillar is outlined below:

Logistics

The Logistics pillar produced an excellent first half result with revenue and operating profit growth of 26% and 50% respectively.

Despite a sluggish South African economy, the Africa Logistics division performed well. The benefits of the rationalisation which was completed in the second half of the prior financial year, contract gains and recent acquisitions contributed to the strong performance. The comparative period also includes the negative impact of the transport workers' strike in South Africa.

The logistics businesses in the rest of Africa, including CIC (involved in the distribution of FMCG products) and Imperial Health Sciences (providing logistics services to the pharmaceutical and consumer health industries), had an excellent six months increasing the operating profit from the rest of the African continent by 54%. The minority interest in MDS contributed to earnings growth.

The International Logistics division performed satisfactorily in an environment where activity levels in some of its core markets were under pressure and was assisted by the translation effects of a weaker Rand.

Automotive and Industrial

The Automotive and Industrial pillar performed satisfactorily under challenging trading conditions. Revenue in this pillar was up 8% and operating profit reduced by 7%. This pillar houses the following divisions:

Distribution, Retail and Allied Services – is involved in importation, distribution and retail activities for vehicles and industrial products, and includes six dealerships in Australia.

Overview of results continued

Automotive Retail – includes the dealership franchisee activities on behalf of locally based OEMs, Beekman Canopies, Jurgens Caravans and the 32 truck and van dealerships in the United Kingdom.

Other Segments – includes the other motor vehicle value chain activities being Autoparts and Car Rental. The Tourism business and NAC (both recently disposed of) were included in this segment until the date of their disposals.

The Distribution, Retail and Allied Services division faced difficult trading conditions and was under pressure during the period. A significant weakening in the currency, a slowdown in passenger car sales and a more competitive market impacted on volumes and margins during the period. Revenue was up 3% and operating profit was down 19%.

The Automotive Retail division, which represents products of locally based OEMs and is therefore not involved in the importation of vehicles, had an excellent six months, with revenue and operating profit up 20% and 26% respectively. This division benefited from its strong commercial vehicle operations and from Orwell in the UK, which was acquired in the second half of the prior year.

The Autoparts business, which forms a valuable part of our motor value chain, includes Midas, Alert Engine Parts, Turbo Exchange and Afintapart. Midas and Alert Engine Parts performed satisfactorily in a competitive and mature market. Revenue and operating profit were up 9% and 8% respectively.

The Car Rental business continues to face tough trading conditions. Revenue days declined by 5% as a result of a strategy to improve the overall mix in the business, while revenue per day increased by 4%. Utilisation was slightly down compared to the prior period and the average fleet size was 3% lower, which assisted the returns achieved by the business. Auto Pedigree had an excellent six months, as management actions to improve unit sales continue to deliver the desired results. The panelshop business was negatively influenced by strike action. Revenue and operating profit were up 9% and 8%.

Financial Services

The Financial Services pillar delivered a good result, achieving operating profit growth of 11%.

Due to the exit from certain non-performing classes of business, revenue in the Insurance division reduced by 10%. The underwriting margin improved from 7,2% to 9,2%. This performance was good considering the tough underwriting conditions experienced by the industry during the period. Investment income was higher than in the prior period, due to equity markets being more favourable. The life assurance unit continues to perform well.

Operating profit from other financial services, which is mainly represented by LiquidCapital grew by 7%. Growth was negatively impacted by more conservative impairment provisions in the vehicle financing joint ventures in line with expectations and current market conditions.

Group

The group operating margin reduced from 6,5% to 6,2%. This was mainly caused by the reduced margins experienced in the Automotive and Industrial pillar. The Distribution, Retail and Allied Services division achieved an operating margin of 7,0% against 8,8% in the prior period. This decline was caused by lower volume throughput and the weakening of the Rand in a softening new car market that is more competitive. The Automotive Retail division improved its margin to 2,9%. The margin in the Logistics pillar improved strongly from 4,5% to 5,3%. This was primarily due to an excellent performance in the Africa Logistics division. The comparative period includes the negative impact of the transport workers' strike in South Africa. Operating margins in the International Logistics division increased from 4,3% to 4,6% in Euros.

In aggregate, the group's operating profit grew by 8% and diluted core earnings per share (diluted core EPS) increased by 10%. In the prior years, the deferred ordinary shares owned by Ukhamba Holdings were included in diluted earnings per share but excluded from the basic earnings per share computations. The conversion terms of the deferred ordinary shares are now fixed over the next 12 years with no variations. These shares are therefore now included in the basic earnings per share computations, but not in the comparative period. As a result, diluted core earnings per share, and not basic core earnings per share is comparable with the prior period.

Basic and diluted core EPS are calculated by eliminating the after tax effects of the amortisation of intangible assets arising on business combinations, the charge for amending the conversion profile of the deferred ordinary shares issued to Ukhamba and the once-off impact of the future obligations of an onerous contract in International Logistics.

Net finance costs increased by 16% to R420 million on higher debt levels. Despite the higher net finance costs, interest covered by operating profit remains healthy at 7,5 times (2012: 8,1 times).

Income from associates contributed R18 million (2012: R3 million). Mix Telematics, in which Imperial holds a 25% interest performed well and contributed R13 million. MDS Logistics, a Nigerian logistics business in which the group recently acquired a 49% shareholding, is performing in line with expectations and contributed R11 million for the period.

The group benefited from a lower effective tax rate of 26,5% compared to 28,3% in the prior period. This was mainly due to CGT on Regent's investment portfolios and the sale of the tourism business, which is at a lower rate than normal tax and a reversal of a prior year over provision of R29 million.

Share of earnings attributable to minorities reduced from R208 million to R197 million. This was mainly due to lower profits from the Distribution, Retail and Allied Services division, where the most significant minorities participate in the group's profits.

The table below summarises the reconciliation from attributable earnings to headline and core earnings:

R million	% change	December 2013	December 2012
Earnings attributable to Imperial shareholders	10	**1 734**	1 580
Profit on disposal of assets		**(73)**	(28)
Exceptional items		**(87)**	9
Realised gain on disposal of available-for-sale investments			(10)
Remeasurement included in associates and JVs		**9**	12
Tax effects of remeasurements		**21**	28
Other		**1**	6
Headline earnings	1	**1 605**	1 597
Amortisation of intangibles		**147**	110
Business acquisition costs		**8**	5
Future obligations under an onerous contract		**29**	
Charge for amending conversion profile of deferred ordinary shares		**70**	
Other adjustments		**2**	
Tax effects		**(51)**	(34)
Core Earnings	8	**1 810**	1 678

Financial position

Total assets increased by 17% to R56 billion (2012: R48 billion) due to acquisitions, translation effects of a weaker Rand, organic growth and expansion of existing businesses.

Intangible assets rose to R5,7 billion from R4,4 billion mainly as a result of the acquisitions of RTT (now Imperial Health Sciences), Renault SA, Orwell in the UK, as well as translation effects of a weaker Rand.

Property, plant and equipment increased to R10 billion (2012: R8,5 billion) as we invested in our businesses to maintain current levels of activity and expanded where necessary, and due to translation effects of a weaker Rand.

Investment in associates increased to R1,2 billion (2012: R902 million) mainly due to the acquisition of 49% of MDS Logistics, a Nigerian logistics business, providing integrated supply chain and logistics solutions. This increase was offset by Renault SA, which ceased being an associate with the acquisition of a further 11% equity to make it a subsidiary of the group.

Net working capital increased by 47% from the prior period due to acquisitions, foreign exchange translation differences and a more normalised inventory position in the Automotive Retail, and Distribution, Retail and Allied Services divisions compared to the prior period. Due to supply disruptions experienced by our principals in Korea, our inventory levels were low at the end of December 2012. We are now adequately stocked in both the Automotive Retail and Distribution, Retail and Allied Services divisions. As a result, our net working capital turn on a 12-month rolling basis reduced to 12,0 times from 15,7 times in the prior period.

Shareholders' equity increased due to higher retained income and the weakening of the Rand which resulted in gains on the foreign currency translation reserve of R419 million accounted for in the statement of comprehensive income.

Overview of results continued

Net debt to equity (excluding preference shares) at 62% was higher than the prior period (52%). This was mainly due to acquisitions, expansion of the existing businesses and a higher level of working capital when compared to the prior period. Translation of our foreign debt due to a weaker Rand also impacted on our debt level at year end. The current net debt level still leaves significant room for further expansion of the group.

A new seven-year floating rate bond (IPL 8) amounting to R1,5 billion was issued in South Africa during the period to refinance shorter-term debt. As a result, the maturity profile on our outstanding debt was lengthened and it provides us with more flexibility and capacity in our shorter term facilities. The group's liquidity position is strong with R3,2 billion in unutilised facilities (excluding asset-based finance facilities).

New business written by the Financial Services pillar resulted in insurance, investment, maintenance and warranty contracts growing to R4,1 billion, up 14% from the prior period (2012: R3,6 billion).

Cash flow

Cash generated by operations before capital expenditure on rental assets was 25% lower than the prior period, at R2,1 billion. After financing costs, tax payments and capital expenditure on rental assets, net cash flow from operating activities decreased to R587 million, down R514 million when compared to the prior period. This was mainly due to a higher absorption of cash by working capital, as our inventory position in the Distribution, Retail and Allied Services divisions increased to normalised levels. Capital expenditure on rental assets was lower than in the corresponding period.

Net replacement and expansion capital expenditure excluding car rental vehicles, was 47% higher than the prior period. The majority of capital expenditure was invested in the Logistics businesses to fund expansion and replacement of the respective fleets and expansion of facilities.

Under financing activities, a new bond amounting to R1,5 billion was issued and dividends paid increased by 20% to R1,1 billion.

Business conditions in Imperial's markets

The new passenger vehicle market faced difficult trading conditions during the period, with the market in South Africa slightly down year on year for the six months. Inflationary pressures as a result of a weakening currency, the high base, lack of economic and employment growth all presented headwinds for the new car market. Industrial action in South Africa during the period also impacted volumes. The used car market improved during the period as a result of new vehicle price inflation. The medium and heavy commercial vehicle market performed well showing growth of 16% year on year.

Within the Africa Logistics division, trading conditions in the South African market remain challenging. The manufacturing sectors of the South African economy struggled to gain momentum and many segments of the retail sector experienced little or no growth. As a result, volumes remained subdued.

The consumer market across many other African countries continued to grow with the emerging middle class, particularly in those sectors in which our African logistics businesses have chosen to focus, namely FMCG, pharmaceuticals and general merchandise products.

In Germany, we experienced tough market conditions, especially in December. The steel industry remains depressed and activity levels across our core markets, including shipping and chemicals were under pressure. We benefited from German exports into markets outside Europe.

Competitive trading conditions persisted in the car rental market which has seen rental rates remain under pressure. The autoparts industry remains competitive but stable.

Insurance underwriting conditions in the short-term industry continued to be challenging particularly due to hailstorms across Gauteng. The termination of certain loss-making books of business, however, contributed positively, resulting in our underwriting margins improving when compared to the prior period. Equity markets were favourable and investment returns higher.

Vehicle sales

In South Africa, the group sold 61 010 new vehicles, in line with the prior period and 34 038 used vehicles, an increase of 4%. The total national vehicle market was flat year on year for the six-month period to December 2013, according to NAAMSA.

The Australian and United Kingdom operations sold 5 490 new vehicles, which was in line with the prior period and 2 059 used vehicles, which was 7% lower.

Acquisitions and disposals during the period

Acquisitions

Renault

Imperial acquired a further 11% shareholding in Renault SA, thereby increasing our shareholding from 49% to 60%.

Ecohealth

During February, Imperial entered into an agreement, in terms of which it will acquire a 53% interest in a company called Ecohealth Limited, for a cash consideration of USD74 million. The acquisition is funded from Euro debt at a fixed interest rate of 2,4% p.a. Ecohealth is a leading distributor of pharmaceutical products (Ethical, Generics and Over the Counter (OTC)) in Nigeria. Based in Lagos, Nigeria, the company also has operations in Ghana and Dubai. The company partners with leading pharmaceutical companies to distribute, sell and market their products and has long-standing contracts with multinational pharmaceutical manufacturers.

Ecohealth has an annual turnover of approximately USD180 million. The company has a strong management team and sound organisational structures appropriate to pharmaceutical distribution. It distributes a significant proportion of the pharmaceuticals consumed throughout Nigeria, with a meaningful market share of the ethicals (branded products) market. It has an excellent distribution network supplying pharmaceutical products to 4 200 hospitals, 8 000 pharmacies and 2 000 clinics.

The transaction is in line with Imperial's growth ambitions into the rest of Africa, i.e. focused on distribution of consumer goods and pharmaceutical products. It also complements Imperial's recent acquisitions of 100% of RTT Health Sciences (now Imperial Health Sciences) and 49% of MDS Logistics both of which have expertise in warehousing and logistics solutions in the pharmaceutical industry. Ecohealth adds sales and marketing capabilities to Imperial's service offering and will enable Imperial to offer an end-to-end capability to our customers in Nigeria's fast-growing pharmaceutical sector. In 2012 pharmaceutical expenditure in Nigeria amounted to USD951 million and is forecast to grow at approximately 15% per annum over the next five years.

Through this transaction, Imperial has also secured a specialist management team which strengthens and complements the group's existing skills set in the logistics industry in Nigeria.

Subsequent to the transaction the shareholding of Ecohealth will be:
- Imperial Holdings 53%
- Chanrai Summit Limited (including key management) 32%
- IFHA 15% (Private Equity Fund)

The vendor has provided warranties which are customary for a transaction of this nature. The transaction includes put and call arrangements relating to the transfer of the remaining shares in the company over an extended period to the Imperial Group.

There are certain customary outstanding conditions precedent which are normal for an acquisition and the transaction will be effective once these conditions have been fulfilled.

Disposals

Tourism

The group continues to focus on the strategic fit and returns of its businesses. As a result, the Tourism division, which had become sub-scale in the context of the group, was sold to Cullinan Holdings Limited. The purchase price was settled by the issue of 81 818 181 shares in Cullinan Holdings, resulting in Imperial holding a 10% share of the JSE-listed Cullinan Holdings.

Divisional reports

Logistics

Africa Logistics

R million	H1 2014	H1 2013	% change	H2 2013	% change on H2 2013
Revenue	**10 895**	8 677	25,6	9 341	16,6
Operating profit	**650**	400	62,5	520	25,0
Operating margin %	**6,0**	4,6		5,6	

The division had an excellent six months, delivering strong revenue growth and a much improved operating margin. Contract gains, the benefits of the rationalisation which was completed in the second half of the prior financial year and recent acquisitions contributed to the strong performance. The comparative period also includes the negative impact of the transport workers strike in South Africa.

The Transport and Warehousing business, which services the manufacturing, mining, commodities and construction industries performed well, despite trading in a difficult economic environment. The business benefited from restructuring initiatives and delivered growth through contract gains and operational efficiencies.

The Bulk Commodity services business performed well. The newly acquired KWS Carriers is performing in line with expectations. KWS is a managed logistics business focused on the movement of bulk commodities from source to the end-users and ports utilising mainly dedicated contracted vehicles.

The Specialised Freight business experienced volume pressure and a tough competitive environment especially in chemicals and food products. Despite this, better margins were achieved due to the benefits of the rationalisation process.

The Consumer Logistics business performed well but the market remains depressed by lackluster volume growth, mainly in our manufacturing client base. The business realised benefits from the consolidation of retail logistics operations, including the successful integration of the FMCG businesses acquired from RTT (now Imperial Health Sciences). Significant new contracts were gained and the business continues to grow market share.

The Cold Chain continues to impact divisional growth and margins negatively as difficult trading conditions persist. This business is being streamlined.

The Rest of Africa business delivered strong growth during the period. Turnover and operating profit grew by 23% and 54% respectively. The distributorship business continues to perform well as it adds new principles and benefits from the fast-growing consumer demand in Africa. The rest of Africa component of the new Imperial Health Sciences business saw excellent volume growth and performed ahead of expectations. MDS Logistics Nigeria, the recently acquired associate, made a positive contribution to earnings, in line with expectations. The acquisition gives us a full distribution capability and footprint in the FMCG, pharmaceutical and telecommunications industries in Nigeria. With the Ecohealth acquisition we will be able to offer an end-to-end capability for our customers in Nigeria's fast-growing pharmaceutical sector.

Within the Integration Services business, Imperial Air Cargo experienced poor volumes in a challenging environment. The professional services businesses were consolidated, establishing a strong base for growth. New contract gains will contribute towards expansion of capabilities.

We incurred gross capital expenditure of R706 million (2012: R579 million), up 22%, which was used to fund expansion and replacement of fleet and expansion of facilities.

International Logistics

€ million	H1 2014	H1 2013	% change	H2 2013	% change on H2 2013
Revenue	**675**	669	0,9	694	(2,7)
Operating profit	**31**	29	6,9	37	(16,2)
Operating margin %	**4,6**	4,3		5,3	

R million	H1 2014	H1 2013	% change	H2 2013	% change on H2 2013
Revenue	**9 110**	7 211	26,3	8 363	8,9
Operating profit	**412**	308	33,8	454	(9,3)
Operating margin %	**4,5**	4,3		5,4	

The International Logistics division performed satisfactorily in an environment where activity levels in some of its core markets were under pressure. The translation effects of a weaker Rand exchange rate assisted the growth in Rands.

The Shipping division performed satisfactorily despite difficult trading conditions where volumes and freight rates were under pressure, especially in December. In line with our strategy of cautiously entering new markets, we have secured a long-term contract to transport iron ore from Brazil to Argentina along the Rio Parana River. The contract commenced in February 2014, and when fully operational will utilise two convoys of 12 barges each, including some vessels redeployed from Europe. We have entered this market as a first step to expanding in a region with excellent growth prospects. Our expertise as the leading inland shipping company in Europe will stand us in good stead.

Lehnkering, which houses all our non-shipping chemical industry logistics activities, including warehousing, road transport and chemical manufacturing services, performed satisfactorily considering that the first half is a seasonally low activity period.

Panopa, which provides parts distribution and in-plant logistics services to automotive, machinery and steel manufacturers, had a challenging first half. Volumes in the steel industry remain under pressure and activity levels in the automotive and spare parts markets were subdued in a competitive environment.

Neska, the terminal operator, had a difficult six months. Activity levels at terminals, especially in paper and containers were under pressure. Its performance was also affected by the container terminal in Krefeld, which remains underutilised.

Gross capital expenditure of R673 million (2012: R150 million) was incurred, which is significantly higher than the prior year. This is mainly due to the expansion of Lehnkering and the investment in a number of inland and coastal shipping projects, which included barges acquired from a subcontractor to secure additional business and optimise the use of the fleet. The weaker Rand exchange rate also contributed to the increase.

Divisional reports continued

Automotive and Industrial

The Automotive and Industrial pillar as described above houses the group's distribution and retail activities named Distribution, Retail and Allied Services; the Automotive Retail division; and the Other Segments division. Other Segments includes Autoparts, Car Rental, Tourism and NAC.

Distribution, Retail and Allied Services

R million	H1 2014	H1 2013	% change	H2 2013	% change on H2 2013
Revenue	**13 378**	13 028	2,7	12 654	5,7
Operating profit	**934**	1 150	(18,8)	1 078	(13,4)
Operating margin %	**7,0**	8,8		8,5	

The Distribution, Retail and Allied Services division faced difficult trading conditions and was under pressure during the period. A significant weakening in the currency, a slowdown in vehicle sales and a more competitive market impacted on volumes and margins during the period.

Excluding the Australian operation, new vehicle registrations as reported to NAAMSA by Associated Motor Holdings (AMH), Amalgamated Automobile Distributors (AAD), TATA, Mitsubishi and Renault (December 2013 only) were 4% lower, compared to a flat market. Growth was experienced in used car sales and annuity revenue streams generated from after-sales parts and service. Revenue from rendering of services was up 14% for the year. The growing vehicle parc of our imported brands is securing good levels of after-market activity for its dealerships.

Renault became a subsidiary of this division with effect from 1 December 2013.

In Australia, both new and used retail unit sales were significantly down on the prior period. Volumes in Australia continue to be negatively affected by the initiative to change our mix to retail from car rental vehicle sales.

The Goscor Group had an excellent first half, showing strong operating profit growth compared to the prior period. The Bobcat business experienced some pressure, in both equipment sales and rental income, while E-Z-GO was in line with the prior period.

Businesses that augment and are allied to our motor-related activities, which include Car Find, Bid 4 Cars, Graffiti and Datadot performed in line with expectations.

Automotive Retail

R million	H1 2014	H1 2013	% change	H2 2013	% change on H2 2013
Revenue	**13 108**	10 926	20,0	11 776	11,3
Operating profit	**377**	299	26,1	352	7,1
Operating margin %	**2,9**	2,7		3,0	

The division had an excellent first half and produced strong growth in both revenue and operating profit. In South Africa, passenger car volumes were subdued and performed in line with the market. Industrial action during the period also impacted on volumes. Passenger car revenue grew on the back of an improved sales mix and new car price inflation. Commercial vehicle unit sales were strong and achieved 22% volume growth year on year. Used vehicle sales also improved compared to the prior period.

In the UK, the division continues to perform well and good growth in unit sales was achieved. The recently acquired Orwell is performing in line with expectations. The translation effects of a weaker Rand exchange rate assisted the growth in Rand.

After-sales services showed good growth despite the negative effects of the industrial strike action, which impacted parts supply and delivery. Turnover from our vehicle service operations was 18% up. Parts revenue grew on the back of price and volume increases. The significant increase in new car sales over the last few years bodes well for the future after-sales parts and services revenue for the division.

Beekman Canopies performed satisfactorily and achieved strong growth in turnover and unit sales, while margins were impacted by higher input costs. Jurgens Ci was negatively impacted by industrial action and production halted for three weeks in September. Jurgens Australia volumes continue to improve, which has a positive effect on production, which is done in South Africa.

Car Rental

R million	**H1 2014**	H1 2013	% change	H2 2013	% change on H2 2013
Revenue	**1 867**	1 706	9,4	1 902	(1,8)
Operating profit	**206**	191	7,9	214	(3,7)
Operating margin %	**11,0**	11,2		11,3	

Trading conditions in the Car Rental business remain tough. Revenue in the core Car Rental business was flat as revenue days declined 5% and revenue per day increased by 4%. Revenue days declined mainly as a result of a strategy to improve the overall mix in business. Utilisation was slightly down on the prior period and the average fleet size was 3% lower, which assisted the returns achieved by the business.

Retail unit sales at Auto Pedigree were significantly higher and the business improved its performance significantly from the prior period.

The panel business was affected in the last quarter by strike action. This had a negative impact on the business in the second quarter, resulting in an unsatisfactory performance for the first half.

Autoparts

R million	**H1 2014**	H1 2013	% change	H2 2013	% change on H2 2013
Revenue	**2 466**	2 264	8,9	2 209	11,6
Operating profit	**156**	144	8,3	149	4,7
Operating margin %	**6,3**	6,4		6,7	

The Autoparts business, which forms a valuable part of our motor value chain, includes Midas, Alert Engine Parts, Turbo Exchange and Afintapart. Midas and Alert Engine Parts performed satisfactorily in a competitive and mature market. Price increases as a result of the weakening in the currency assisted turnover growth.

Turbo Exchange continues to be impacted by pricing pressures as a result of strong competition. The recently acquired Afintapart SA (Pty) Limited, a commercial vehicle parts distributor, is performing in line with expectations.

Geribran, a 30% held associate in Zimbabwe performed satisfactorily and NGK, a 25% held associate performed well and showed good growth.

Divisional reports continued

Financial Services

R million	H2 2014	H1 2013	% change	H2 2013	% change on H2 2013
Insurance					
Revenue	**1 492**	1 659	(10,1)	1 628	(8,4)
Operating profit	**306**	270	13,3	240	27,5
Adjusted investment income	**168**	151	11,3	100	68,0
Adjusted underwriting result	**138**	119	16,0	140	(1,4)
Operating margin %	**20,5**	16,3		14,7	
Net underwriting margin %	**9,2**	7,2		8,6	
Other financial services					
Revenue	**563**	506	11,3	445	26,5
Operating profit	**237**	221	7,2	214	10,7
Operating margin %	**42,1**	43,7		48,1	
Total financial services					
Revenue	**2 055**	2 165	(5,1)	2 073	(0,9)
Operating profit	**543**	491	10,6	454	19,6
Operating margin %	**26,4**	22,7		21,9	

Note: *The adjusted underwriting result in the above table reflects a reallocation of policyholder investment returns from investment income to the underwriting result.*

The Financial Services pillar performed well and showed good growth at the operating profit level.

Insurance

The insurance underwriting performance was much improved, and despite tough underwriting conditions in the motor comprehensive and commercial vehicle classes, it was up 16% on the prior period. As part of its strategy to focus on its core markets and distribution channels, Regent exited certain non-performing classes of business, which had not been generating adequate returns for some time. These had a significant negative impact on underwriting performance in prior years. As result, revenue reduced by 10% when compared to the prior period.

Regent's other significant product lines in the short-term insurance business performed solidly.

Regent Life performed well, with gross written premiums up 11%. Botswana and Lesotho continue to contribute meaningfully to the division.

Investment returns were higher than the prior period as a result of favourable equity markets.

Other Financial Services

The business performed satisfactorily as growth in operating profit was negatively impacted by more conservative impairment provisions on vehicle financing joint ventures in line with expectations and current market conditions. The advances book generated through these joint ventures has however grown encouragingly, as have the funds held under service and maintenance plans, warranties and roadside assistance. This provides a valuable annuity earnings underpin to our future profits. Volumes in Imperial Fleet Management continue improving as we gain new contracts.

Skills development and Corporate Social Investment

Ukhamba

Ukhamba Holdings (Pty) Limited, our BEE partner that owns an effective 10,1% shareholding in Imperial, decided to facilitate the trading of its shares on an Over the Counter Platform (OTC) to allow our employees and beneficiaries in Ukhamba to monetise their value in Ukhamba. In order to facilitate this, Imperial shareholders agreed to alter the conversion profile of the deferred ordinary shares to equal predetermined conversions over 12 years. The estimated shareholder cost of the conversion was R70 million. As a result, 15 575 previously disadvantaged individuals who have been invested in Ukhamba for approximately nine years are now able to realise value by selling Ukhamba shares, via the OTC platform, to qualifying 100% black-owned entities or black individuals. Trading started on 15 November 2013.

Building a robust internal skills pipeline

We recognise that skilled people offer the business a powerful competitive advantage, particularly in a global environment of critical skills shortages, and skills development is therefore a key business driver across Imperial's many diverse operations. We continue to invest in artisan and technician training and up skilling management to build a robust pipeline of talent and skills and in this respect we closely cooperate with the Department of Higher Education in the national government.

Investing in education

The development of a sustainable skills pipeline in South Africa requires investment in the education of the next generation.

To assist in achieving this objective, Imperial Holdings together with its empowerment partner Ukhamba, has made a strategic investment in the upliftment of education facilities and teaching in ten schools in the greater Gauteng area. We touch the lives of 10 000 previously disadvantaged children via this programme.

Leading corporate citizenship initiatives

Imperial also places strategic emphasis on establishing itself as a leading corporate citizen. A good example of this is in Imperial Health Sciences, where we uplift the communities we interact with daily, through Unjani Clinic-in-a-Box. The main aim of the Unjani project is to provide access to affordable primary healthcare in low-income communities.

The IMPERIAL I-Pledge road safety campaign has recorded 165 000 pledges from individuals in South Africa, pledging to improve their driving behaviour.

We also recognise the clear business case for responsible environmental stewardship, and continually seek ways to reduce our carbon footprint and consumption of scarce natural resources.

Strategic intentions

Our overarching strategic objective is to drive improving returns on capital, as this is the ultimate generator of value for our shareholders. To deliver on this objective, the group is continuously seeking capital-efficient growth opportunities in and adjacent to existing industries and geographies. In this respect the group's recent entry into the South American inland shipping market is significant as are the recent acquisitions of logistics and distribution businesses in the rest of Africa.

Imperial's deep involvement in virtually all aspects of the automotive value chain provides us with a competitive advantage in this market, while generating the cash needed to grow our operations in other areas that offer good growth prospects and which will maximise returns to our shareholders.

Our strategy is therefore centred on generating cash in the automotive business to grow the logistics operations, while still continually pursuing opportunities to enrich our involvement in the automotive value chain.

Ordinary dividend

An interim dividend of 400 cents per share (2012: 380 cents per share) has been declared.

Prospects

Imperial's balance sheet remains strong despite significant organic and acquisitive growth, and share buy-backs in the recent past. As a result, the group is well positioned to take advantage of organic growth and acquisition opportunities as they arise.

In South Africa, we expect trading conditions in the logistics industry to remain challenging, driven by a sluggish economy. The division recently underwent a strategic consolidation process, which positions it well to be more competitive and cost-effective in a tough market. Further benefits from this process will be realised in the second half of the 2014 financial year. The fundamentals of the logistics industry are good and given Imperial's infrastructure, network and expertise, it is ideally positioned to capitalise on these growth opportunities and gain more business in South Africa.

Prospects in the rest of Africa are good, and our expansion into the continent will continue to gain momentum, especially in consumer markets. Our integrated capabilities in logistics, distributorships and marketing, provide the ideal platform to take advantage of growth opportunities in these markets.

In Imperial Logistics International, activity levels have normalised from the slowdown in December and the business remains well positioned in attractive niches in the German logistics industry. We have cautiously entered the South American inland shipping market, which offers the group excellent growth prospects and where our expertise as the leading inland shipping company in Europe will stand us in good stead.

We will continue to follow our customers who are entering new markets and acquisitions will also be a growth driver.

We anticipate trading conditions in the new motor vehicle market to be tougher. Reduced disposable income, interest rate increases, a significantly weaker currency and the high base created by strong volume growth over the past four years all present headwinds affecting margins and growth. While our inventory position has improved, we expect the market to be more competitive as market conditions become more challenging. As a result of new vehicle price increases, the used car market should improve further and after-sales parts and service revenues will continue benefiting from the increase in the installed base of vehicles, especially in the brands we represent exclusively. We also expect to benefit from our strong position in the commercial vehicle market.

Conditions in the Car Rental business are expected to remain competitive. Auto Pedigree should continue benefiting from the improving used car market.

The Autoparts business is not affected directly by new vehicle sales and despite an increasingly competitive market we should continue to perform solidly as initiatives to expand its product range and geographic footprint bear fruit.

Regent will focus on improving its underwriting result, which will be supported by the business' recent exit from underperforming businesses. Our investment portfolio will continue to be prudently managed and while we cannot predict the performance of investment markets and our investment returns, we expect that our underwriting performance will improve for the 2014 financial year.

The growth in the underlying books of business in LiquidCapital will be impacted by slower growth in the new vehicle market. However, its financial performance will be underpinned by the strong annuity revenue streams that flow from the installed base of business it has generated in the last few years.

Overall, given current market conditions, it will be difficult to achieve growth in the 2014 financial year as we expect our vehicle distribution activities to be under continued pressure in the second half of the financial year, while the remainder of our Automotive value chain together with Financial Services is expected to be robust and our Logistics pillar is expected to perform well.

Appointment of the CEO

The board recently announced that Mr Mark James Lamberti, BCom, MBA, PPL (Harvard), has been appointed as chief executive officer of Imperial, succeeding Mr Hubert Brody with effect from 1 March 2014. The appointment was made after an extensive search during which a number of external and internal candidates were considered.

Mark was appointed managing director of the Makro chain in 1988 and founded Massmart in 1990. He was appointed executive chairman of Massmart in 1996 and as CEO and deputy chairman in 2003. He relinquished his executive position to become non-executive chairman in 2007. He is a former director of Wooltru, Primedia, Datatec and Altron. Mark currently also serves as non-executive chairman of Transaction Capital where he recently stepped down as the CEO after serving in that position for five years.

Mark will in due course relinquish his appointments on the boards of other listed companies and we are confident that his experience, exceptional leadership skills and expertise will benefit Imperial and its stakeholders.

Hubert Brody will remain on the board of Imperial as a non-executive director. Hubert joined the group in 2000, was appointed to the Imperial board in 2006 and as the CEO of the group in June 2007. He has made a significant contribution to the group and was instrumental in positioning Imperial with a clear strategy, a strong balance sheet as well as an established and experienced leadership team. The board wishes to express its gratitude to Hubert for his devotion and commitment during his tenure as CEO.

By order of the board

TS Gcabashe
Chairman

HR Brody
Chief executive

OS Arbee
Financial director

Declaration of preference and ordinary dividends for the half year ended 31 December 2013

Ordinary shareholders

Notice is hereby given that a gross interim ordinary dividend in the amount of 400 cents per ordinary share has been declared payable to holders of ordinary shares. The dividend will be paid out of income reserves.

The ordinary dividend will be subject to a local dividend tax rate of 15%. The total STC credits utilised for the ordinary dividend amounted to R13 020 772,94. The number of ordinary shares in issue at the date of the declaration was 209 956 092 and consequently the STC credits utilised amounted 6,20166 cents per share. The net ordinary dividend, to those shareholders who are not exempt from paying dividend tax, is therefore 340,93025 cents per share.

Preference shareholders

A further notice is hereby given that a gross final preference dividend of 351,58562 cents per preference share has been declared payable, by the Board of Imperial, to holders of non-redeemable, non-participating preference shares. The dividend will be paid out of income reserves.

The preference dividend will be subject to a local dividend tax rate of 15%. No STC credits will be utilised for the preference dividend. The net preference dividend, to those shareholders who are not exempt from paying dividend tax, is therefore 298,84778 cents per share.

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

	2014
Last day for preference shares and ordinary shares respectively to trade cum-preference dividend and cum-ordinary dividend	**Thursday, 20 March**
Preference and ordinary shares commence trading ex-preference dividend and ex-ordinary dividend respectively	**Monday, 24 March**
Record date	**Friday, 28 March**
Payment date	**Monday, 31 March**

The company's income tax number is 9825178719.

Share certificates may not be dematerialised/rematerialised between Thursday, 20 March 2014 and Friday, 28 March 2014, both days inclusive.

On Monday, 31 March 2014, amounts due in respect of the preference dividend and the ordinary dividend will be electronically transferred to the bank accounts of certificated shareholders that utilise this facility. In respect of those who do not, cheques dated 31 March 2014 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, 31 March 2014.

RA Venter
Group company secretary

26 February 2014

Condensed consolidated statement of profit or loss

	% change	Unaudited Six months ended 31 December 2013 Rm	Restated Six months ended 31 December 2012* Rm	Restated Financial year ended 30 June 2013* Rm
Revenue	13	**51 357**	45 262	92 382
Net operating expenses		**(47 136)**	(41 309)	(84 222)
Profit from operations before depreciation and recoupments		**4 221**	3 953	8 160
Depreciation, amortisation, impairments and recoupments		**(1 055)**	(1 013)	(2 070)
Operating profit	8	**3 166**	2 940	6 090
Recoupments from sale of properties, net of impairments		**39**	19	8
Amortisation of intangible assets arising on business combinations		**(147)**	(110)	(254)
Net cost of meeting obligations under onerous contract		**(29)**		
Foreign exchange gains and losses		**28**	47	103
Fair value gains and losses on foreign exchange derivatives		**(44)**	(42)	(79)
Charge for amending the conversion profile of the deferred ordinary shares		**(70)**		
Remeasurement of contingent considerations				66
Realised gain on disposal of available-for-sale investment			10	10
Business acquisition costs		**(8)**	(5)	(15)
Exceptional items		**87**	(9)	(178)
Profit before net financing costs and share of result of associates and joint ventures	6	**3 022**	2 850	5 751
Net finance costs including fair value gains and losses		**(420)**	(362)	(744)
Share of result of associates and joint ventures		**18**	3	86
Profit before tax	5	**2 620**	2 491	5 093
Income tax expense		**(689)**	(703)	(1 405)
Net profit for the period	8	**1 931**	1 788	3 688
Net profit attributable to:				
Owners of Imperial	10	**1 734**	1 580	3 296
Non-controlling interests		**197**	208	392
		1 931	1 788	3 688
Earnings per share (cents)				
– Basic	9	**898**	822	1 720
– Diluted	12	**878**	787	1 651

Amounts restated as a result of the application of amendments to IAS 19 Employee Benefits, refer to note 3. The original 30 June 2013 amounts were audited, the 31 December 2012 amounts and the restatements have not been audited.

Condensed consolidated statement of comprehensive income

	% change	Unaudited Six months ended 31 December 2013 Rm	Restated Six months ended 31 December 2012* Rm	Restated Financial year ended 30 June 2013* Rm
Net profit for the period	8	**1 931**	1 788	3 688
Other comprehensive income		**303**	(33)	571
Items that may be reclassified subsequently to profit or loss		**277**	71	699
Exchange gains arising on translation of foreign operations		**419**	244	711
Share of associates' and joint ventures' movement in translation reserve		**7**		11
Movement in valuation reserve		**12**	10	10
Reclassification of gain on disposal of available-for-sale investments			(10)	(10)
Movement in hedge accounting reserve		**(160)**	(175)	(21)
Share of associates' and joint ventures' movement in hedge accounting reserve		**2**	(3)	
Income tax relating to items that may be reclassified		**(3)**	5	(2)
Items that will not be reclassified to profit or loss		**26**	(104)	(128)
Remeasurement of defined benefit pension plans		**38**	(151)	(186)
Income tax relating to items that will not be reclassified		**(12)**	47	58
Total comprehensive income for the period	27	**2 234**	1 755	4 259
Total comprehensive income attributable to:				
Owners of Imperial	32	**2 037**	1 544	3 837
Non-controlling interests		**197**	211	422
		2 234	1 755	4 259

**Amounts restated as a result of the application of amendments to IAS 19 Employee Benefits, refer to note 3. The original 30 June 2013 amounts were audited, the 31 December 2012 amounts and the restatements have not been audited.*

Earnings per share information

	% change	Unaudited Six months ended 31 December 2013 Rm	Restated Six months ended 31 December 2012* Rm	Restated Financial year ended 30 June 2013* Rm
Headline earnings reconciliation				
Earnings – basic	10	**1 734**	1 580	3 296
Saving of finance costs by associate on potential sale of Imperial shares		**29**	20	43
Earnings – diluted	10	**1 763**	1 600	3 339
Profit on disposal of property, plant and equipment (IAS 16)		**(73)**	(29)	(38)
Profit on disposal of intangible assets (IAS 38)				(3)
Impairment of property, plant and equipment (IAS 36)			1	24
Impairment of intangible assets (IAS 36)				3
Exceptional items		**(87)**	9	178
Realised gain on disposal of available-for-sale investment (IAS 39)			(10)	(10)
Remeasurements included in share of result of associates and joint ventures		**9**	12	(13)
Tax effects of remeasurements		**21**	28	18
Non-controlling interests share of remeasurements		**1**	6	3
Headline earnings – diluted	1	**1 634**	1 617	3 501
Saving of finance costs by associate on potential sale of Imperial shares		**(29)**	(20)	(43)
Headline earnings – basic	1	**1 605**	1 597	3 458
Earnings per share (cents)				
– Basic	9	**898**	822	1 720
– Diluted	12	**878**	787	1 651
Headline earnings per share (cents)				
– Basic		**831**	830	1 805
– Diluted	2	**813**	795	1 731
Core earnings reconciliation				
Headline earnings – basic	1	**1 605**	1 597	3 458
Saving of finance costs by associate on potential sale of Imperial shares		**29**	20	43
Headline earnings – diluted	1	**1 634**	1 617	3 501
Amortisation of intangible assets arising on business combinations		**147**	110	254
Net cost of meeting obligations under onerous contract		**29**		
Business acquisition costs		**8**	5	15
Remeasurement of contingent considerations				(66)
Headline earnings from discontinued operations			(2)	
Adjustments included in share of result of associates and joint ventures		**2**	2	3
Charge for amending the conversion profile of the deferred ordinary shares		**70**		
Tax effects of core earnings adjustments		**(51)**	(34)	(77)
Non-controlling interests share of core earnings adjustments				(1)
Core earnings – diluted	8	**1 839**	1 698	3 629
Saving of finance costs by associate on potential sale of Imperial shares		**(29)**	(20)	(43)
Core earnings – basic	8	**1 810**	1 678	3 586
Core earnings per share (cents)				
– Basic	7	**937**	873	1 872
– Diluted	10	**915**	835	1 795

**Amounts restated as a result of the application of amendments to IAS 19 Employee Benefits, refer to note 3. The original 30 June 2013 amounts were audited, the 31 December 2012 amounts and the restatements have not been audited.*

Additional information

	% change	Unaudited Six months ended 31 December 2013	Restated Six months ended 31 December 2012*	Restated Financial year ended 30 June 2013*
Net asset value per share (cents)	16	**8 926**	7 692	8 324
Dividend per ordinary share (cents)	5	**400**	380	820
Number of ordinary shares in issue (million)				
– total shares		**210,0**	210,0	208,8
– net of shares repurchased		**196,2**	196,2	195,1
– weighted average for basic		**193,2**	192,3	191,6
– weighted average for diluted		**200,9**	203,4	202,2
Number of other shares (million)				
– Deferred ordinary shares to convert into ordinary shares		**10,0**	13,0	13,0

**Amounts restated as a result of the application of amendments to IAS 19 Employee Benefits, refer to note 3. The original 30 June 2013 amounts were audited, the 31 December 2012 amounts and the restatements have not been audited.*

Details of net finance cost and exceptional items

	Unaudited Six months ended 31 December 2013 Rm	Unaudited Six months ended 31 December 2012 Rm	Audited Financial year ended 30 June 2013 Rm
Net finance cost			
Net interest paid	**(420)**	(362)	(744)
Foreign exchange loss on monetary items		(122)	(254)
Fair value gain on interest-rate swap instruments		122	254
	(420)	(362)	(744)
Exceptional items			
Impairment of goodwill			(139)
Net profit (loss) on disposal and rationalisation of investments in associates and joint ventures	**1**		(7)
Net profit (loss) on disposal and rationalisation of subsidiaries and businesses	**86**	(9)	(32)
	87	(9)	(178)

Condensed consolidated statement of financial position

	Unaudited 31 December 2013 Rm	Restated 31 December 2012* Rm	Restated 30 June 2013* Rm
ASSETS			
Goodwill and intangible assets	**5 727**	4 420	5 206
Investment in associates and joint ventures	**1 235**	902	1 317
Property, plant and equipment	**10 023**	8 545	9 257
Transport fleet	**5 273**	4 399	4 626
Vehicles for hire	**2 670**	2 688	2 465
Deferred tax assets	**1 341**	1 103	1 094
Investments and loans	**3 679**	3 236	3 218
Non-current financial assets	**230**	254	227
Inventories	**12 506**	8 851	11 492
Tax in advance	**340**	295	439
Trade and other receivables	**11 692**	10 202	10 437
Cash resources	**1 693**	2 590	1 844
Assets classified as held for sale		630	94
Total assets	**56 409**	48 115	51 716
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and share premium	**382**	333	382
Shares repurchased	**(220)**	(227)	(220)
Other reserves	**1 395**	426	1 023
Retained earnings	**15 956**	14 559	15 056
Attributable to owners of Imperial	**17 513**	15 091	16 241
Non-controlling interests	**1 326**	1 251	1 295
Total equity	**18 839**	16 342	17 536
Liabilities			
Non-redeemable, non-participating preference shares	**441**	441	441
Retirement benefit obligations	**1 098**	864	1 014
Interest-bearing borrowings	**13 298**	11 088	10 568
Insurance, investment, maintenance and warranty contracts	**4 130**	3 633	3 970
Deferred tax liabilities	**1 577**	1 266	1 498
Non-current financial liabilities	**468**	274	419
Trade and other payables and provisions	**15 975**	13 467	15 771
Current tax liabilities	**583**	543	453
Liabilities directly associated with assets classified as held for sale		197	46
Total liabilities	**37 570**	31 773	34 180
Total equity and liabilities	**56 409**	48 115	51 716

**Amounts restated as a result of the application of amendments to IAS 19 Employee Benefits, refer to note 3. The original 30 June 2013 amounts were audited, the 31 December 2012 amounts and the restatements have not been audited.*

Condensed consolidated statement of cash flows

	Unaudited Six months ended 31 December 2013 Rm	Restated Six months ended 31 December 2012* Rm	Audited Financial year ended 30 June 2013 Rm
Cash flows from operating activities			
Cash generated by operations before movements in net working capital	**4 328**	4 285	8 795
Movements in net working capital	**(2 244)**	(1 489)	(1 604)
Cash generated by operations before capital expenditure on rental assets	**2 084**	2 796	7 191
Expansion capital expenditure – rental assets	**(251)**	(439)	(332)
Net replacement capital expenditure – rental assets	**(301)**	(296)	(584)
– Expenditure	**(1 100)**	(1 188)	(2 330)
– Proceeds	**799**	892	1 746
Cash generated by operations	**1 532**	2 061	6 275
Net finance costs paid	**(420)**	(362)	(744)
Tax paid	**(525)**	(598)	(1 394)
	587	1 101	4 137
Cash flows from investing activities			
Net acquisitions and disposals of subsidiaries and businesses	**148**	38	(539)
Expansion capital expenditure – excluding rental assets	**(1 015)**	(597)	(1 350)
Net replacement capital expenditure – excluding rental assets	**(647)**	(531)	(811)
Net movement in associates and joint ventures	**(75)**	(25)	(321)
Net movement in investments, loans and non-current financial instruments	**(129)**	(854)	(771)
	(1 718)	(1 969)	(3 792)
Cash flows from financing activities~			
Hedge cost premium paid	**(112)**	(8)	(117)
Ordinary shares repurchased and cancelled		(481)	(742)
Dividends paid	**(1 050)**	(877)	(1 755)
Change in non-controlling interests	**(89)**	5	(9)
Capital raised from non-controlling interests	**91**		28
Repayment of Eurobond			(2 690)
Proceeds on the issue of corporate bonds	**1 500**		750
Net increase in other interest-bearing borrowings	**450**	89	672
	790	(1 272)	(3 863)
Net decrease in cash and cash equivalents	**(341)**	(2 140)	(3 518)
Effects of exchange rate changes on cash resources in a foreign currency	**54**	93	209
Cash and cash equivalents at beginning of period	**(480)**	2 829	2 829
Cash and cash equivalents at end of period	**(767)**	782	(480)

Amounts restated, refer to note 5.

~*There has been no cash flow for the shares issued (refer statement of changes in equity) relating to the share scheme settlements in prior periods.*

Condensed consolidated statement of changes in equity

	Share capital and share premium Rm	Shares re-purchased Rm	Other reserves Rm	Retained earnings Rm	Attribu-table to owners of Imperial Rm	Non-controlling interests Rm	Total equity Rm
Balance at 30 June 2012 – Audited	22	(220)	503	14 361	14 666	1 223	15 889
Adjustment resulting from the adoption of amendments to IAS 19 *Employee Benefits*				(40)	(40)	(2)	(42)
Total comprehensive income for the period			67	1 477	1 544	211	1 755
Movement in statutory reserves			3	(3)			
Share-based equity reserve charged to profit or loss			57		57	3	60
Share-based equity reserve transferred to retained earnings on vesting			19	(19)			
Share-based equity reserve hedging cost reversal			7		7		7
Ordinary dividends paid				(743)	(743)		(743)
Repurchase and cancellation of 2 631 559 ordinary shares from open market				(474)	(474)		(474)
Issue of 1 620 884 ordinary shares in settlement of share incentive scheme obligations	311		(229)		82	(11)	71
39 000 ordinary shares acquired by subsidiary		(7)			(7)		(7)
Non-controlling interests disposed, net of acquisitions						(45)	(45)
Net increase in non-controlling interests			(1)		(1)	6	5
Non-controlling interests share of dividends						(134)	(134)
Balance at 31 December 2012 – Restated*	333	(227)	426	14 559	15 091	1 251	16 342
Total comprehensive income for the period			599	1 694	2 293	211	2 504
39 000 ordinary shares acquired by subsidiary reversed		7			7		7
Movements in statutory reserves			18	(18)			
Repurchase and cancellation of 1 371 515 ordinary shares from open market				(268)	(268)		(268)
240 966 ordinary shares issued in settlement of share incentive scheme obligations	49		(42)		7	(3)	4
Share-based equity reserve charged to profit or loss			56		56		56
Share-based equity reserve transferred to retained earnings on vesting			177	(177)			
Share-based equity reserve hedging cost utilisation			(200)		(200)	2	(198)
Ordinary dividends paid				(735)	(735)		(735)
Realisation on disposal of subsidiary			(1)	1			
Non-controlling interests disposed, net of acquisitions and shares issued						(19)	(19)
Net decrease in non-controlling interests			(10)		(10)	(4)	(14)
Non-controlling interests share of dividends						(143)	(143)
Balance at 30 June 2013 – Restated*	**382**	**(220)**	**1 023**	**15 056**	**16 241**	**1 295**	**17 536**
Total comprehensive income for the period			**277**	**1 760**	**2 037**	**197**	**2 234**
Movements in statutory reserves			**4**	**(4)**			
Share-based equity reserve charged to profit or loss			**61**		**61**	**2**	**63**
Share-based equity reserve hedging cost reversal			**13**		**13**	**(5)**	**8**
Charge for amending the conversion profile of the deferred ordinary shares			**70**		**70**		**70**
Ordinary dividends paid				**(854)**	**(854)**		**(854)**
Realisation on disposal of subsidiaries			**2**	**(2)**			
Non-controlling interests disposed, net of acquisitions and shares issued						**25**	**25**
Net decrease in non-controlling interests			**(55)**		**(55)**	**8**	**(47)**
Non-controlling interests share of dividends						**(196)**	**(196)**
Balance at 31 December 2013 – Unaudited	**382**	**(220)**	**1 395**	**15 956**	**17 513**	**1 326**	**18 839**

**Amounts restated as a result of the application of amendments to IAS 19 Employee Benefits, refer to note 3. The original 30 June 2013 amounts were audited, the 31 December 2012 amounts and the restatements have not been audited.*

Notes to the condensed consolidated financial statements

1. Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) and its Interpretations adopted by the International Accounting Standards Board (IASB) in issue and effective for the group at 31 December 2013 and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and financial reporting pronouncements as issued by the Financial Reporting Standards Council. The results are presented in accordance with IAS 34 *Interim Financial Reporting* and comply with the Listings Requirements of the Johannesburg Stock Exchange Limited and the Companies Act of South Africa, 2008. These condensed consolidated financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements as at and for the year ended 30 June 2013.

These condensed consolidated financial statements have been prepared under the supervision of R Mumford, CA(SA) and were approved by the board of directors on 25 February 2014.

2. Accounting policies

The accounting policies adopted and methods of computation used in the preparation of the condensed consolidated financial statements are in accordance with IFRS and are consistent with those of the annual financial statements for the year ended 30 June 2013 except where the group has adopted new or revised accounting standards.

3. Changes in accounting policies

The group has adopted all the new, revised or amended accounting pronouncements as issued by the IASB which became effective to the group on 1 July 2013, including some of the more significant changes as listed below:

IFRS 10 Consolidated Financial Statements

The objective of IFRS 10 is to provide the framework on when an entity is controlled and must be consolidated.

IFRS 11 Joint Arrangements

Where joint arrangements exist the investor is required to assess whether the joint arrangement is a joint operation or a joint venture based on the legal structure of the investee and the investor's right to and obligations for the underlying assets and liabilities of the investee. IFRS 11 requires equity accounting for joint ventures and eliminates the proportionate consolidation option of accounting.

IFRS 12 Disclosure of Interest in Other Entities

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and unconsolidated entities. In general, the disclosure requirements in IFRS 12 are more extensive.

IFRS 13 Fair Value Measurement

IFRS 13 aims to improve consistency and reduce complexity by providing a single definition of fair value and a basis for fair value measurement and disclosure requirements for use across all accounting standards.

IAS 19 Employee Benefits

The amendments to IAS 19 require all actuarial gains and losses to be recognised immediately in other comprehensive income so that the pension asset or liability reflects the full value of the plan deficit or surplus.

Notes to the condensed consolidated financial statements continued

3. Changes in accounting policies continued

The new, revised or amended standards were adopted in accordance with their transitional provisions with the adoption of amendments to IAS 19 resulting in the only restatement of the comparative amounts as follows:

	Effect on December 2012 Rm	Effect on June 2013 Rm
Financial position		
Assets		
Deferred tax assets – increase	69	80
Total assets	69	80
Capital and reserves		
Other reserves – movement through other comprehensive income – reduction	(7)	(9)
Retained income – opening balance as at 30 June 2012 – reduction	(40)	(40)
Retained income – movement through comprehensive income – reduction in prior periods	(102)	(123)
Attributable to owners of Imperial	(149)	(172)
Non-controlling interests – reduction	(3)	(5)
Total equity – reduction	(152)	(177)
Liabilities		
Retirement benefit obligations – increase	221	257
Total liabilities – increase	221	257
Total equity and liabilities – increase	69	80
Profit or loss		
Net operating expenses – reduction	1	3
Income tax expense – increase		(1)
Net profit for the period – increase	1	2
Earnings per share, headline earnings per share and core earnings per share		
– basic – increase (cents)	1	1
– diluted – increase (cents)	1	1
Comprehensive income		
Net profit for the period	1	2
Other comprehensive income	(111)	(137)
Items that may be reclassified subsequently to profit or loss	(7)	(9)
– Exchange gains arising on translation of foreign entities – reduction	(7)	(9)
Items that will not be reclassified to profit or loss	(104)	(128)
– Additional actuarial losses on defined benefit plans	(151)	(186)
– Income tax relating to items that will not be reclassified to profit or loss	47	58
Total comprehensive income for the period – reduction	(110)	(135)
Total comprehensive income attributable to:		
Owners of Imperial	(109)	(132)
Non-controlling interests	(1)	(3)
	(110)	(135)

Circular 3/2013 Headline Earnings

The group also adopted Circular 3/2013 Headline Earnings as issued by the South African Institute of Chartered Accountants (SAICA). The adoption of the new Circular was applied retrospectively and had no impact on the way the group calculates its headline earnings per share for the comparative periods.

4. New and revised International Financial Reporting Standards in issue but not yet effective

The following standards will become applicable to the group in future reporting periods:

IFRS 9 *Financial Instruments* (amended) – This standard introduced new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.

IAS 16 *Property, Plant and Equipment* (amended) – The amendments clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in IAS 16 and as inventory otherwise.

IAS 32 *Financial Instruments: Presentation* (amended) – The amendment clarifies how income tax relating to distributions to holders of an equity instrument and how transaction costs of an equity transaction should be accounted for in accordance with IAS 12 *Income Taxes.*

IAS 36 *Impairment of Assets* (amended) – This amendment requires additional disclosures about recoverable amount where the recoverable amount is calculated with reference to fair value less cost to sell.

IAS 39 *Financial Instruments: Recognition and Measurement* (amended) – The amendment allows hedge accounting to continue in a situation where a derivative, designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws and regulations.

IFRIC 21 *Levies* – This interpretation applies to all government-related levies that are accounted for in accordance with IAS 37 *Provisions* and clarifies the timing of charging levies to profit or loss.

The group is in the process of assessing the impact of the standard on its results, financial position and cash flows.

5. Restatement of the consolidated statement of cash flows

Cash flows from financing activities

The cash flows from financing activities for the six months ended 31 December 2012 have been restated to exclude the movement in bank overdrafts and call borrowings from movements in interest-bearing borrowings. The impact of the restatement is as follows:

	December 2012 Rm
Increase in interest-bearing borrowings	
Net increase in interest-bearing borrowings – as originally presented	1 190
Movements in bank overdrafts and call borrowings	(1 101)
Net increase in interest-bearing borrowings – restated	89

Notes to the condensed consolidated financial statements continued

6. Representation of the segment report

At 30 June 2013, the executive committee, being the chief decision-making body, changed the basis in which the various businesses within the group are being reported as a result of the changes to the executive management of the group. This has been aligned into three main pillars with seven reporting segments being allocated to these pillars.

The principal services and products of each of these segments are as follows:

Logistics

This pillar comprises:

Africa

This segment comprises logistics businesses within South Africa and Rest of Africa, which was previously reported as part of Logistics. These businesses provide complete logistics solutions including transportation, warehousing, container handling and related value-added services within Africa.

International

This segment comprises the European logistics businesses, which was previously reported as part of Logistics. These businesses provide complete logistics solutions including transportation, warehousing, inland waterway shipping, container handling, manufacturing for principals and packaging of materials and related value-added services within Europe.

Automotive and Industrial

This pillar comprises of:

Distribution, Retail and Allied Services

This segment comprises of the distribution, retail and allied services businesses, which was previously reported as part of Distributorships. These businesses import and distribute a range of passenger, commercial vehicles, industrial equipment and motorcycles and include vehicle dealerships in South Africa and Australia.

Automotive Retail

This segment comprises the automotive businesses, which is now being reported under the pillar Automotive and Industrial. These businesses consist of a large network of motor vehicle and commercial vehicle dealerships in South Africa representing most of the major original equipment manufacturers (OEMs) and commercial vehicle dealerships in the United Kingdom. It also manufactures and sells caravans and canopies.

Other Segments

This segment comprises the businesses of Autoparts, Car Rental, Tourism and NAC. Autoparts and NAC were reported under Distributorships in 2012 and Car Rental and Tourism were previously shown as a segment on its own. The Car Rental business consists of vehicle rental operations spanning the domestic corporate sector, domestic and international leisure sectors with extensive support services. This segment also includes the sale of pre-owned vehicles. The Autoparts business is involved in wholesaling and distributing vehicle parts and accessories. NAC was sold during the 2013 financial year and Tourism during the current reporting period.

Financial Services

This pillar comprises:

Insurance

This segment was previously reported under the Financial Services segment in 2012. The insurance operations are focused on a range of short, medium and long-term insurance and assurance products that are predominantly associated with the automotive market and include cell captive arrangements.

Other Financial Services

This segment was previously reported under the Financial Services segment in 2012. These businesses comprise the sale of warranty and maintenance products associated with the automotive market, income from joint ventures on the sale of financial services and commission factoring operations.

6. Representation of the segment report continued

In line with the changes to the segment report effective 30 June 2013, the December 2012 segment report has been restated as follows:

	Revenue 2012 Rm	Operating profit 2012 Rm	Profit before tax and exceptional items 2012 Rm	Operating assets 2012 Rm	Operating liabilities 2012 Rm
SEGMENTAL INFORMATION					
Logistics					
Total as originally reported for Logistics in 2012	15 888	707	393	18 200	6 891
– IAS 19 restatements (International Logistics)		1	1		221
Total as restated	15 888	708	394	18 200	7 112
Now disclosed separately as Africa Logistics	8 677	400	255	9 809	3 705
Now disclosed separately as International Logistics	7 211	308	139	8 391	3 407
	15 888	708	394	18 200	7 112
Automotive and Industrial					
As reported originally in Distributorships in 2012	15 843	1 316	1 245	11 346	3 709
Autoparts and NAC reclassified to other segments	(2 815)	(166)	(173)	(1 576)	(604)
Total now remaining in Distribution, Retail and Allied Services	13 028	1 150	1 072	9 770	3 105
Other Segments					
Autoparts and NAC reclassified from Distributorships	2 815	166	173	1 576	604
Car Rental and Tourism reclassified in total	1 924	183	129	3 185	539
Total now disclosed in Other Segments	4 739	349	302	4 761	1 143
Financial Services					
Now disclosed separately as Insurance	1 659	270	265	4 404	2 442
Now disclosed separately as Other Financial Services	506	221	237	1 476	2 571
Total as originally reported as Financial Services in 2012	2 165	491	502	5 880	5 013

Notes to the condensed consolidated financial statements continued

	December 2013	December 2012	June 2013
7. Foreign exchange rates			
The following major rates of exchange were used in the translation of the group's foreign operations:			
SA Rand:Euro			
– closing	**14,45**	11,21	13,04
– average	**13,50**	10,79	11,43
SA Rand:US Dollar			
– closing	**10,49**	8,50	10,01
– average	**10,06**	8,47	8,84
	Rm*	Rm	Rm
8. Goodwill			
Cost	**5 185**	4 113	4 747
Accumulated impairments	**821**	682	821
	4 364	3 431	3 926
Net book value at beginning of period	**3 926**	3 238	3 238
Acquisition of subsidiaries and businesses	**171**	40	331
Impairment charge			(139)
Currency adjustment	**267**	153	496
Net book value at end of period~	**4 364**	3 431	3 926

~The book values are included in the goodwill and intangible assets.
**Amounts are provisional as the initial accounting for the business combinations are incomplete.*

9. Fair value of financial instruments

Fair values of financial assets and liabilities carried at amortised cost

The following table sets out instances where the carrying amount of financial liabilities, as recognised on the statement of financial position, differ from their fair values:

	Carrying value Rm	Fair value Rm
December 2013		
Listed corporate bonds (included in interest-bearing borrowings)	**5 855**	**5 897**
Listed non-redeemable, non-participating preference shares	**441**	**363**

The fair values of the remainder of the group's financial assets and liabilities approximate their carrying values.

Fair value hierarchy

The group's financial instruments carried at fair value are classified in three categories defined as follows:

Level 1 financial instruments are those that are valued using unadjusted quoted prices in active markets for identical financial instruments.

Level 2 financial instruments are those valued using techniques based primarily on observable market data. Instruments in this category are valued using quoted prices for similar instruments or identical instruments in markets which are not considered to be active; or valuation techniques where all the inputs that have a significant effect on the valuation are directly or indirectly based on observable market data.

Level 3 financial instruments are those valued using techniques that incorporate information other than observable market data. Instruments in this category have been valued using valuation techniques where at least one input, which could have a significant effect on the instrument's valuation, is not based on observable market data.

9. Fair value of financial instruments continued

The following table presents the valuation categories used in determining the fair values of financial instruments carried at fair value:

	Total Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm
December 2013				
Financial assets carried at fair value				
Investments held for trading (included in investments and loans)*	3 278	2 500	778	
Available-for-sale investments (included in investments and loans)	180	180		
Foreign exchange contracts (FECs) (included in trade and other receivables)	118		118	
Financial liabilities carried at fair value				
Contingent consideration liabilities (included in non-current financial liabilities)	209		88	121
Foreign exchange contracts (FECs) (included in trade and other receivables)	1		1	
Swap instruments (included in non-current financial liabilities)	223		223	

The fair value gains on investments held for trading amounted to R130 million, of which R40 million was realised, and is included in "Net operating expenses" in profit or loss.

Investments classified as level 1 are valued by quoted market prices in active markets consisted of listed equity securities. Investments classified as level 2 use valuation techniques based on observable inputs which are mainly comprised of short-term deposits and over-the-counter (OTC) derivative instruments.

Transfers between hierarchy levels

The group recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred. There were no transfers between level 1 and level 2 fair value measurements. A short-term fixed deposit which was previously classified as level 3 has been reclassified to level 2, which is considered a more appropriate classification.

Movements in level 3 financial instruments measured at fair value

The following table shows a reconciliation of the opening and closing balances of level 3 financial instruments carried at fair value during the period:

	Opening balance Rm	Purchases/ settlements Rm	Acquisitions/ disposals Rm	Transfer to level 2 Rm	Currency adjustments Rm	Closing balance Rm
December 2013						
Financial assets carried at fair value						
Fair valued through profit or loss						
Investments held for trading	115		(36)	(88)	9	
Fair valued through other comprehensive income						
Available-for-sale investments	14		(15)		1	
	129		(51)	(88)	10	
Financial liabilities carried at fair value						
Fair valued through profit or loss						
Contingent consideration liabilities	214	1	(19)	(88)	13	121
	214	1	(19)	(88)	13	121

Notes to the condensed consolidated financial statements continued

9. Fair value of financial instruments continued

Level 3 sensitivity information

The fair value of the contingent consideration liabilities of R121 million was estimated by applying the income approach. The fair value measurement is based on significant inputs that are not observable in the market. Key assumptions include the discount rates applied and the assumed probability of achieving profit targets.

If the profit targets were to have a short fall of 10%, the fair value of the liabilities would decrease by R23 million. Exceeding the profit targets will not result in an increase in the liabilities.

Since 30 June 2013, neither the amount recognised for the contingent considerations nor the outcomes or the assumptions used to develop the estimates have changed materially.

	December 2013 Rm	December 2012 Rm	June 2013 Rm
10. Cash and cash equivalents			
Cash resources	**1 693**	2 590	1 844
Cash resources included in assets classified as held for sale		9	4
Short-term loans and overdrafts (included in interest-bearing borrowings)	**(2 460)**	(1 817)	(2 328)
	(767)	782	(480)
11. Commitments and contingencies			
Capital commitments	**1 239**	483	935
Contingent liabilities	**309**	208	294

12. Acquisitions during the period

The group acquired an additional 11% shareholding in Renault South Africa (Pty) Limited (Renault SA) for R65 million, thereby increasing its shareholding from 49% to 60%. The remeasurement of our previously held equity interest in Renault SA had no impact on profit or loss and other comprehensive income. For further details please refer to the business combination section on page 29.

13. Disposals during the period

The group successfully completed its disposal of the Tourism division to Cullinan Holdings Limited (Cullinan) during the period. The purchase price was settled in 81 818 181 ordinary shares in Cullinan, representing a 10% shareholding.

14. Events after the reporting period

Dividend declaration

Shareholders are advised that a preference and an ordinary dividend has been declared by the board of Imperial on 25 February 2014. For more details please refer to the dividend declaration on page 13.

Business combinations

Subsidiaries and businesses acquired	Nature of business	Operational segment	Date acquired	Interest acquired (%)	Purchase consideration Rm
Renault South Africa (Pty) Limited*	Vehicle distributor	Distribution, Retail and Allied Services	December 2013	60	65
Individually immaterial acquisitions					34
Purchase consideration transferred					**99**

**Previously a 49% associate.*

Fair value of assets acquired and liabilities assumed at date of acquisition:	Renault South Africa (Pty) Limited Rm	Individually immaterial acquisitions Rm	Total Rm
Assets			
Goodwill and intangible assets	108	8	**116**
Property, plant and equipment	2	5	**7**
Deferred tax asset	148		**148**
Inventories	570	13	**583**
Trade and other receivables	231	3	**234**
Cash resources	273	1	**274**
	1 332	30	**1 362**
Liabilities			
Deferred tax liabilities		3	**3**
Interest-bearing borrowings	452	3	**455**
Trade and other payables and provisions	1 040		**1 040**
	1 492	6	**1 498**
Acquirees' carrying amount at acquisition	(160)	24	**(136)**
Non-controlling interests	64		**64**
Net assets acquired	(96)	24	**(72)**
Purchase consideration transferred	65	34	**99**
Excess of purchase price over net assets acquired	161	10	**171**

As the initial accounting for the business combinations were incomplete and based on provisional figures, depreciation and amortisation of assets were calculated on their pre-acquisition carrying values before any purchase price allocations. Similarly, no disclosure regarding non-recurring fair value measurements are made.

Reason for the acquisitions

Renault was acquired to obtain control of the business and to diversify our distribution portfolio. The other businesses were acquired to complement and expand our distribution and parts businesses within South Africa.

Acquisition costs

Acquisition costs for acquisitions concluded during the period amounted to R2 million and have been recognised as an expense in profit or loss within business acquisition costs.

Impact of the acquisitions on the results of the group

From the dates of acquisition the businesses acquired during the reporting period contributed revenue of R281 million and a net profit of R1 million.

Had all the acquisitions been consolidated from 1 July 2013, they would have contributed additional revenue of R1 259 million and additional net profit of R20 million, and would have increased the group's revenue and net profit to R52 616 million and R1 951 million respectively. The additional net profit of R20 million has been reduced by funding costs of R2 million calculated on the cash considerations paid on acquisition.

Other details

Trade and other receivables acquired had gross contractual amounts of R245 million of which R11 million was doubtful. None of the goodwill is expected to be deductible for tax purposes. Non-controlling interests have been calculated based on their proportionate share in net assets.

Segment financial position#

at 31 December	Group 2013 Rm	Group 2012 Rm	LOGISTICS Africa 2013 Rm	LOGISTICS Africa 2012 Rm	LOGISTICS International 2013 Rm	LOGISTICS International 2012 Rm
Business segmentation						
Assets						
Goodwill and intangible assets	**5 727**	4 420	**1 228**	905	**3 417**	2 808
Investments, associates and joint ventures	**4 476**	3 605	**367**	57	**150**	93
Property, plant and equipment	**10 023**	8 545	**1 516**	1 323	**2 273**	1 821
Transport fleet	**5 273**	4 399	**3 405**	3 344	**1 907**	1 101
Vehicles for hire	**2 670**	2 688				
Non-current financial assets	**230**	254				
Inventories	**12 506**	8 851	**386**	319	**215**	176
Trade and other receivables	**11 692**	10 202	**4 514**	3 861	**3 012**	2 392
Cash resources in financial services businesses	**592**	806				
Operating assets	**53 189**	43 770	**11 416**	9 809	**10 974**	8 391
Deferred tax assets	**1 341**	1 103				
Loans to associates and other investments	**438**	533				
Tax in advance	**340**	295				
Cash resources	**1 101**	1 784				
Assets classified as held for sale		630				
Total assets per statement of financial position	**56 409**	48 115				
Liabilities						
Retirement benefit obligations	**1 098**	864			**1 098**	864
Insurance, investment, maintenance and warranty contracts	**4 130**	3 633				
Trade and other payables and provisions	**15 975**	13 467	**4 058**	3 647	**3 024**	2 523
Non-current financial liabilities	**468**	274	**199**	58	**24**	20
Operating liabilities	**21 671**	18 238	**4 257**	3 705	**4 146**	3 407
Non-redeemable, non-participating preference shares	**441**	441				
Interest-bearing borrowings	**13 298**	11 088				
Deferred tax liabilities	**1 577**	1 266				
Current tax liabilities	**583**	543				
Liabilities directly associated with assets classified as held for sale		197				
Total liabilities per statement of financial position	**37 570**	31 773				
Geographic segmentation						
Operating assets	**53 189**	43 770	**11 416**	9 809	**10 974**	8 391
– South Africa	**35 150**	30 055	**8 798**	7 783		
– Rest of Africa	**3 908**	3 264	**2 617**	2 026		
– Rest of world	**14 131**	10 451	**1**		**10 974**	8 391
Operating liabilities	**21 671**	18 238	**4 257**	3 705	**4 146**	3 407
– South Africa	**14 607**	12 730	**3 504**	3 080		
– Rest of Africa	**1 550**	1 287	**753**	625		
– Rest of world	**5 514**	4 221			**4 146**	3 407
Interest-bearing borrowings	**13 298**	11 088	**3 999**	3 304	**4 486**	3 573
– South Africa	**7 604**	4 500	**3 038**	2 794		
– Rest of Africa	**1 191**	746	**961**	510		
– Rest of world	**4 503**	5 842			**4 486**	3 573
Gross capital expenditure	**3 373**	3 022	**706**	579	**673**	150
– South Africa	**2 323**	2 741	**577**	528		
– Rest of Africa	**169**	82	**129**	51		
– Rest of world	**881**	199			**673**	150
Gross capital expenditure	**3 373**	3 022	**706**	579	**673**	150
Less: Proceeds on disposal	**(1 159)**	(1 159)	**(252)**	(169)	**(30)**	(21)
Net capital expenditure	**2 214**	1 863	**454**	410	**643**	129

** Other Segments includes Car Rental and Autoparts. The comparatives include Tourism.*
 # The segment information has been restated, refer to note 6.

	AUTOMOTIVE AND INDUSTRIAL						FINANCIAL SERVICES					
	Distribution, Retail and Allied Services		Automotive Retail		Other Segments*		Insurance		Other Financial Services		Head Office and Eliminations	
	2013 Rm	2012 Rm	**2013 Rm**	2012 Rm	**2013 Rm**	2012 Rm	**2013 Rm**	2012 Rm	**2013 Rm**	2012 Rm	**2013 Rm**	2012 Rm
	432	165	**253**	156	**364**	362	**12**	16	**3**	14	**18**	(6)
	50	127	**52**	16	**55**	51	**3 145**	2 968	**497**	259	**160**	34
	3 079	2 506	**2 248**	2 009	**568**	570	**141**	137	**7**	4	**191**	175
											(39)	(46)
	663	474			**1 997**	2 059			**347**	602	**(337)**	(447)
							230	254				
	7 284	4 802	**3 246**	2 419	**1 036**	882			**353**	330	**(14)**	(77)
	1 661	1 696	**1 345**	994	**822**	837	**229**	223	**419**	267	**(310)**	(68)
							577	806	**15**			
	13 169	9 770	**7 144**	5 594	**4 842**	4 761	**4 334**	4 404	**1 641**	1 476	**(331)**	(435)
	87	83					**1 355**	1 187	**2 688**	2 363		
	4 134	3 018	**2 950**	1 972	**1 032**	1 114	**1 128**	1 255	**450**	208	**(801)**	(270)
	10	4			**36**	29					**199**	163
	4 231	3 105	**2 950**	1 972	**1 068**	1 143	**2 483**	2 442	**3 138**	2 571	**(602)**	(107)
	13 169	9 770	**7 144**	5 594	**4 842**	4 761	**4 334**	4 404	**1 641**	1 476	**(331)**	(435)
	11 788	8 557	**5 588**	4 783	**4 770**	4 704	**3 292**	3 395	**1 641**	1 476	**(727)**	(643)
	174	166	**3**	6	**72**	57	**1 042**	1 009				
	1 207	1 047	**1 553**	805							**396**	208
	4 231	3 105	**2 950**	1 972	**1 068**	1 143	**2 483**	2 442	**3 138**	2 571	**(602)**	(107)
	4 024	2 909	**1 965**	1 516	**1 051**	1 127	**1 779**	1 849	**3 138**	2 571	**(854)**	(322)
	75	49	**1**	5	**17**	16	**704**	593				(1)
	132	147	**984**	451							**252**	216
	4 162	2 579	**1 903**	1 602	**1 565**	1 702	**152**	207	**(2 097)**	(1 549)	**(872)**	(330)
	3 617	1 760	**1 639**	1 414	**1 519**	1 651	**152**	207	**(2 097)**	(1 549)	**(264)**	(1 777)
	178	185	**6**		**46**	51						
	367	634	**258**	188							**(608)**	1 447
	609	410	**247**	390	**1 102**	925	**36**	12	**321**	501	**(321)**	55
	414	382	**236**	352	**1 063**	910	**35**	11	**321**	501	**(323)**	57
		16			**39**	15	**1**	1				(1)
	195	12	**11**	38							**2**	(1)
	609	410	**247**	390	**1 102**	925	**36**	12	**321**	501	**(321)**	55
	(138)	(68)	**(42)**	(40)	**(561)**	(347)	**(9)**		**(249)**	(512)	**122**	(2)
	471	342	**205**	350	**541**	578	**27**	12	**72**	(11)	**(199)**	53

Segment profit or loss#

			LOGISTICS			
	Group	Group	**Africa**		**International**	
for the six months ended 31 December	**2013 Rm**	2012 Rm	**2013 Rm**	2012 Rm	**2013 Rm**	2012 Rm
Business segmentation						
Revenue						
– Sale of goods	**28 714**	26 193	**2 182**	1 930		
– Rendering of services	**21 200**	17 479	**8 625**	6 698	**9 082**	7 146
– Gross premiums received	**1 405**	1 528				
– Other	**38**	62			**28**	61
	51 357	45 262	**10 807**	8 628	**9 110**	7 207
Inter-segment revenue			**88**	49		4
	51 357	45 262	**10 895**	8 677	**9 110**	7 211
Operating expenses including cost of sales	**(47 385)**	(41 534)	**(9 915)**	(7 956)	**(8 439)**	(6 685)
Investment income	**119**	89				
Fair value gains on investments	**130**	136				
Depreciation, amortisation and impairments	**(1 089)**	(1 023)	**(342)**	(323)	**(279)**	(230)
Recoupments (excluding properties)	**34**	10	**12**	2	**20**	12
Operating profit	**3 166**	2 940	**650**	400	**412**	308
Recoupments from sale of properties, net of impairments	**39**	19	**36**	2		
Amortisation of intangible assets arising on business combinations	**(147)**	(110)	**(45)**	(11)	**(93)**	(96)
Net cost of meeting obligations under onerous contract	**(29)**				**(29)**	
Foreign exchange gains and (losses)	**28**	47	**(1)**	(3)	**(5)**	(3)
Fair value gains and (losses) on foreign exchange derivatives	**(44)**	(42)				
Charge for amending the conversion profile of the deferred ordinary shares	**(70)**					
Realised gain on disposal of available-for-sale investment		10				10
Business acquisition costs	**(8)**	(5)	**(5)**	(5)		
Profit before net finance cost, exceptional items and share of result of associates and joint ventures	**2 935**	2 859	**635**	383	**285**	219
Net finance cost including fair value gains and losses	**(420)**	(362)	**(160)**	(132)	**(86)**	(84)
Share of result of associates and joint ventures	**18**	3	**15**	4	**5**	4
Profit before tax and exceptional items	**2 533**	2 500	**490**	255	**204**	139
Exceptional items	**87**	(9)				
Profit before tax	**2 620**	2 491				
Geographic segmentation						
Revenue	**51 357**	45 262	**10 895**	8 677	**9 110**	7 211
– South Africa	**34 638**	32 142	**8 067**	6 388		
– Rest of Africa	**3 374**	2 788	**2 820**	2 289		
– Rest of world	**13 345**	10 332	**8**		**9 110**	7 211
Operating profit	**3 166**	2 940	**650**	400	**412**	308
– South Africa	**2 454**	2 400	**500**	300		
– Rest of Africa	**240**	183	**154**	100		
– Rest of world	**472**	357	**(4)**		**412**	308
Net finance cost including fair value gains and losses	**420**	362	**160**	132	**86**	84
– South Africa	**286**	234	**131**	115		
– Rest of Africa	**34**	26	**29**	17		
– Rest of world	**100**	102			**86**	84

** Other Segments includes Car Rental, Autoparts and Tourism. The comparatives include NAC.*
 # The segment information has been restated, refer to note 6.

	AUTOMOTIVE AND INDUSTRIAL						FINANCIAL SERVICES					
	Distribution, Retail and Allied Services		Automotive Retail		Other Segments*		Insurance		Other Financial Services		Head Office and Eliminations	
	2013 Rm	2012 Rm	**2013 Rm**	2012 Rm	**2013 Rm**	2012 Rm	**2013 Rm**	2012 Rm	**2013 Rm**	2012 Rm	**2013 Rm**	2012 Rm
	11 603	11 405	**11 700**	9 689	**3 238**	3 181					**(9)**	(12)
	1 089	958	**1 073**	908	**1 070**	1 500	**51**	48	**204**	205	**6**	16
							1 405	1 528				
	1				**7**		**2**	1				
	12 693	12 363	**12 773**	10 597	**4 315**	4 681	**1 458**	1 577	**204**	205	**(3)**	4
	685	665	**335**	329	**96**	58	**34**	82	**359**	301	**(1 597)**	(1 488)
	13 378	13 028	**13 108**	10 926	**4 411**	4 739	**1 492**	1 659	**563**	506	**(1 600)**	(1 484)
	(12 326)	(11 787)	**(12 684)**	(10 574)	**(3 788)**	(4 121)	**(1 393)**	(1 584)	**(400)**	(298)	**1 560**	1 471
			1			1	**93**	76	**105**	65	**(80)**	(53)
							130	136				
	(118)	(87)	**(49)**	(52)	**(261)**	(270)	**(16)**	(17)	**(31)**	(52)	**7**	8
		(4)	**1**	(1)	**1**							1
	934	1 150	**377**	299	**363**	349	**306**	270	**237**	221	**(113)**	(57)
	1					17	**7**				**(5)**	
		(3)	**(7)**		**(2)**							
	(2)	6			**(1)**	4					**37**	43
	(1)	(1)			**(1)**	2					**(42)**	(43)
											(70)	
	(2)				**(1)**							
	930	1 152	**370**	299	**358**	372	**313**	270	**237**	221	**(193)**	(57)
	(152)	(83)	**(75)**	(62)	**(59)**	(79)	**(8)**	(5)			**120**	83
	2	3	**1**		**9**	9	**(3)**		**16**	16	**(27)**	(33)
	780	1 072	**296**	237	**308**	302	**302**	265	**253**	237	**(100)**	(7)
	13 378	13 028	**13 108**	10 926	**4 411**	4 739	**1 492**	1 659	**563**	506	**(1 600)**	(1 484)
	11 736	11 187	**10 326**	9 497	**4 356**	4 679	**1 190**	1 379	**563**	506	**(1 600)**	(1 494)
	187	157	**9**	4	**55**	57	**302**	280			**1**	1
	1 455	1 684	**2 773**	1 425		3					**(1)**	9
	934	1 150	**377**	299	**363**	349	**306**	270	**237**	221	**(113)**	(57)
	922	1 125	**326**	275	**344**	343	**238**	194	**237**	221	**(113)**	(58)
	1	1	**(2)**		**19**	6	**68**	76				
	11	24	**53**	24								1
	152	83	**75**	62	**59**	79	**8**	5			**(120)**	(83)
	142	63	**69**	59	**56**	76	**8**	5			**(120)**	(84)
	2	6			**3**	3						
	8	14	**6**	3								1

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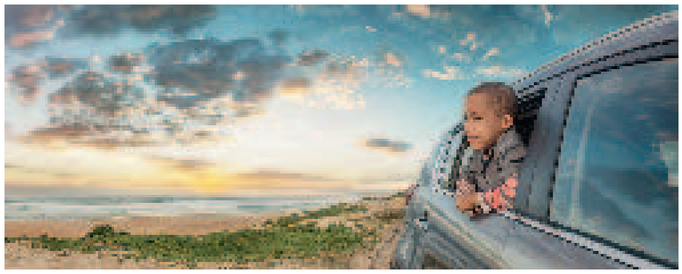

Non-executive directors: TS Gcabashe (chairman), T Dingaan, S Engelbrecht, RL Hiemstra, P Langeni, MJ Leeming, MV Moosa, RJA Sparks, A Tugendhaft (deputy chairman), Y Waja

Executive directors: HR Brody (chief executive), M Akoojee, OS Arbee, MP de Canha, GW Riemann (German), JJ Strydom, M Swanepoel

Other executive committee members: BJ Francis, PB Michaux

Company secretary: RA Venter

Business address and registered office: Imperial Place, Jeppe Quondam, 79 Boeing Road East, Bedfordview, 2007

Share transfer secretaries: Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001

Sponsor: Merrill Lynch SA (Pty) Limited, 138 West Street, Sandown Sandton, 2196

Imperial Holdings Limited

Registration number: 1946/021048/06
Ordinary share code: IPL ISIN: ZAE000067211
Preference share code: IPLP ISIN: ZAE000088076

The results announcement is available on the Imperial Holdings website: **www.imperial.co.za**

BASTION GRAPHICS