IMPERIAL GROUP LIMITED
(Registration number 1983/009088/06)

AUDITED ANNUAL FINANCIAL STATEMENTS

30 June 2016

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(Registration number 1983/009088/06)
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CONTENTS

The reports and statements set out below comprise the annual financial statements presented to the shareholder:

	Pages
Directors' responsibility for financial reporting	2
Preparer of financial statements	2
Certificate by company secretary	2
Independent auditor's report	3 - 4
Report of the audit committee	5 - 8
Directors' report	9
Statement of financial position	10
Statement of comprehensive income	11
Statement of changes in equity	12
Statement of cash flows	13
Notes to the annual financial statements	14 - 58

CORPORATE INFORMATION
Registered Business Address
Imperial Place, Jeppe Quondam
79 Boeing Road East
Bedfordview
2007

Company Secretary
RA Venter

The directors are also responsible for the systems of internal control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability for assets, and to prevent and detect material misstatements and losses. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The annual financial statements are prepared on the going concern basis. Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for the foreseeable future.

The audited annual financial statements set out on pages 9 to 58 were approved by the board of directors on 18 October 2016 and are signed on their behalf by:

MJ Lamberti

OS Arbee

PREPARER OF FINANCIAL STATEMENTS

These annual financial statements have been prepared under the supervision of R Mumford CA(SA) and have been audited in terms of section 29(1) of the Companies Act, 2008.

R Mumford

CERTIFICATE BY COMPANY SECRETARY

In my capacity as company secretary, I hereby confirm that, for the year ended 30 June 2016, the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act No 71 of 2008, as amended, and that all such returns are true, correct and up to date.

RA Venter

of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements
The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Imperial Group Limited as at 30 June 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

National Executive: *LL Bam Chief Executive Officer *TMM Jordan Deputy Chief Executive Officer *MJ Jarvis Chief Operating Officer
*GM Pinnock Audit *N Sing Risk Advisory *NB Kader Tax TP Pillay Consulting S Gwala BPaaS *K Black Clients & Industries
*JK Mazzocco Talent & Transformation *MJ Comber Reputation & Risk *IJ Brown Chairman of the Board

A full list of partners and directors is available on request * Partner and Registered Auditor

B-BBEE rating: Level 2 contributor in terms of the Chartered Accountancy Profession Sector Code

Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

Deloitte & Touche

Deloitte & Touche
Registered Auditor

Per: Andrew Mackie
Partner
18 October 2016

REPORT OF THE AUDIT COMMITTEE

The audit committee has pleasure in submitting this report, which has been approved by the board and has been prepared in accordance with section 94(7)f of the Companies Act No 71 of 2008 (the Act) and incorporating the recommendations of the King Code of Corporate Governance (King III).

In summary, this committee assists the board in its responsibilities covering the:

- internal and external audit processes for the group taking into account the significant risks,
- adequacy and functioning of the group's internal controls and
- integrity of the financial reporting

The committee has performed all the duties required in section 94(7) of the Act.

Members of the audit committee and attendance at meetings

The audit committee processes for the company are dealt with by the group's audit committee set up to cover Imperial Holdings Limited and its subsidiaries.

The audit committee consists of the non-executive directors of Imperial Holdings Limited listed below and meets at least four times per annum in accordance with its charter.

All members act independently as described in the Act. The members of the committee in respect of the year ended 30 June 2016 comprised Mr RM Kgosana (Chairman) (Member since 1 September 2015), Mr GW Dempster (Member since 1 September 2015), Mrs T Dingaan, Ms P Langeni, Mr RJA Sparks, Mr Y Waja, ("the committee"), all of whom are independent non-executive directors of the company's parent company, Imperial Holdings Limited.

During the year under review, four meetings were held and attendance of those meetings is set out in the table below:

Member	Number of meetings attended
RM Kgosana (Chairman) (Member since 1 September 2015)	3 / 3
GW Dempster (Member since 1 September 2015)	3 / 3
T Dingaan (Member since 2014)	4 / 4
P Langeni (Member since 2005)	4 / 4
RJA Sparks (Member since 2006)	4 / 4
Y Waja (Member since 2008)	4 / 4

The head of the internal audit department and external auditors, in their capacities as auditors to the group, attend and report at all audit committee meetings. The Group risk management function is also represented by the head of risk. Executive directors and relevant senior financial managers attend meetings by invitation.

Role of the audit committee

The audit committee has adopted a formal charter, approved by the board of Imperial Holdings Limited, setting out its duties and responsibilities as prescribed in the Act and incorporating additional duties delegated to it by the Board.
The committee:

- fulfillss the duties that are assigned to it by the Act and as governed by other legislative requirements, including the statutory audit committee functions required for subsidiary companies;
- assists the board in overseeing the quality and integrity of the company's reporting process;
- ensures that an effective control environment in the company is maintained;
- provides the chief financial officer, external auditors and the head of internal audit with unrestricted access to the committee and its chairman as is required in relation to any matter falling within the ambit of the committee;
- meets with the external auditors, senior managers and executive directors as the committee may elect;
- meets confidentially with the internal and external auditors without other executive board members or the company's chief financial officer being present;
- reviews and recommends to the board the annual financial statements;
- oversees the activities of, and ensures coordination between, the activities of the internal and external auditors;
- receives and deals with any complaints concerning accounting practices, internal audit or the content and audit of its financial statements or related matters;
- fulfillss the duties that are assigned to it by the Act and as governed by other legislative requirements, including the statutory audit committee functions required for subsidiary companies;
- conducts annual reviews of the committee's work and terms of reference; and
- assesses the performance and effectiveness of the committee and its members on a regular basis.

REPORT OF THE AUDIT COMMITTEE (continued)

Finance risk review committees ("FRRC")

Due to the size and diverse nature of the group, the audit committee has established divisional FRRC's which perform the functions of the audit committee at the divisions. These FRRC's are chaired by an independent person and report to the group audit committee.

Execution of functions during the year

The committee is satisfied that, for the 2016 financial year, it has performed all the functions required to be performed by an audit committee as set out in the Act and the committee's terms of reference.

The audit committee discharged its functions in terms of the charter and ascribed to it in terms of the Act during the year under review as follows:

External audit

The committee among other matters:

- nominated Deloitte & Touche and Mr. A Mackie as the external auditor and designated auditor respectively to shareholders for appointment as auditor for the financial year ending 30 June 2016, and ensured that the appointment complied with all applicable legal and regulatory requirements for the appointment of an auditor;
- nominated the external auditor and the independent auditor for re-appointment;
- reviewed the audit effectiveness and evaluated the external auditor's internal quality control procedures;
- obtained an annual confirmation from the auditor that their independence was not impaired;
- obtained assurances from the external auditor that adequate accounting records were being maintained by the company;
- maintained a policy setting out the categories of non-audit services that the external auditor may and may not provide, split between permitted, permissible and prohibited services;
- approved non-audit services with Deloitte & Touche in accordance with its policy;
- approved the external audit engagement letter, the plan and the budgeted audit fees payable to the external auditor;
- obtained assurances from the external auditor that adequate accounting records were being maintained by the company;
- considered whether any reportable irregularities were identified and reported by the external auditor in terms of the Auditing Profession Act No 26 of 2005; and
- considered any reported control weaknesses, management's response for their improvement and assessed their impact on the general control environment.

The committee is satisfied that Deloitte & Touche is independent of the company after taking the following factors into account:

- representations made by Deloitte & Touche to the committee;
- the auditor does not, except as external auditor or in rendering permitted non-audit services, receive any remuneration or other benefits from the company;
- the auditors' independence was not impaired by any consultancy, advisory or other work undertaken by the auditor;
- the auditors' independence was not prejudiced as a result of any previous appointment as auditor; and
- the criteria specified for independence by the Independent Regulatory Board for Auditors and international regulatory bodies.

REPORT OF THE AUDIT COMMITTEE (continued)

Internal audit

The audit committee:

- reviewed and approved the internal audit charter and annual audit plan and evaluated the independence, effectiveness and performance of the internal audit department and compliance with its charter;
- considered the reports of the internal auditor on the company's systems of internal control including financial controls, business risk management and maintenance of effective internal control systems;
- received assurance that proper and adequate accounting records were maintained and that the systems safeguarded the assets against unauthorised use or disposal thereof; and
- reviewed significant issues raised by the internal audit processes and the adequacy of corrective action in response to significant internal audit findings.

The head of internal audit reports functionally to the chair of the committee and administratively to the chief executive.

Adequacy and functioning of the company's internal controls

The committee reviewed the plans and work outputs of the external and internal auditors and concluded that these were adequate to address all significant financial risks facing the business.

As noted above, it also reviewed the reporting around the adequacy of the internal controls and based on this concluded that there had been no material breakdowns in internal control, including financial controls, business risk management and the maintenance of effective material control systems.

Financial statements

The audit committee ensures that the financial reporting to stakeholders fairly presents the state of affairs of the company.

The committee among other matters:

- confirmed the going concern as the basis of preparation of the annual financial statements;
- reviewed compliance with the financial conditions of loan covenants and determined that the capital of the company was adequate;
- examined and reviewed the annual financial statements, as well as all financial information disclosed prior to the submission to the board for their approval and then for disclosure to stakeholders;
- ensured that the annual financial statements fairly present the financial position of the company as at the end of the financial year and the results of operations and cash flows for the financial year and considered the basis on which the company was determined to be a going concern;
- considered the appropriateness of the accounting policies adopted and changes thereto;
- reviewed the external auditor's audit report and key audit matters included;
- reviewed the representation letter relating to the annual financial statements which was signed by management;
- considered any problems identified and reviewed any significant legal and tax matters that could have a material impact on the financial statements; and
- considered accounting treatments, significant unusual transactions and accounting judgements.

Risk management and information technology (IT) governance

The committee:

- reviewed the company's policies on risk assessment and risk management, including fraud risks and IT risks as they pertain to financial reporting and the going concern assessment, and found them to be sound; and
- considered the relevant findings and recommendations of the risk committee.

Legal and regulatory requirements

To the extent that these may have an impact on the annual financial statements, the committee:

- reviewed legal matters that could have a material impact on the company;
- reviewed the adequacy and effectiveness of the company's procedures, including its risk management framework, to ensure compliance with legal and regulatory responsibilities;
- monitored complaints received via the company's whistleblowing service; and
- considered reports provided by management, internal audit and the external auditors regarding compliance with legal and regulatory requirements.

REPORT OF THE AUDIT COMMITTEE (continued)

Expertise and experience of chief financial officer and the finance function

As required by 3.84(h) of the JSE Limited Listings Requirements, the audit committee has satisfied itself that the company's chief financial officer, Mr OS Arbee, has the appropriate expertise and experience.

In addition, the committee satisfied itself that the composition, experience and skills set of the finance function met the company's requirements.

Annual financial statements

Following the review by the committee of the annual financial statements of Imperial Group Limited for the year ended 30 June 2016, the committee is of the view that in all material respects they comply with the relevant provisions of the Act and IFRS and fairly present the financial position at that date and the results of operations and cash flows for the year then ended.

Having achieved its objectives, the committee has recommended the annual financial statements for the year ended 30 June 2016 for approval to the board. The board has subsequently approved the annual financial statements.

RM Kgosana
Chairman
18 October 2016

DIRECTORS' REPORT

Nature of business

Imperial Group Limited is a wholly owned subsidiary of Imperial Holdings Limited. Imperial Group Limited is in the business of logistics providing services accross the entire supply chain, vehicle retail, rental and autoparts, together with their support services, and houses the group treasury which raises funding from banks and provides funding to fellow subsidiaries of Imperial Group Limited.

Review of operations

The financial statements set out fully the financial position, financial performance and cash flows for the company for the financial year ended 30 June 2016.
The net profit after taxation amounted to R 720 million (2015: R 1 011 million) for the year.
Total equity amounts to R 3 183 million (2015: R 3 251 million) for the year.
Total assets increased to R 21 566 million (2015: R 19 919 million) funded by the increased interest bearing borrowings.

Businesses acquired

During the current year under review, the company purchased the businesses listed below:

Business name	*Division*
- Freightmax	Logistics
- Turbo Exchange	Vehicle retail, rental and aftermarket parts (VRRAP)

Businesses disposed

During the current year under review, the company disposed of the business listed below:

Business name	*Division*
- Imperial Caravan	Vehicle retail, rental and aftermarket parts (VRRAP)

Directors

The directors who held office during the year were:

M J Lamberti	
O S Arbee	
M P de Canha	
J J Strydom	Resigned effective 04 November 2015
M Swanepoel	
P B Michaux	

Dividends

Dividends declared during the year are noted in the Statement of Changes in Equity on page 12.

Events after the reporting period

There were no material events after the reporting period.

IMPERIAL GROUP LIMITED
(Registration number 1983/009088/06)
STATEMENT OF FINANCIAL POSITION
As at 30 June 2016

	Notes	2016 R '000	2015 R '000
ASSETS			
Goodwill and intangible assets	3	444,308	412,726
Property, plant and equipment	4	3,643,419	3,385,370
Transport fleet	5	1,829,143	2,017,634
Other financial assets	6	71,925	119,107
Amounts owing by related parties	32	7,732,392	6,458,766
Vehicles for hire	7	1,674,267	1,649,643
Inventories	8	3,390,259	3,045,605
Tax in advance		24,574	-
Trade and other receivables	9	2,370,003	2,502,844
Cash and cash equivalents	10	184,752	126,505
Asset classified as held for sale	11	201,344	201,088
TOTAL ASSETS		21,566,386	19,919,288
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and share premium	12	1,259,080	1,259,080
Share-based payment reserve	13	(110,681)	(75,651)
Hedge accounting reserve		1,944	(1,380)
Retained earnings		2,032,572	2,068,869
TOTAL EQUITY		3,182,915	3,250,918
Liabilities			
Interest-bearing borrowings	14	10,511,342	8,274,580
Deferred tax liability	15	220,535	361,871
Amounts owing to related parties	32	827,793	1,114,651
Other financial liabilities	16	264,322	90,045
Provisions for liabilities and other charges	17	236,779	73,515
Trade and other payables	18	4,295,779	3,918,783
Current tax liability		-	120,975
Current portion of interest-bearing borrowings	14	2,026,922	2,713,950
TOTAL LIABILITIES		18,383,471	16,668,370
TOTAL EQUITY AND LIABILITIES		21,566,386	19,919,288

IMPERIAL GROUP LIMITED
(Registration number 1983/009088/06)
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2016

	Notes	2016 R '000	2015 R '000
PROFIT OR LOSS			
REVENUE	19	31,675,381	31,339,089
Net operating expenses	20	(29,267,908)	(28,635,465)
Profit from operations before depreciation, amortisation and recoupments		2,407,473	2,703,624
Depreciation, amortisation, impairments and recoupments	22	(958,056)	(926,411)
Operating profit		1,449,417	1,777,213
Profit from sale of properties, net of impairments	22	4,441	34,737
Amortisation of intangible assets arising on business combinations	22	(21,135)	(36,690)
Other non-operating items	23	(73,150)	45,507
Profit before net financing costs		1,359,573	1,820,767
Finance costs including fair value (gain) / loss	24	(1,117,680)	(973,999)
Finance income	24	639,302	544,660
Profit before tax		881,195	1,391,428
Income tax expense	25	160,930	380,827
Profit for the year		720,265	1,010,601
OTHER COMPREHENSIVE INCOME / (LOSS)			
Items that may be reclassified subsequently to profit or loss			
Movement in hedge accounting reserve		3,324	(1,380)
- Amounts reclassified from hedge accounting reserve to profit or loss		230,215	47,373
- Effective portion of change in fair value of cash flow hedges		(226,891)	(48,753)
Total other comprehensive profit / (loss)		3,324	(1,380)
Total comprehensive income for the year		723,589	1,009,221

IMPERIAL GROUP LIMITED
(Registration number 1983/009088/06)
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2016

	Share capital and share premium R '000	Share-based payment reserve R '000	H accou re R
Balance as at 30 June 2014	1,259,080	(209,467)	
Share-based payment reserve transferred from retained earnings	-	2,690	
Share-based payment cost charged to profit or loss	-	71,515	
Share-based payment reserve utilisation	-	59,611	
Dividends paid	-	-	
Total comprehensive income for the year	-	-	(1
Balance as at 30 June 2015	1,259,080	(75,651)	(1
Share-based payment reserve transferred to retained earnings	-	10,942	
Share-based payment cost charged to profit or loss	-	86,617	
Share-based payment reserve utilisation	-	(132,589)	
Dividends paid	-	-	
Total comprehensive income for the year	-	-	3
Balance as at 30 June 2016	1,259,080	(110,681)	1

IMPERIAL GROUP LIMITED
(Registration number 1983/009088/06)
STATEMENT OF CASH FLOWS
For the year ended 30 June 2016

	Notes	2016 R '000	2015 R '000
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers		31,794,976	30,943,976
Cash paid to suppliers and employees		(29,001,235)	(28,314,599)
Cash generated by operations before interest and taxes paid	26a.	2,793,741	2,629,377
Interest paid		(1,139,467)	(960,350)
Interest received		639,302	544,660
Income tax paid		(449,010)	(399,827)
Cash generated by operations before net capital expenditure on rental assets		1,844,566	1,813,860
Purchase of vehicles for hire		(1,566,551)	(1,467,838)
Proceeds from sale of vehicles for hire		1,042,006	946,776
Net cash flow from operating activities		1,320,021	1,292,798
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of businesses	26b.	(13,772)	(13,152)
Disposal of business	26c.	(3,129)	(10)
Purchase of intangible assets		(146,909)	(207,822)
Purchase of property, plant and equipment		(642,275)	(495,416)
Purchase of transport fleet		(260,188)	(350,303)
Proceeds from sale of intangible assets		53,729	7,809
Proceeds from sale of property, plant and equipment		226,810	262,560
Proceeds from sale of transport fleet		180,056	123,293
Net movement in loans and other financial instruments		84,250	16,136
Net cash flows from investing activities		(521,428)	(656,905)
CASH FLOWS FROM FINANCING ACTIVITIES			
Hedge cost premium		(191,801)	(124,999)
Dividends paid		(745,000)	(600,000)
Net movements of amounts owing by/to related parties		(1,392,208)	(2,082,065)
Settlement of corporate bonds		(507,009)	-
Increase in long-term borrowings		2,271,573	1,526,655
Net cash flows from financing activities		(564,445)	(1,280,409)
Net increase / (decrease) in cash and cash equivalents		234,148	(644,516)
Cash and cash equivalents at beginning of year		(1,869,517)	(1,225,001)
Cash and cash equivalents at end of year	26d.	(1,635,369)	(1,869,517)

1. ACCOUNTING POLICIES

The principal accounting policies adopted and the methods of computation used in the preparation of these annual financial statements are set out below and are consistent in all material respects with those applied during the previous year except for the change in policy detailed in note 2.

1.1. Statement of compliance

The annual financial statements are stated in South African Rand and are prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB) in issue and effective for the company at 30 June 2016 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 and the Companies Act of South Africa, 2008.

1.2. Basis of measurement

The annual financial statements are prepared on the historical cost basis, modified by the restatement of certain financial instruments to fair value.

1.3. Business combinations

Acquisitions of businesses are accounted for using the acquisition method as described below.

An acquisition is considered a business combination if the assets acquired and liabilities assumed constitute a business.

The consideration transferred in a business combination is measured at fair value, which includes the fair value of the acquisition date asset and any liability resulting from a contingent consideration arrangement.

Acquisition-related costs are expensed in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and liabilities assumed are measured at fair values except for deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements which are recognised and measured in accordance with IAS 12 – Income Taxes and IAS 19 – Employee Benefits respectively.

The excess of the aggregate of the consideration transferred, and the acquisition date fair value of previously held equity interest over the fair value of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is below the fair values of the identifiable net assets acquired (i.e. bargain purchase), then the difference is credited to profit or loss in the period of acquisition.

When the consideration transferred includes a contingent consideration, that contingent consideration is recognised as a liability and measured at its acquisition-date fair value and included in the consideration transferred in a business combination. The contingent consideration is remeasured at subsequent dates to its fair value through profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the company reports provisional amounts for the items where the accounting is incomplete. Those provisional amounts are adjusted during the measurement period where applicable.

1.4. Foreign currencies

Transactions denominated in a foreign currency are recorded at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks which are recognised in other comprehensive income and accumulated in the hedge accounting reserve in equity.

1.5. Goodwill

Goodwill arising on acquisition is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

The consideration transferred in a business combination is measured at fair value, which includes the fair value of the acquisition date asset and any liability resulting from a contingent consideration arrangement.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

1.6. Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives.

Intangible assets are not revalued.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes accounted for on a prospective basis.

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost, being the acquisition date fair value, less accumulated amortisation and accumulated impairment losses on the same basis as intangible assets that are acquired

An intangible asset is derecognised on disposal or when no future economic benefits are expected from use or disposal.

Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the intangible asset is derecognised.

1.7. Impairment of tangible and intangible assets excluding goodwill

At the end of each reporting period, the company assesses if there is any indication that such assets have suffered an impairment loss.

When it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indeterminate useful lives and intangible assets not yet ready for their intended use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

1.7. Impairment of tangible and intangible assets excluding goodwill (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

A reversal of an impairment loss is recognised immediately in profit or loss.

1.8. Property, plant and equipment, transport fleet and vehicles for hire

Land is stated at cost less accumulated impairment and is not depreciated.

Buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated at cost less any accumulated depreciation and impairment losses.

Buildings in the course of construction for production, supply or administrative purposes are carried at cost less any recognised impairment loss.

All other assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Costs include all costs incurred in bringing the assets to the location and condition for their intended use and include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the company's accounting policy.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. Assets that are classified as held for sale are not depreciated.

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation commences when the assets are ready for their intended use.

Costs include the estimated costs of dismantling and removing the assets and, where appropriate, costs are split into significant components.

Major improvements to leasehold properties are capitalised and written off over the period of the lease.

Where significant components of an asset have different useful lives to the asset itself, those components are depreciated over their estimated useful lives.

Assets are derecognised on disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Vehicles for hire are reclassified to inventories at their carrying amount when they cease to be rented and become available-for-sale.

1.9. Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimate of the selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Cost is determined as follows:

Vehicles	Specific cost
Spares, accessories and finished goods	Weighted average cost
Fuel and oils	First in, first out

Work in progress includes direct costs and a proportion of overheads.

1.10. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The company as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Assets leased under operating leases are included under the appropriate category of assets in the statement of financial position.

They are depreciated over their expected useful lives on a basis consistent with similar items of property, plant and equipment.

The company as lessee

Assets held under finance leases are initially recognised as assets of the company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments.

The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Contingent rentals are recognised as an expense in the period in which they are incurred.

1.11. Incentive schemes

The company operates equity-settled share-based compensation plans for senior employees and executives.

Equity-settled share-based payments to employees are measured at the fair value of the equity instrument at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

At the end of each reporting period, the company revises its estimates of the number of equity instruments that are expected to vest.

The impact of the revision of original estimates, if any, is recognised in profit or loss with a corresponding adjustment to the share based payment reserve in equity.

1.12. Retirement benefit obligations

Defined contribution plans

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered services entitling them to the contributions.

1.13. Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is reviewed at the end of each reporting period and represents the best estimate of the consideration required to settle the obligation, taking into account the risks and uncertainties surrounding it.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the fair value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions are reversed when it is no longer probable that an outflow of resources will be required to settle the obligation.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the company has a contract under which the unavoidable cost of meeting the obligation under the contract exceeds the economic benefits expected from the contract.

1.14. Income taxes

Income tax expense represents the sum of current tax and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in profit or loss as a result of items of income or expense that are taxable or deductible in other years (temporary differences) and items that are not taxable or deductible.

The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the company's financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax assets and tax liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or from the initial recognition, other than in a business combination, of other assets and liabilities in a transaction that affects neither the tax profit nor accounting profit.

The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the company expects to recover or settle the carrying amount of assets and liabilities.

The carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised.

1.14. Income taxes (continued)

Deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited directly to other comprehensive income and equity, in which case the deferred tax is also taken directly to other comprehensive income and equity.

Deferred tax liabilities are offset when they relate to income taxes levied by the same tax authority and the company intends to settle its current tax assets and liabilities on a net basis.

Dividends tax
Dividends tax is levied on non-exempt shareholders. The group is responsible for the collection of the dividends tax and payment of the amounts collected to the South African Revenue Service (SARS). As this tax is levied on the shareholders and not the company, it does not form part of the tax expense recognised in profit or loss or in other comprehensive income. Dividends are reflected gross of tax.

1.15. Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition.

Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification as held for sale.

When the company is committed to a sale plan involving loss of control of an entity, all of the assets and liabilities of that entity are classified as held for sale when the criteria described above are met, regardless of whether the company will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

1.16. Revenue recognition

Included in revenue are net invoiced sales to customers for goods and services, rentals from vehicles for hire, revenue from maintenance and warranty contracts and commissions. Where the company acts as an agent and is remunerated on a commission basis, the commission is included in revenue. Where the company acts as principal, the total value of business handled is included in revenue.

Revenue is measured at the fair value of the consideration received or receivable. Cash and settlement discounts, rebates, value added tax and other indirect taxes are excluded from revenue.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred, when delivery has been made and title has passed, when the amount of the revenue and the related costs can be reliably measured and the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. Guaranteed buyback arrangements where significant risks and rewards of ownership have not transferred to the purchaser is accounted for as a lease.

Revenue from the rendering of services is measured using the stage of completion method based on the services performed to date as a percentage of the total services to be performed. Revenue from the rendering of services is recognised when the amount of the revenue, the related costs and the stage of completion can be measured reliably.

Rental income is accounted for in accordance with policy note 1.10.

Revenue from vehicle maintenance plans is recognised based on an established pattern, when vehicle maintenance services are performed over the life of the plan. Revenue is adjusted to cater for expected future expenditure which is determined based on historical trends and include forecasted inflationary adjustment on an annual basis. The balance of the unearned revenue is recognised on termination of the contract when the contract mileage has been reached.

1.17. Interest income

Interest income is accrued on the time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's carrying amount.

1.18. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.19. Dividend payments to owners of the company

Dividend distributions to owners of the company are recognised as a liability in the period in which the dividends are approved and declared.

1.20. Events after the reporting period

The financial statements are adjusted to reflect events that occurred between the end of the reporting period and the date when the financial statements are authorised for issue, only if those events provide evidence of conditions that existed at the end of the reporting period.

Events that are indicative of conditions that arose after the reporting period are disclosed, with no adjustment of the financial statements.

1.21. Financial instruments

Financial assets and financial liabilities are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Initial measurement of financial assets and financial liabilities

Financial assets and financial liabilities are initially recorded at fair value plus, in the case of financial assets and financial liabilities not fair valued through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets

Financial assets at fair value through profit or loss, including derivative assets, are subsequently measured at fair value without any deduction for transaction costs that may be incurred on sale or disposal.

Loans receivable and trade receivables are subsequently measured at amortised cost using the effective interest method, less any impairment as appropriate.

Cash resources are carried at amortised cost which is also their fair value.

Subsequent measurement of financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method except for financial liabilities at fair value through profit or loss, including derivative liabilities, which are measured at fair value.

Hedge accounting

The company enters into forward exchange contracts, cross currency swap agreements and interest-rate swap agreements in order to hedge its exposure to foreign exchange and interest rate risk. The company does not use derivative financial instruments for speculative purposes.

Changes in the fair value of derivative instruments that are not formally designated in a hedge relationship are recognised immediately in profit or loss.

Changes in the fair value of a 'fair value hedge' are recognised in profit or loss. The gain or loss on the hedged item, attributable to the hedged risk, is adjusted to the carrying amount of the hedged item with a corresponding entry in profit or loss.

1.21. Financial instruments (continued)

Impairment of financial assets

Financial assets, other than those fair valued through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of a provision account. When a trade receivable is considered uncollectible, it is written off against the provision account.

Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The company derecognises a financial liability when the obligation specified in the contract is discharged, cancelled or expires.

Cash resources

Cash resources comprise cash on hand and on-demand deposits, together with short-term, highly liquid investments with a maturity of three months or less from the date of acquisition, that are readily convertible to a known amount of cash and that are subject to an insignificant risk of changes in value. Bank overdrafts are shown within current portion of interest-bearing borrowings on the statement of financial position. Cash and cash equivalents in the statement of cash flows are reflected net of overdrafts.

1.22. Significant accounting judgements, estimates and assumptions

Company statement of financial position presentation based on liquidity

Management believes that the presentation of the statement of financial position on a liquidity basis provides information that is reliable and more relevant compared to a current and non-current presentation. The nature of the company's operations is diverse and as such it becomes more difficult to clearly identify a single operating cycle that would be relevant across all business segments.

Maturity profiles of financial assets and liabilities are provided in the notes to the company annual financial statements.

The following is provided on assets and liabilities where further judgement regarding maturity is required:

Assets

Assets that the company expects to realise, or intends to sell or consume in its normal operating cycle would include inventory and trade and other receivables. The operating cycles for these assets are generally not more than twelve months.

Certain vehicles for hire have an operating cycle of more than 12 months. Vehicles that have reached the end of the useful life as rental assets are shown as inventory.

Other loans receivable mature over periods longer than 12 months and include amounts that are due within one year from the reporting period.

Cash resources are unrestricted.

Liabilities

Liabilities that the company expects to settle in its normal operating cycle include trade and other payables and provisions.

Trade and other payables are normally settled within one year from the reporting period, whereas some amounts of provisions mature over periods longer than 12 months.

Other financial liabilities are payable over longer periods but do consist of amounts that are due within one year from the reporting period.

Discontinued operations and non-current assets classified as held for sale

The group classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use.

A component of the group is classified as a discontinued operation if:

- It represents a separate major line of business or geographical area of operation; or
- It is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

Contingent liabilities

The company applies its judgement to the fact patterns and advice it receives from its attorney, advocates and other advisors in assessing if an obligation is probable, more likely than not, or remote. This judgement is used to determine whether the obligation is recorded as a liability on the company statement of financial position or disclosed as a contingent liability.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that may have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The company based its assumptions and estimates on parameters available when the company financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

1.23. Significant accounting judgements, estimates and assumptions (continued)

Residual values of assets

The company reassesses the residual values of its assets on an annual basis. Actual residual values can vary from those estimated. In arriving at estimated residual values the company considers the existing condition of the asset, the expected condition of the assets at the end of its useful life, technological innovations, product life cycles, maintenance programmes and projected disposal values.

Income taxes

The company recognises liabilities for anticipated taxes based on estimates. The final tax assessments can be different from these estimates. Such differences will impact the income tax expense and tax assets and liabilities in the period in which such determination is made.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of the tax assets that can be recognised, based on the likely timing and the level of future taxable profits, together with future tax planning.

Revenue recognition – maintenance and warranty contracts

Maintenance and warranty contracts are sold with vehicles to cover the cash cost of future expenditure over specified periods. Revenue from vehicle maintenance plans is recognised based on an established pattern of when vehicle maintenance services are performed over the period of the plan. Revenue is adjusted to cater for expected future expenditure which is determined based on historical trends and include forecasted inflationary adjustments on an annual basis. The balance of the unearned revenue is recognised on termination of the contract when the contract mileage has been reached.

Significant judgments made to determine the stage of completion, known as burn rates, of contracts include:

- Vehicles parts inflation
- Foreign currency movements
- Estimated use of vehicles

Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the company statement of financial position cannot be measured based on quoted prices in an active market, their fair value is measured using the discounted cash flow (DCF) valuation techniques. The input to these models are taken from observable markets, but where this is not feasible, a degree of judgement is required in establishing fair values.

Impairment of non-financial assets

Impairment exist when the carrying amount of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less cost to sell and its value in use. The company determines fair value less cost to sell based on available data from binding sale transactions, conducted at arm's length, for similar assets or observable market prices less incremental cost for disposing of the asset.

The value in use calculation is based on the discounted cash flow (DCF) model. The cash flows are derived from five year budget information and do not include uncommitted restructuring activities or significant future investments that will enhance the asset's performance of the cash generating unit (CGU) being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash flows and the growth rates used for extrapolation purposes. These estimates are most relevant to goodwill and other intangible assets with indefinite useful lives recognised by the company. The key assumptions used to determine the value in use for the different CGU's are disclosed and further explained in note 3.

1.23. Significant accounting judgements, estimates and assumptions (continued)

Retirement benefit obligations

The cost of the defined benefit pension plan and other post-employment benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making assumptions that may differ from actual developments in the future. These include the determination of the discount rate, mortality and fluctuation rates and future salary and pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in

In determining the appropriate discount rate management considers the interest rates of corporate bonds in currencies consistent with the currencies of the retirement benefit obligations with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolates as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality.

The mortality rate is based on publicly available mortality tables for specific countries. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

Provision for doubtful debts

Provision is made for doubtful debts based on management's estimate of the prospect of recovering the debt. Where management has determined that a debt is no longer recoverable, the amount is written off.

Provision against inventory

Inventory is counted at least once a year and any shortages and obsolete stock identified are written off

An allowance is made for slow-moving and obsolete inventory based on historical trends.

Share-based settlements

Estimating fair value of share based payment transactions requires determination of the most appropriate valuation model, which depends on the term and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the life of the share schemes, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity settled transactions with employees at the grant date the company uses the Black-Scholes pricing model for both the share appreciation rights and deferred bonus plan schemes.

2. NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

The following are applicable amendments to IFRS that could have an impact on the company's future financial statements. The company does not anticipate that other amendments resulting from annual improvements to have an impact on its financial statements other than additional disclosures.

2.1. IFRS 9 - Financial Instruments (amendments)

IFRS 9 introduces a single classification and measurement model for financial assets which is dependent on the entities business model objective for managing financial assets and on the contractual cash flow characteristics of financial assets.

Financial assets are classified as either, amortised cost, fair value through profit or loss or fair value through other comprehensive income whilst financial liabilities are classified as amortised cost or fair value through profit or loss.

The standard also introduces a new impairment model which follows a three-stage approach based on changes in expected credit losses of a financial instrument. The model also determines the recognition of impairment as well as the recognition of interest revenue.

Amendments were also made to the criteria for applying hedge accounting, more specifically on the hedge effectiveness which requires the existence of an economic relationship between the hedge item and the hedging instrument and that credit risk does not dominate changes in the fair value of the hedge item or hedging instrument and lastly that the hedge ratio is the same for both the hedging relationship and the quantity of the hedged item actually hedged and the quantity of the hedging instrument used to hedge it.

The adoption of IFRS 9 will lead to revised consequential disclosures as required in IFRS 7 – Financial Instruments: Disclosures. The company anticipates that the application of IFRS 9 may have an impact on amounts reported in respect of the group's financial assets and financial liabilities. A detailed review of the potential impact of IFRS 9 is ongoing.

The amendments become applicable to the company for annual periods beginning on or after 1 January 2018.

2.2. IFRS 15 – Revenue From Contracts With Customers

The objective of IFRS 15 is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer.

The core principle of IFRS 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Application of this guidance will depend on the facts and circumstances present in a contract with a customer and will require the exercise of judgment.

The amendments become applicable to the company for annual periods beginning on or after 1 January 2018.

2.3. IFRS 16 – Leases

IFRS 16 Leases introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term longer than 12 months.

A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Depreciation is recognised on the right-of-use asset and interest on the lease liability.

In terms of lessor accounting IFRS 16 substantially carries forward the requirements in IAS 17 Leases and accordingly a lessor continues to account for its leases as operating leases or finance leases.

The company anticipates that the application of IFRS 16 will have an impact on amounts reported in respect of the company's financial assets and financial liabilities. A detailed review of the potential impact of IFRS 16 is ongoing.

The amendments become applicable to the company for annual periods beginning on or after 1 January 2019.

2.4. IAS 7 – Statement of Cash Flows

The amendments to IAS 7 are intended to improve information provided to users of financial statements about an entity's financing activities.

The amendments become applicable to the company for annual periods beginning on or after 1 January 2018.

3. GOODWILL AND INTANGIBLE ASSETS

	Goodwill R '000	Computer software R '000	Other intangibles R '000	Total R '000
At 30 June 2016				
- Cost	119,001	365,264	220,747	705,012
- Accumulated amortisation and impairment	-	(107,656)	(153,048)	(260,704)
	119,001	257,608	67,699	444,308
Net carrying value at beginning of year	119,001	255,608	38,117	412,726
Acquisition of businesses	-	105	-	105
Disposal of business	-	(23)	-	(23)
Additions	-	95,669	51,240	146,909
Proceeds on sale	-	(53,729)	-	(53,729)
Loss on disposal	-	(119)	-	(119)
Impairment charge	-	(5,932)	-	(5,932)
Amortisation	-	(33,971)	(21,658)	(55,629)
Net carrying value at end of year	119,001	257,608	67,699	444,308
At 30 June 2015				
- Cost	119,001	320,993	133,523	573,517
- Accumulated amortisation and impairment	-	(65,385)	(95,406)	(160,791)
	119,001	255,608	38,117	412,726
Net carrying value at beginning of year	122,011	82,183	76,197	280,391
Disposals of business	(3,010)	(80)	(1,342)	(4,432)
Additions	-	207,770	52	207,822
Proceeds on sale	-	(7,809)	-	(7,809)
Profit on disposal	-	614	-	614
Impairment charge	-	(404)	-	(404)
Amortisation	-	(26,666)	(36,790)	(63,456)
Net carrying value at end of year	119,001	255,608	38,117	412,726

Expenditure on externally acquired computer software and other intangibles is amortised on a straight-line basis over the assets' estimated useful lives between 2 to 10 years. Goodwill is not amortised, but is tested for impairment annually.

Goodwill

A summary of the goodwill by cash generating unit and related assumptions applied for impairment testing purposes are as follows:

Cash generating unit (CGU)	Pre-tax discount rate %	Goodwill carrying amount R '000	Terminal growth rate %
Imperial Health Sciences - 2016	21.9	119 001	5.4
Imperial Health Sciences - 2015	20.9	119 001	4.5

3. GOODWILL AND INTANGIBLE ASSETS (continued)

Goodwill impairment testing

Goodwill is allocated to the appropriate CGU's according to the type of business and where it operates. The CGUs represent the identifiable assets for which an active market exists and which generate independent cash flows for the company.

External and internal factors surrounding the business operations play a role in determining an indication of impairment. In addition, the carrying amount of goodwill is subject to an annual impairment test. Impairment tests are carried out on all goodwill balances within each CGU.

Impairment of goodwill arises when the recoverable amount of the CGU, including goodwill, is less than the carrying value. The recoverable amount is determined as the greater of the fair value less costs to sell or the value in use. In most instances it is difficult to use the fair value less costs to sell as no reliable estimate is easily obtainable in determining the recoverable amount. Therefore the value in use method is used to assess the goodwill for impairment.

Key assumptions used in value in use calculations

Cash flow projections

The value in use is calculated using the forecasted cash inflows and outflows which are expected to be derived from continuing use of the CGU and its ultimate disposal. Cash flow projections for financial forecasts are based on expected revenue, operating margins, working capital requirements and capital expenditure, which were approved by senior management.

The expected revenues were based on market share assumptions, volume growth and price increases. No significant change in market share was assumed during the forecasted period and is based on the average market share in the period immediately before the forecast period. Volume growth was based on average growth experienced in recent years. The exchange rates used in the cash flow projections were consistent with external sources of information.

Operating margins reflect past experience but are adjusted for any expected changes for the individual CGU.

These cash flow projections cover a five-year forecast period, which are then extrapolated into perpetuity using applicable terminal growth rates.

The key assumptions used in arriving at projected cash flows were market share assumptions and operating margins.

Growth rate

The growth rate applied is determined based on future trends within the industry, geographic location and past experience. The growth rate can fluctuate from year to year based on the assumptions used to determine the rate.

The company used a steady growth rate to extrapolate revenues beyond the forecasted period, which were consistent with publicly available information relating to long-term average growth rates for each of the markets in which the CGU operates.

3. GOODWILL AND INTANGIBLE ASSETS (continued)

Goodwill impairment testing (continued)

Discount rates applied

The discount rate represent the current market assessment of the risks for the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow projections. The discount rate calculations are derived from the CGU's weighted average cost of capital and takes into account both the cost of debt and the cost of equity.

The cost of equity was arrived at by using the capital asset pricing model (CAPM) which, where necessary, takes into account an equity risk premium and a small stock premium. The CAPM uses market betas of comparable entities in arriving at the cost of equity. The cost of debt is based on the interest-bearing borrowings the CGU is obliged to service.

The debt to equity ratio was determined by applying market value weights based on theoretical target gearing levels, giving consideration to industry averages and using data of comparable entities.

Change in key assumptions and conclusion

The directors believe that any reasonable possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU's.

4. PROPERTY, PLANT AND EQUIPMENT

	Land, buildings and leasehold improvements R '000	Equipment and furniture R '000	Motor vehicles R '000	Total R '000
At 30 June 2016				
- Cost	3,286,117	1,066,390	211,836	4,564,343
- Accumulated depreciation and impairment	(226,605)	(626,261)	(68,058)	(920,924)
	3,059,512	440,129	143,778	3,643,419
Net carrying value at beginning of year	2,964,123	291,782	129,465	3,385,370
Acquisition of businesses	25,329	5,200	773	31,302
Disposal of business	(238)	(14,791)	(3,582)	(18,611)
Additions	181,723	280,382	180,170	642,275
Proceeds on sale	(92,061)	(11,118)	(123,631)	(226,810)
Profit / (loss) on disposal	11,218	(1,142)	2,491	12,567
Depreciation	(23,805)	(110,184)	(41,908)	(175,897)
Impairment charge	(6,777)	-	-	(6,777)
Net carrying value at end of year	3,059,512	440,129	143,778	3,643,419
At 30 June 2015				
- Cost	3,158,861	829,867	196,560	4,185,288
- Accumulated depreciation and impairment	(194,738)	(538,085)	(67,095)	(799,918)
	2,964,123	291,782	129,465	3,385,370
Net carrying value at beginning of year	2,851,565	306,148	99,756	3,257,469
Acquisition of businesses	10,059	6,906	5,884	22,849
Disposals of business	-	(485)	(1,375)	(1,860)
Additions	250,269	92,329	152,818	495,416
Proceeds on sale	(165,021)	(4,508)	(93,031)	(262,560)
Profit on disposal	38,989	229	1,718	40,936
Depreciation	(17,486)	(103,971)	(36,305)	(157,762)
Impairment charge	(4,252)	(4,866)	-	(9,118)
Net carrying value at end of year	2,964,123	291,782	129,465	3,385,370

Depreciation is calculated on a straight-line basis to write off the cost of each significant component of an asset to its residual value over its estimated useful life as follows:

- Buildings and leasehold improvement	20 years
- Equipment and furniture	3 to 10 years
- Motor vehicles	3 to 5 years
- Land	Not depreciated

	2016 R '000	2015 R '000
5. TRANSPORT FLEET		
- Cost	3,518,254	3,653,090
- Accumulated depreciation	(1,689,111)	(1,635,456)
	1,829,143	2,017,634
Net carrying value at beginning of year	2,017,634	1,882,849
Acquisition of businesses	47,900	195,012
Additions	260,188	350,303
Proceeds on sale	(180,056)	(123,293)
Profit on disposal	10,889	8,565
Depreciation	(327,412)	(295,802)
Net carrying value at end of year	1,829,143	2,017,634

Depreciation is calculated on a straight-line basis to write off the cost of each significant component to its residual value over its estimated useful life between 3 to 12 years.

6. OTHER FINANCIAL ASSETS		
Loans		
Other loans - at amortised cost	63,730	83,275
Other financial assets		
Cross currency and interest rate swap instruments at fair value (Level 2 in the fair value hierarchy)	8,195	35,832
	71,925	119,107

Cross currency and interest rate swap instruments mature in July 2017.

Maturity analysis:		
Maturing within one year	29,135	51,355
Maturing after one year but within five years	42,790	67,752
	71,925	119,107
Effective interest rates:	9.0% - 10.5%	9.0% - 9.25%

For futher disclosures refer to note 31.

7. VEHICLES FOR HIRE		
- Cost	2,075,508	2,060,602
- Accumulated depreciation	(401,241)	(410,959)
	1,674,267	1,649,643
Net carrying value at beginning of year	1,649,643	1,580,518
Disposal of business	(73,482)	-
Additions	1,566,551	1,467,838
Proceeds on sale	(1,042,006)	(946,776)
Depreciation	(426,439)	(451,937)
Net carrying value at end of year	1,674,267	1,649,643

Depreciation is calculated on a straight-line basis to write off the cost of the vehicles to their residual value over their estimated useful life between 1 to 2 years.

	2016 R '000	2015 R '000
8. INVENTORIES		
New vehicles	1,245,243	1,145,830
Used vehicles	1,487,539	1,406,316
Spares, accessories and finished goods	613,694	456,764
Fuel and oils	22,321	20,698
Work in progress	21,462	15,997
Total	3,390,259	3,045,605
Inventories carried at net realisable value included above	1,262,196	1,147,048
Net amount of inventory write down expensed in profit or loss	27,313	7,545
9. TRADE AND OTHER RECEIVABLES		
Trade receivables	2,184,809	2,274,909
- Gross receivables	2,287,224	2,423,018
- Provision for doubtful debts	(102,415)	(148,109)
Prepayments and other receivables	185,128	227,889
Current derivative assets	66	46
	2,370,003	2,502,844
For futher disclosures refer to note 31.		
10. CASH AND CASH EQUIVALENTS		
Cash on hand and at bank	184,752	126,505
Effective interest rates	6.5% - 8.3%	5.3%
For futher disclosures refer to note 31.		
11. ASSET CLASSIFIED AS HELD FOR SALE		
The asset classified as held for sale is a long term loan advanced to Regent Insurance Company Limited.	201,344	201,088

Regent Insurance Company Limited (Regent) is a fellow subsidiary of Imperial Group Limited within the Imperial Holdings Limited's group.

While the business of Regent has grown strongly since its establishment, a large fast growing portion of Regent's revenue and profits are unrelated to the company's core vehicle and logistics businesses and enjoy no strategic, competitive or financial advantage from Imperial Holdings Limited's ownership.

The growth prospects and value of these unrelated businesses will be better advanced by owners with established capability and scale in financial services and insurance.

Therefore, and consistent with its strategy to invest in its core capabilities, Imperial has decided to dispose of the business and insurance licenses of Regent, in a transaction structured to allow the group continued access, with its cell captive arrangements, to the income flows generated by the distribution of vehicle related insurance and value added products, through Imperial's extensive dealership network.

The Group expect that the fair value less cost to sell the business will be higher than the aggregate carrying amount of the related assets and liabilities. Therefore, no impairment loss was recognised either on the reclassification of the assets and liabilities as held for sale or at 30 June 2016.

The disposal is expected to be completed within the following twelve months.

	2016 R '000	2015 R '000
12. SHARE CAPITAL AND SHARE PREMIUM		
Authorised share capital		
1 000 (2015: 1 000) ordinary shares of R1 each	1	1
Issued share capital		
165 (2015: 165) ordinary shares of R1 each	-	-
Share premium	1,259,080	1,259,080
	1,259,080	1,259,080

13. SHARE-BASED PAYMENT RESERVE

Please refer to the statement of changes in equity for details of the movements and closing balance.

The fair values for the share-based payment reserve were calculated using the Black-Scholes pricing model.

The inputs into the model were established at the grant dates and which have not changed, are as follows:

	2016 ^	2015 ^	2014	2013
Share appreciation rights				
Volatility (%)	34.00	32.00	28.41	29.50
Weighted average share price (Rands)	127.77	174.65	193.77	195.20
Weighted average exercise price (Rands)	127.77	174.65	193.77	195.20
Weighted average fair value (Rands)	39.08	48.76	46.67	47.02
Expected life (years)	4.39	4.27	4.28	4.32
Average risk-free rate (%)	8.75	7.47	7.75	6.50
Expected dividend yield (%)	3.75	3.50	4.34	3.89
Deferred bonus plan				
Volatility (%)	34.00	32.00	28.41	29.50
Weighted average share price (Rand)	127.77	174.65	193.77	195.20
Weighted average fair value (Rand)	112.76	156.08	168.45	171.89
Expected life (years)	3.33	3.21	3.23	3.27
Average risk-free rate (%)	8.75	7.47	7.75	6.50
Expected dividend yield (%)	3.75	3.50	4.34	3.89

^ Granted during the current year

The volatilities were determined by calculating the historical volatility of the Imperial Holdings Limited's share price over the previous five years. The expected life is determined by the rules of the schemes which dictate the expiry date.

For additional information, please refer to the pages 53-54 of the published annual consolidated financial statements of Imperial Holdings Limited (website: www.imperial.co.za).

		2016 R '000	2015 R '000
14. INTEREST-BEARING BORROWINGS			
Long-term borrowings			
- Corporate bonds: Listed on the Bond Exchange of South Africa		5,347,058	5,839,803
IPL 5: repaid in September 2015		-	500,084
IPL 6: maturing in September 2017		1,537,042	1,536,670
IPL 7: maturing in April 2018		765,048	762,529
IPL 8: maturing in October 2020		1,529,615	1,526,157
IPL 9: maturing in May 2021		757,523	756,533
IPL 10: maturing in May 2021		757,830	757,830
- Revolving credit facility - term loans		4,188,599	2,884,247
- Other loans		1,096,691	173,694
		10,632,348	8,897,744
Short-term borrowings			
- Call borrowings, bank overdrafts and franchise creditors		1,782,664	1,791,466
- Commercial paper		123,252	299,321
		1,905,916	2,090,786
Total borrowings		12,538,264	10,988,530
Less: Current portion of interest-bearing borrowings		(2,026,922)	(2,713,950)
Long-term borrowings		10,511,342	8,274,580

All interest bearing borrowings are held at amortised cost.

Interest rate analysis	**Current year interest rates**		
Fixed			
- Corporate bonds - IPL 6	9.8%	1,537,042	1,536,670
- Corporate bonds - IPL 10	9.4%	757,830	757,830
- Mortgage loans	9.3%	-	1,412
Variable linked			
- Corporate bonds - IPL 5	8.1%	-	500,084
- Corporate bonds - IPL 7	7.7% - 8.8%	765,048	762,529
- Corporate bonds - IPL 8	7.9% - 9.0%	1,529,615	1,526,157
- Corporate bonds - IPL 9	7.8% - 8.9%	757,523	756,533
- Revolving credit facility - term loans	1.6% - 8.8%	4,188,599	2,884,247
- Unsecured loans	5.3% - 6.5%	116,647	119,281
- Notice Loans	6.6% - 8.1%	980,043	53,000
- Floorplans with financial institutions	8.0% - 11.3%	85,796	94,764
- Call borrowings	4.0% - 10.8%	1,535,928	1,328,029
- Bank overdrafts	4.0% - 10.0%	160,941	368,673
- Commercial paper	6.5% - 7.8%	123,252	299,321
		12,538,264	10,988,530

For futher disclosures refer to note 31.

14. INTEREST-BEARING BORROWINGS (continued)

Summary of interest-bearing borrowings by year of redemption or repayment in SA Rands

2021 onwards R'000	2020 R'000	2019 R'000	2018 R'000	2017 R'000	2016 Total R'000
4,544,968	-	305,042	5,661,332	2,026,922	12,538,264

2020 onwards R'000	2019 R'000	2018 R'000	2017 R'000	2016 R'000	2015 Total R'000
4,541,144	225	3,671,181	62,030	2,713,950	10,988,530

Imperial Holdings Limited guarantees the corporate bonds and bank overdrafts of Imperial Group Limited.

Borrowing facilities

In terms of the memorandum of incorporation the borrowing powers of the company is unlimited.

	2016 R'000	2015 R'000
Total facilities established	10,909,970	10,742,000
Less: Total borrowings, excluding corporate bonds, floorplan and commercial paper	(6,982,159)	(4,754,641)
Unutilised borrowing capacity	3,927,811	5,987,359

	2016 R '000	2015 R '000
15. DEFERRED TAX LIABILITY		
Movement of deferred tax		
Carrying value at beginning of the year	361,871	304,987
Acquisition of business	10,756	27,493
Disposal of business	347	1,872
Charged to profit or loss	(42,570)	27,378
Prior year over provision	(100,545)	(1,763)
Capital gains tax	(9,324)	1,904
Carrying value at end of year	220,535	361,871
Analysis of deferred tax		
- Property, plant and equipment	96,370	76,270
- Transport fleet	331,944	419,175
- Vehicles for hire	33,672	54,829
- Inventory	(9,597)	(35,789)
- Receivables and prepayments	(18,726)	(49,822)
- Provisions and other payables	(169,602)	(124,479)
- Other	(43,526)	21,687
	220,535	361,871
16. OTHER FINANCIAL LIABILITIES		
Cross-currency swaps at fair value - maturing July 2017	264,322	74,606
Interest rate swaps at fair value	-	14,897
Other non-current financial liabilities	-	542
	264,322	90,045
For futher disclosures refer to note 31.		
17. PROVISIONS FOR LIABILITIES AND OTHER CHARGES		
Carrying value at beginning of the year	73,515	114,457
Acqusition of businesses	199	694
Disposal of business	(179)	(4,076)
Amounts added	195,211	17,888
Unused amounts reversed	-	(48,047)
Charged to profit or loss	195,211	(30,159)
Amounts utilised	(31,967)	(7,401)
Carrying value at end of year	236,779	73,515
Ageing of provisions for liabilities and charges		
Maturing in less than one year	219,110	66,987
Maturing in one to five years	17,669	6,528
	236,779	73,515
Provisions comprise of warranty and after sales obligations, onerous contracts and restructuring costs. The ageing fairly reflects the timing and amounts of the estimated payments to be made.		
18. TRADE AND OTHER PAYABLES		
Trade payables	3,163,129	2,895,491
Other payables and accruals	1,127,912	1,022,594
Derivative instruments	4,738	698
	4,295,779	3,918,783
For futher disclosures refer to note 31.		

	2016 R '000	2015 R '000
19. REVENUE		
An analysis of the company's revenue is as follows:		
Sales of goods	21,348,522	21,779,635
Rendering of services	10,326,859	9,559,454
Total revenue	31,675,381	31,339,089
Revenue includes transactions with fellow subsidiaries of Imperial Holdings Limited amounting to:		
Sales of goods	368,780	534,442
Rendering of services	443,424	334,237
Total revenue	812,204	868,679
20. NET OPERATING EXPENSES		
Purchase of goods	19,658,316	20,735,211
Net movement in inventories before net acquisitions of businesses	397,199	64,505
Cost of outside services	2,156,593	1,658,722
Staff cost	4,557,535	4,102,198
Equity-settled staff share-based payment cost	86,617	71,515
Operating income	(673,458)	(737,609)
Other operating costs	3,085,106	2,740,923
	29,267,908	28,635,465
Rental and operating lease charges		
- Plant and equipment	12,830	9,814
- Properties	258,368	237,756
- Vehicles	37,458	25,240
	308,656	272,810
Consultancy and other technical fees	86,094	57,205
Defined contribution retirement plan costs	226,825	201,638

The company provides retirement fund benefits through independent funds under the control of trustees and all contributions to those funds are charged to profit or loss. The large majority of employees, other than those employees required by legislation to be members of various industry funds, are members of the Imperial Group Pension Fund and the Imperial Group Provident Fund which are governed by the Pensions Funds Act, 1965.

21. DIRECTORS' REMUNERATION

	Salary R '000	Bonus R '000	Retirement and medical contri-butions R '000	Other benefits R '000	Total R '000
2016					
Directors					
MJ Lamberti					-
M Akoojee (Resigned during year)	811	963	122	30	1,926
OS Arbee	5,309	7,200	691	360	13,560
MP de Canha	4,924	4,600	567	159	10,250
PB Michaux	4,171	4,600	589	240	9,600
JJ Strydom (Resigned during year)	1,834	-	165	120	2,119
M Swanepoel	4,732	5,000	739	180	10,651
Total directors remuneration	**21,781**	**22,363**	**2,873**	**1,089**	**48,106**

In lieu of an annual incentive bonus, Deferred Bonus Payment rights were allocated to MJ Lamberti. In terms of this he is required to hold Imperial shares until 15 September 2018 when he will receive a matching award of the same number of Imperial shares. The expected value of this award is R6,000,000.

MJ Lamberti has elected not to be paid the fixed remuneration portion of his compensation or receive other direct benefits as CEO of Imperial. His compensation will therefore comprise only the performance-related portion of compensation normally due to the CEO.

2015					
Directors					
MJ Lamberti	-	-	-	-	-
M Akoojee	2,987	2,600	493	120	6,200
OS Arbee	4,858	4,000	782	360	10,000
MP de Canha	4,698	2,500	643	159	8,000
PB Michaux	3,826	3,000	634	240	7,700
JJ Strydom	3,766	3,000	334	-	7,100
M Swanepoel	4,277	4,000	843	180	9,300
Total directors remuneration	**24,412**	**19,100**	**3,729**	**1,059**	**48,300**

Expected value of long-term incentive awards
This value represents the expected value of all long-term incentive awards made in the reporting year. The expected value is calculated using a Black Scholes valuation model.

Directors	**2016 R '000**	**2015 R '000**
MJ Lamberti	22,423	15,043
M Akoojee (Resigned during year)	-	3,850
OS Arbee	6,089	6,360
MP de Canha	4,986	5,650
PB Michaux	4,854	5,000
M Swanepoel	5,736	5,650
Total directors remuneration	**44,088**	**41,553**

21. DIRECTORS' REMUNERATION (continued)

Incentive schemes

Executive directors participate in the incentive schemes of the company's parent company. The equity linked compensation benefits for directors are set below:

Participation in the Share Appreciation Rights Scheme (SAR)

	Commence-ment date	Number of rights *	Number of rights forfeited	Number of rights remaining	Price	Vesting date
Directors						
OS Arbee	02 June 2010	55,302		55,302	96.71	15 September 2013
	14 June 2011	23,377		23,377	116.59	15 September 2014
	13 June 2012	44,743	3,973	40,770	170.57	26 August 2015
	11 June 2013	77,582		77,582	195.20	15 September 2016
MP de Canha	14 June 2011	25,011		25,011	116.59	15 September 2014
	13 June 2012	47,876	4,251	43,625	170.57	26 August 2015
	11 June 2013	68,215		68,215	195.20	15 September 2016
M Swanepoel	13 June 2012	44,743	3,973	40,770	170.57	26 August 2015
	11 June 2013	68,641		68,641	195.20	15 September 2016
PB Michaux	13 June 2012	31,241	2,774	28,467	170.57	26 August 2015
	11 June 2013	51,092		51,092	195.20	15 September 2016

*The number of rights that will eventually vest is subject to the achievement of performance conditions linked to core EPS targets relative to a peer group of 20 JSE listed companies and return on invested capital (ROIC) targets relative to weighted cost of capital. The rights vested could be fewer than the number granted.

21. DIRECTORS' REMUNERATION (continued)

Participation in the Deferred Bonus Plan (DBP)

	Allocation date	Number of Imperial Holdings shares committed to the plan +	Vesting during the year	Balance remaining	Vesting date
Directors					
MJ Lamberti	01 March 2014	60,787		60,787	15 September 2017
	06 October 2015	37,217		37,217	15 September 2018
	18 May 2016	43,383		43,383	16 September 2019
OS Arbee	13 June 2012	6,727	6,727	-	26 August 2015
	11 June 2013	5,872		5,872	15 September 2016
	30 June 2014	30,965		30,965	15 September 2017
	06 October 2015	36,416		36,416	15 September 2018
	18 May 2016	54,003		54,003	16 September 2019
MP de Canha	13 June 2012	8,064	8,064	-	26 August 2015
	11 June 2013	6,276		6,276	15 September 2016
	30 June 2014	28,384		28,384	15 September 2017
	06 October 2015	32,350		32,350	15 September 2018
	18 May 2016	44,220		44,220	16 September 2019
M Swanepoel	13 June 2012	6,156	6,156	-	26 August 2015
	11 June 2013	5,164		5,164	15 September 2016
	30 June 2014	27,352		27,352	15 September 2017
	06 October 2015	32,350		32,350	15 September 2018
	18 May 2016	50,873		50,873	16 September 2019
PB Michaux	13 June 2012	4,793	4,793	-	26 August 2015
	11 June 2013	4,634		4,634	15 September 2016
	30 June 2014	24,256		24,256	15 September 2017
	06 October 2015	28,629		28,629	15 September 2018
	18 May 2016	43,046		43,046	16 September 2019

+ The number of shares committed to the plan is dependent on the amount of after-tax bonus committed by each executive and the share price prevailing when bonus shares are acquired.

21. DIRECTORS' REMUNERATION (continued)

Conditional Share Plan (CSP)

The following CSP's were granted to M J Lamberti:

	Number of CSP's
Granted on 10 September 2014 in relation to the 01 July 2014 to 30 June 2017 performance period.	67,064
Granted on 06 October 2015 in relation to the 01 July 2015 to 30 June 2018 performance period.	48,915
Granted on 18 May 2016 in relation to the 01 July 2016 to 30 June 2019 performance period.	80,340
	196,319

Gains by directors on SAR, DBP and CRP exercised during the year

	2016	2015
Directors	**R '000**	**R '000**
M Akoojee (Resigned during the year)	703	1,969
OS Arbee	1,564	2,465
MP de Canha	1,823	2,560
JJ Strydom (Resigned during the year)	947	1,753
M Swanepoel	1,465	3,896
PB Michaux	1,108	2,220

	2016 R '000	2015 R '000
22. DEPRECIATION, AMORTISATION, IMPAIRMENTS AND RECOUPMENTS		
Depreciation and amortisation		
Intangible assets	34,494	26,766
- Total amortisation of intangible assets	55,629	63,456
- Less: Amortisation of intangible assets arising on business combinations	(21,135)	(36,690)
Property, plant and equipment	175,897	157,762
Transport fleet	327,412	295,802
Vehicles for hire	426,439	451,937
	964,242	932,267
Impairments		
Intangible assets	5,932	404
Plant and equipment	-	4,866
	5,932	5,270
Recoupments		
Loss / (profit) on disposal of intangible assets	119	(614)
Profit on disposal of plant and equipment	(1,349)	(1,947)
Profit on disposal of transport fleet	(10,889)	(8,565)
	958,056	926,411
Profit from sale of properties, net of impairments		
Profit on disposal of properties	(11,218)	(38,989)
Impairment of property	6,777	4,252
	(4,441)	(34,737)

Certain properties have been impaired based on the location and condition of the properties.

23. OTHER NON-OPERATING ITEMS		
Remeasurement of financial instrument not held-for-trading	19,070	840
Losses on derivative instruments	(230,215)	(47,373)
Foreign exchange gains	249,285	48,213
Capital items	(92,220)	44,667
Profit on part disposals	2,191	27,154
Remeasurement of disposal groups	(56,079)	19,107
Group loans impaired	(30,063)	(76)
Business acquisition costs	(8,269)	(1,518)
Total other non-operating items	(73,150)	45,507
24. FINANCING COSTS		
Interest paid	1,139,467	960,350
Fair value (gain) / loss on interest derivative instruments	(21,787)	13,649
Finance costs including fair value (gain) / loss	1,117,680	973,999
Finance income	(639,302)	(544,660)
Net finance cost	478,378	429,339

	2016 R '000	2015 R '000
25. INCOME TAX EXPENSE		
Tax charge		
South African normal tax		
- Current year	319,843	336,080
- Prior year under provision	1,689	7,014
	321,532	343,094
Deferred tax		
- Current year	(42,570)	27,378
- Prior year over provision	(100,545)	(1,763)
	(143,115)	25,615
Capital gains		
- Current tax	(8,163)	10,214
- Deferred tax	(9,324)	1,904
	(17,487)	12,118
	160,930	380,827
Reconciliation of tax rates:	**%**	**%**
Profit before taxation - effective rate	18.3	27.4
Tax effect of:		
- Group loans impaired	(1.0)	(0.0)
- Share based option cost	(2.2)	(1.3)
- Share based payment expense	2.1	1.3
- Interest paid in respect of taxes (s 23(d))	(0.4)	-
- Transaction costs relating to a business combination	(0.3)	-
- Other disallowable expenses*	(0.6)	(0.5)
- Remeasurement of disposal groups	(1.7)	0.9
- Amortisation of intangibles	(0.5)	(0.2)
- Exempt / capital income	0.8	0.8
- Profit on sale of property	0.3	0.9
- Capital gains	2.0	(0.9)
- Prior year over / (under) provision	11.3	(0.4)
	28.0	28.0

* Disallowable expenses include charitable donations, overseas travel, and penalties and fines.

	2016 R '000	2015 R '000
26. NOTES TO THE CASH FLOW STATEMENT		
a. Cash generated by operations before net capital expenditure on rental assets		
Profit before net financing costs	1,359,573	1,820,767
Adjustments for non cash movements		
- Amortisation of intangibles, net of recoupments	55,748	62,842
- Depreciation of property, plant and equipment	175,897	157,762
- Depreciation of transport fleet net of recoupments	316,523	287,237
- Depreciation of vehicles for hire, net of recoupments	426,439	451,937
- Profit on disposal of property, plant and equipment	(12,567)	(40,936)
- Impairment of assets	12,709	9,522
- Recognition of share-based payments	86,617	71,515
- Capital items	92,220	(44,667)
- Foreign exchange gains	(232,836)	(38,672)
- Hedging reserve reclassified to income statement	230,215	47,373
Cash generated by operations before changes in working capital	2,510,538	2,784,680
Working capital movements		
- Increase in inventories	(397,199)	(64,505)
- Decrease / (increase) in trade and other receivables	119,595	(395,113)
- Increase in trade and other payables and provisions	560,807	304,315
	2,793,741	2,629,377
b. Acquisition of businesses		
Property, plant and equipment	(31,302)	(22,849)
Intangible assets	(105)	-
Transport fleet	(47,900)	(195,012)
Inventory	(19,029)	(5,122)
Trade and other receivables	(99,371)	(91,591)
Taxation in advance	(9,370)	(3,854)
Cash resources	(1,320)	(3,893)
Deferred tax liability	10,756	27,493
Due to group entities	137,709	237,353
Trade and other payables	52,910	41,254
Provisions for liabilities and charges	199	694
Purchase consideration transferred	(6,823)	(15,527)
Less: Cash resources acquired	1,320	3,893
Plus: Business acquisition cost	(8,269)	(1,518)
Cash flow on acquisition	(13,772)	(13,152)

For futher disclosures refer to note 33.

	2016 R '000	2015 R '000
26. NOTES TO THE CASH FLOW STATEMENT		
c. Proceeds on sale of business		
Intangible assets	23	4,432
Property, plant and equipment	18,611	1,860
Vehicles for hire	73,482	-
Deferred tax	-	1,872
Inventory	78,030	-
Trade and other receivables	16,776	13,637
Cash resources	3,129	10
Due to group entities	(80,705)	(7,189)
Trade and other payables	(29,526)	(45,847)
Provisions for liabilities and charges	(179)	(4,076)
Current tax liability	-	2,268
Net asset value	79,641	(33,033)
Less: Cash resources disposed of	(3,129)	(10)
Plus: Consideration received	(81,832)	5,879
Plus: Profit on sale of business	2,191	27,154
Cash flow on disposal	(3,129)	(10)
d. Cash and cash equivalents		
Cash resources	184,752	126,505
Call borrowings, bank overdrafts and commercial paper (note 14)	(1,820,121)	(1,996,022)
	(1,635,369)	(1,869,517)

	2016 R '000	2015 R '000
27. DIVIDENDS		
Dividends paid during the year	745,000	600,000
28. COMMITMENTS		
Capital commitments to be incurred		
Contracted	728,430	508,335
Authorised by directors but not yet contracted	294,584	859,180
	1,023,014	1,367,515

The commitments are substantially for the acquisition of fleets and the construction of buildings to be used by the company. Expenditure will be financed from proceeds on disposals and existing facilities.

Operating lease commitments	**More than five years R '000**	**One to five years R '000**	**Less than one year R '000**	**Total R '000**
2016				
Property	82,095	250,993	144,246	477,334
Vehicles	-	148,446	94,659	243,105
Plant and equipment	-	3	49	52
	82,095	399,442	238,954	720,491
2015				
Property		267,512	107,517	375,029
Vehicles		51,155	30,508	81,663
Plant and equipment		4,644	1,223	5,867
		323,311	139,248	462,559

	2016 R '000	2015 R '000
29. CONTINGENT LIABILITIES		
The company has amounts owing by Imperial Holdings' subsidiaries, associates and joint ventures that are subject to subordination agreements. The total exposure relating to these loans	555,014	175,954
The company has issued an upstream indemnity in favour of Imperial Holdings Limited relating to banking facilities guaranteed by Imperial Holdings Limited. The amounts relating to this indemnity is	2,429,030	2,862,418

30. OPERATING LEASE RECEIVABLES

The minimum future lease payments receivable under non-cancellable operating leases are as follows:

Operating lease receivables	**One to five years R '000**	**Less than one year R '000**	**Total R '000**
2016			
Property	8,581	7,109	15,690
2015			
Property	31,037	16,383	47,420

31. FINANCIAL INSTRUMENTS

Financial risk factors

The company's treasury activities are aligned to the company's decentralised business model and the asset and liability committee's (Alco) strategies. The Alco is an Imperial Holdings Limited board subcommittee responsible for implementing best practice asset and liability risk management with its main objectives being the management of liquidity, interest rate, price and foreign exchange risk. The Alco meets every quarter and follows a comprehensive risk management process. The treasury implements the Alco risk management policies and directives and provides financial risk management services to the various divisional businesses, coordinates access to domestic and international financial markets for bank as well as debt capital markets funding. The treasury monitors and manages the financial risks relating to the operations of the company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

The day-to-day management of foreign exchange risk and credit risk is performed on a decentralised basis by the various business units within the company's hedging policies and guidelines.

The company seeks to minimise the effects of these risks by matching assets and liabilities as far as possible or by using derivative financial instruments to hedge these risk exposures.

The company does not enter into or trade in financial instruments, including derivative financial instruments, for speculative purposes. The company enters into financial instruments to manage and reduce the possible adverse impact on earnings from changes in interest rates and foreign exchange rates.

The company's objectives, policies and processes for measuring and managing these risks are detailed below.

Market risk

This is the risk that changes in response to the general market conditions, such as foreign exchange rates, interest rates, commodity prices and equity prices, which may adversely impact on the company's earnings, assets, liabilities and capital.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the return on risk.

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates, and equity prices.

Currency risk

This is the risk of losses arising from the effects of adverse movements in exchange rates on net foreign currency asset or liability positions.

The company undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. In order to manage these risks, the company may enter into hedging transactions, which make use of derivatives. Derivative instruments are used by the company for hedging purposes. Such instruments include forward exchange contracts, futures and certain currency options authorised by Alco.

The policy of the company is to maintain a fully covered foreign exchange risk position in respect of foreign currency commitments with a few exceptions authorised by the Alco. Automotive spare parts may be settled in the spot markets and where specific South African Exchange Control authorisation has been obtained from authorised dealers in foreign exchange up to 75% of forecast annual sales can be covered. The day-to-day management of foreign exchange risk is performed on a decentralised basis by the various business units within the company's hedging policies and guidelines. Trade-related import exposures are managed through the use of natural hedges arising from foreign assets as well as forward exchange contracts and the option structures authorised by Alco.

The average exchange rates shown include the cost of forward cover. The amounts represent the net Rand equivalent of commitments to purchase and sell foreign currencies, and have all been recorded at fair value.

31. FINANCIAL INSTRUMENTS (continued)

The company has entered into certain forward exchange contracts and option structures authorised by Alco that relate to importation of inventories and interest-bearing borrowings at 30 June and specific foreign commitments not yet due. The details of these contracts are as follows:

	Foreign amount '000	Average exchange	Contract value R '000	Marked to market R '000
Foreign currency				
2016				
Imports				
United States Dollar	7,252	15.10	109,504	106,062
Euro	1,339	17.40	23,295	22,336
Pound Sterling	103	20.10	2,077	1,946
Japanese Yen	53,213	0.13	6,945	6,807
			141,821	137,151
2015				
Imports				
United States Dollar	4,484	12.37	55,443	54,906
Euro	962	20.03	19,262	19,153
Pound Sterling	84	19.31	1,621	1,618
Japanese Yen	45,773	0.10	4,591	4,587
Australian Dollar	2	9.35	17	17
			80,934	80,281

Fair value is calculated as the difference between the contracted value and the value to maturity. The derivative assets and liabilities are included in trade and other receivables and trade and other payables.

The impact from a 10% movement in the valuation of the Rand would approximately have a R467 thousand (2015: R65 thousand) impact on the company's equity. The 10% sensitivity rate is based on management's assessment of a reasonable possible change in foreign exchange rates over the foreseeable future, with regards to market value.

The sensitivity of profits to changes in exchange rates is a result of foreign exchange gains or losses on remeasurement of foreign denominated financial assets and liabilities translated at spot rates are offset by equivalent gains or losses in currency derivatives.

Logistics Africa
The risk in this division relates to certain transactions in foreign currencies, which result in foreign currency denominated debtors and creditors. In order to mitigate the risks which arise from this exposure, these items are settled immediately or where foreign exchange contracts are available the risk is hedged within a 50% minimum company risk policy for African businesses.

Vehicle Retail, Rental and Aftermarket Parts
This division is exposed to certain small transactions in foreign currencies, which result in foreign currency denominated creditors. In order to mitigate the risks which arise from this exposure, forward exchange contracts are taken to hedge this exposure.

31. FINANCIAL INSTRUMENTS (continued)

Interest rate risk

This is the risk that fluctuations in interest rates may adversely impact on the company's earnings, assets, liabilities and equity.

The company is exposed to interest rate risk as it borrows and places funds at both fixed and floating rates. The risk is managed by matching fixed and floating rate assets and liabilities wherever possible and to achieve a repricing profile in line with Alco directives. Use is made of interest rate derivatives. The company analyses the impact on profit or loss of defined interest rate shifts - taking into consideration refinancing, renewal of existing positions, alternative financing and hedging.

The company's treasury follows a centralised cash management process including cash management systems across bank accounts in South Africa to minimise risk and interest costs.

The interest rate profile of total borrowings is reflected in note 14.

The company has entered into interest rate derivative contracts that entitle it to either pay or receive interest at floating rates on notional principal amounts and oblige it to pay or receive interest at fixed rates on the same amounts.

Details of the interest rate derivative instruments at 30 June 2016 were as follows:

	Notional amount	Current year (variable)	Derivative contract rate (fixed)
	R '000	%	%
Swap from variable to fixed			
Corporate bond – IPL 7	500,000	7.7 - 8.8	8.7
Revolving credit facility term loan	1,500,000	1.6 - 8.8	8.8

The 50 basis points increase or decrease in interest rates represents management’s assessment of the reasonably possible changes in interest risk. The impact of a 50 basis points increase in interest rates will have an annualised R33 million (2015: R29 million) effect on company after tax profit and equity.

Credit risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Where needed, the company obtains appropriate collateral to mitigate risk. Counterparty credit limits are in place and are reviewed and approved by the respective subsidiary boards.

The carrying amount of financial assets represents the maximum credit exposure on 30 June 2016. None of the financial assets below were given as collateral for any security provided.

The company only enters into long-term financial deposits with authorised financial institutions of high credit ratings assigned by international or recognised credit-rating agencies.

Cash resources

It is company policy to deposit short-term cash with reputable financial institutions with investment grade credit ratings assigned by international or recognised credit-rating agencies or counterparties authorised by the investment committee.

31. FINANCIAL INSTRUMENTS (continued)

Trade accounts receivable

Trade accounts receivable consist of a large, widespread customer base. The company monitors the financial position of their customers on an ongoing basis. Creditworthiness of trade receivables is assessed when credit is first extended and is reviewed regularly thereafter. The granting of credit is controlled by the application of account limits. Where considered appropriate, use is made of credit guarantee insurance.

	2016 R '000	2015 R '000
Trade and other receivables that are neither past due nor impaired	1,680,153	1,723,067
Past due trade receivables		
Less than 1 month	331,228	373,707
Between 1-3 months	129,875	74,004
More than 3 months	22,326	30,249
Past due more than one year	21,227	73,882
	504,656	551,842
Total trade receivables	2,184,809	2,274,909

Based on past experience, the company believes that no impairment is necessary in respect of trade receivables not past due as the amount relates to customers that have a good track record with the company, and there has been no objective evidence to the contrary.

Included in trade receivables are receivables which are past the original expected collection date (past due) at the reporting date. There has not, however, been a significant change in credit quality and the amounts are still considered recoverable. Those which are not considered to be recoverable have been included in the provision for doubtful debts below. A summarised age analysis of past due trade receivables is set out above.

The overdue trade receivables ageing profile above is considered typical of the various industries in which certain of our businesses operate. Given this, existing insurance cover, and the nature of the related counterparties these amounts are considered recoverable.

Provision for doubtful debts for trade receivables

Before these financial instruments can be impaired, they are evaluated for the possibility of any recovery, which includes an examination of the length of time they have been outstanding. Provision is made for bad debts on trade accounts receivable. Management does not consider that there is any material credit risk exposure not already covered by a doubtful debt provision.

There is no significant concentration of risk in respect of any particular customer or industry segment. There is no single customer whose revenue streams exceed 10% of the company's revenue.

	2016 R '000	2015 R '000
Provision for doubtful debts for trade receivables		
Set out below is a summary of the movement in the provision for doubtful debts for the year:		
Carrying value at beginning of the year	148,109	134,664
Net acquisition of businesses	2,836	13,680
Amounts reversed to profit or loss	(8,876)	(276)
Charged to profit or loss	7,120	12,913
Amounts utilised during the year	(46,774)	(12,872)
Carrying value at end of the year	102,415	148,109

31. FINANCIAL INSTRUMENTS (continued)

Logistics Africa

Risk exposures arise from the granting of credit to customers. The risk is managed by strict monitoring of credit terms. The risk is mitigated by stringent background checks on all new customers, as well as taking legal action against defaulting customers.

Vehicle Retail, Rental and Aftermarket Parts

Risk exposures arise from the granting of credit to customers for parts, spares and vehicle rental. The risk is managed by monthly review of trade receivables ageing. The risk is mitigated by stringent background checks and credit limits being imposed on all new customers, continuous review of credit limits, as well as taking legal action against defaulting customers. Where our dealerships are transacting with external retail customers, the vehicles are required to be fully financed before delivery, thereby mitigating credit risk to the division.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The responsibility for liquidity risk management rests with the Alco, which has developed an appropriate liquidity risk management framework for the management of the company's short, medium and long-term funding requirements. The company accesses the corporate bond market to ensure that there is sufficient long term funding within the funding mix together with long-term bank facilities.

The company manages liquidity risk by monitoring forecast cash flows in compliance with loan covenants and ensuring that adequate unutilised committed borrowing facilities are maintained. Unutilised borrowing facilities are reflected in note 14.

To avoid incurring interest on late payments, financial risk management policies and procedures are entrenched to ensure the timeous matching of orders placed with goods received notes or services acceptances and invoices.
Contractual maturities (which includes interest) of financial liabilities are as follows:

	Carrying amount R '000	Total contractual cash flow R '000	Less than one year R '000	One to five years R '000	More than five years R '000
2016					
Interest-bearing borrowings	12,538,264	15,513,973	2,911,377	12,602,596	-
Trade and other payables	4,295,779	4,295,779	4,295,779	-	-
	16,834,043	19,809,752	7,207,156	12,602,596	-
		100%	36%	64%	0%
2015					
Interest-bearing borrowings	10,988,530	13,724,503	3,370,285	5,615,657	4,738,561
Trade and other payables	3,918,783	4,295,779	4,295,779	-	-
	14,907,313	18,020,282	7,666,064	5,615,657	4,738,561
		100%	43%	31%	26%

31. FINANCIAL INSTRUMENTS (continued)

Fair value measurement

Fair value hierarchy

The company's financial instruments carried at fair value are classified into 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. The company does not have any level 1 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. Financial instruments classified as level 2 are mainly comprised of over the counter (OTC) derivatives instruments.

The following shows the level 2 financial instruments on the statement of financial position are carried at fair value.

	2016 R '000	2015 R '000
Financial assets		
Non-current derivative instruments	8,195	35,832
Current derivative instruments	66	46
	8,261	35,878
Financial liabilities		
Non-current derivative instruments	264,322	90,045
Current derivative instruments	4,738	698
	269,060	90,743

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 a valuation technique where at least one input, which could have a significant effect on the instrument's valuation, is not based on observable market data. The company does not have any level 3 instruments.

Amortised cost

The following shows the financial instruments on the statement of financial position are carried at amortised cost.

	2016 R '000	2015 R '000
Financial assets		
Loans receivable	63,730	83,275
Amounts owing by related parties	7,732,392	6,458,766
Trade receivables and prepayments	2,369,937	2,502,798
Cash resources	184,752	126,505
	10,350,811	9,171,344
Financial liabilities		
Interest-bearing borrowings	12,538,264	10,988,530
Amounts owing to related parties	827,793	1,114,651
Trade payables and other accruals	4,291,041	3,918,085
	17,657,098	16,021,266

31. FINANCIAL INSTRUMENTS (continued)

Fair value of financial instruments carried at amortised cost

Below are the corporate bonds, which are included in the interest bearing borrowings, where the carrying amount, as recognised on the statement of financial position, differs from their fair values. The fair values were determined with reference to unadjusted observable market data and would be classified as level 1 instruments. In all other instances the carrying amounts of the company's financial assets and liabilities approximate their fair values.

	Carrying 2016 R '000	Fair value 2016 R '000	Carrying 2015 R '000	Fair value 2015 R '000
Listed corporate bonds	5,347,058	5,278,203	5,839,803	5,830,137

Capital management

The company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns and growth for shareholders and benefits for other stakeholders.

Banking facilities enjoyed by the company have imposed capital requirements in terms of debt covenants on Imperial Holdings Limited and the company. The covenant requires Imperial Holdings Limited to maintain a net debt to earnings before interest, taxation, depreciation and amortisation (EBITDA) of below 3,5:1. Net debt to EDITDA should be higher for the company than for Imperial Holdings Limited. These covenants are being met by the company and Imperial Holdings Limited.

The treasury operation assesses the company's borrowing requirements liaising with the bankers for the necessary funds which are on-lent to the operations. The debt levels of the company are thus dictated by the group requirements.

There were no defaults or breaches in terms of interest-bearing borrowings during either reporting periods. There were no reclassifications of financial assets or financial liabilities that occurred during the year. There were no financial assets or liabilities settled or extinguished which did not meet the derecognition requirements.

32. RELATED PARTY TRANSACTIONS

The company's holding company is Imperial Holdings Limited. Fellow subsidiaries, associates, joint ventures and the group pension and provident funds of Imperial Holdings Limited are considered to be related parties. During the year the company and subsidiaries, associates and joint ventures of Imperial Holdings Limited, in the ordinary course of business, entered into various sale and purchase transactions. These transactions occurred under terms that are no more or less favourable than those arranged with third parties. The transactions encompass mainly the sale and leasing of vehicles.

Interest of directors in contracts

The directors have confirmed that they were not materially interested in any transaction of any significance with the company or any of Imperial Holdings Limited subsidiaries, associates and joint ventures.

Shareholder

The company is 100% held by Imperial Holdings Limited.

Outstanding balances with related parties

	2016 R '000	2015 R '000
Amounts owing to Imperial Holdings Limited	(194,495)	(225,365)
Amounts owing to Imperial Holdings Limited's subsidiaries, associates and joint ventures - refer below	(633,298)	(889,286)
Amounts owing to related parties	(827,793)	(1,114,651)
Amounts owing by Imperial Holdings Limited's subsidiaries, associates and joint ventures - refer below	7,732,392	6,458,766
Amounts owing by related parties	7,732,392	6,458,766
Included in:		
Trade payables owing to Imperial Holdings Limited's subsidiaries	(217,941)	(302,958)
Trade receivables from Imperial Holdings Limited's subsidiaries	143,615	123,865

All intercompany loans are interest bearing at market related rates and are payable on demand.

Interest received from Imperial Holdings Limited's subsidiaries, associates and joint ventures	588,329	496,780
Interest paid by Imperial Holdings Limited's subsidiaries, associates and joint ventures	(61,531)	(66,333)
	526,798	430,447

32. RELATED PARTY TRANSACTIONS (continued)

	2016 R '000	2015 R '000
Material amounts owing by Imperial Holdings Limited's subsidiaries, associates and joint ventures		
Associated Motor Holdings (Proprietary) Limited	2,919,103	2,508,322
Brietta Trading (Proprietary) Limited	143,265	300,998
Goldfields Trucking (Proprietary) Limited	137,976	141,923
Imperial Capital Limited	2,181,531	1,446,167
Imperial Health Sciences (Proprietary) Limited - Kenya	88,813	-
Jurgens CI (Proprietary) Limited	120,554	105,647
Kaalfontein Yard (Proprietary) Limited	86,654	-
TFD Network Africa (Proprietary) Limited	526,578	493,081
Imperial Cold Logistics	265,545	-
Thembeka Merchandising Holdings (Proprietary) Limited	100,744	91,883
Other subsidiaries, associates and joint ventures	1,161,629	1,370,745
	7,732,392	6,458,766
Material amounts owing to Imperial Holdings Limited's subsidiaries, associates and joint ventures		
Brian Porter Holdings Limited	26,107	26,107
Imperial Managed Logistics (Proprietary) Limited	82,875	32,346
CIC (Proprietary) Limited	57,150	-
Imperisecure (Proprietary) Limited	45,809	-
Loubser Transport (Proprietary) Limited	63,134	56,565
Midas Group (Proprietary) Limited	24,309	74,180
Rent-A-Truck Holdings (Proprietary) Limited	51,781	43,995
Rustgold Transport SA (Proprietary) Limited	32,056	20,710
SA Vehicle Maintenance (Proprietary) Limited	69,529	78,028
Twin Trucking N.Tvl. (Proprietary) Limited	43,772	22,936
Other subsidiaries, associates and joint ventures	136,776	534,419
	633,298	889,286

32. RELATED PARTY TRANSACTIONS (continued)

Key management personnel

Key management personnel are directors and those executives having authority and responsibility for planning, directing and controlling the activities of the company. The company has many different operations, retail outlets and service centres where company staff may be transacting. Key management have to report any transactions with the company in excess of R100 000. The total value of goods and services supplied to key management on an arms-length basis amounted to R10.4 million (2015: R14.0 million).

The company also receives legal services from a firm of attorneys in which a non-executive director of Imperial Holdings Limited has an interest amounting to R7.5 million (2015: R6.9 million).

Net gains on share options excercised by key management personnel amounted to R8.8 million (2015: R23.8 million).

Key management personnel remuneration comprises:

	2016 R '000	2015 R '000
Short-term employee benefits	127,929	119,742
Long-term employee benefits	7,867	8,979
Termination benefits	42	45
	135 838	128 766
Number of key management personnel	28	24

33. BUSINESS COMBINATIONS

Businesses acquired 2016

The acquisition of these entities were financed with group loans from fellow subsidiaries.

	Month acquired	Division
Freightmax	June 2016	Logistics
Turbo Exchange	July 2015	Vehicle retail, rental and aftermarket parts (VRRAP)

Fair value of assets acquired and liabilities assumed at date of acquisition:	Freightmax R '000	Turbo Exchange R '000	Total R '000
Assets			
Property, plant and equipment	30,349	953	31,302
Intangible assets	103	2	105
Transport fleet	47,900	-	47,900
Inventory	1,153	17,876	19,029
Trade and other receivables	94,173	5,198	99,371
Taxation in advance	9,370	-	9,370
Cash resources	50	1,270	1,320
	183,098	25,299	208,397
Liabilities			
Deferred tax liability	11,233	(477)	10,756
Due to group entities	118,838	18,871	137,709
Trade and other payables	46,105	6,805	52,910
Provisions for liabilities and charges	-	199	199
	176,176	25,398	201,574
Net assets acquired	6,922	(99)	6,823
Purchase consideration transferred	6,922	(99)	6,823
Excess of purchase price over net assets acquired (intangbles)	-	-	-

Impact of the acquisitions on the results of Imperial Group Limited

From the dates of acquisition, the acquired businesses contributed:

Revenue	-	63,735	63,735
Net profit / (loss)	(35)	1,999	1,964

The net profit / (loss) includes the after tax impact of the funding costs of R 28 thousand calculated on the cash considerations paid on acquisition.

The additional net loss after tax included the after tax impact of the funding costs of R 413 thousand calculated on the cash consideration paid on acquisition.

Other details

Trade and other receivables had a gross contractual amount of R102 536 thousand of which R3 166 thousand was doubtful.

33. BUSINESS COMBINATIONS

Businesses acquired 2015

The acquisition of these entities were financed with group loans from fellow subsidiaries.

	Month acquired	Division
Imperial Group Truck Hire	July 2014	Logistics
Imperial Express	July 2014	Logistics
Imperial Tipper Resources	May 2015	Logistics

Fair value of assets acquired and liabilities assumed at date of acquisition:	Imperial Group Truck Hire R '000	Imperial Express R '000	Imperial Tipper Resources R '000	Total R '000
Assets				
Property, plant and equipment	2,321	778	19,750	22,849
Transport fleet	34,605	30,546	129,861	195,012
Inventory	-	148	4,974	5,122
Trade and other receivables	6,006	19,010	66,575	91,591
Taxation in advance	298	860	2,696	3,854
Cash resources	14	2,980	899	3,893
	43,244	54,322	224,755	322,321
Liabilities				
Deferred tax liability	8,733	4,981	13,779	27,493
Due to group entities	22,668	34,395	180,290	237,353
Trade and other payables	1,874	13,796	25,584	41,254
Provisions for liabilities and charges	-	211	483	694
	33,275	53,383	220,136	306,794
Net assets acquired	9,969	939	4,619	15,527
Purchase consideration transferred	9,969	939	4,619	15,527
Excess of purchase price over net assets acquired (intangbles)	-	-	-	-

Impact of the acquisitions on the results of Imperial Group Limited

From the dates of acquisition, the acquired businesses contributed:

Revenue	215,327	70,429	56,244	342,000
Net profit / (loss)	21,725	(6,662)	(10,581)	4,482

The net net profit / (loss) includes the after tax impact of the funding costs of R 651 thousand calculated on the cash considerations paid on acquisition.

Had all the acquisitions been consolidated from 1 July 2014, the company's revenue and net profit would have been R 31 620 million and R 958 million respectively, with the new acquisitions contributing additional revenue of R281 million and profit of R53 million.

The additional net loss after tax included the after tax impact of the funding costs of R 867 thousand calculated on the cash consideration paid on acquisition.