Table of Contents

1. GROUP OVERVIEW: About IMPERIAL Logistics 3
2. GROUP STRUCTURE: Result driven divisional structure 5
3. IMPERIAL LOGISTICS DELIVERY: Supply chain optimising solutions 6
4. SUSTAINABILITY: Leading the green evolution 9
5. TRANSFORMATION COMMITMENT: Investing in human capital development 9
6. SOCIAL RESPONSIBILITY: Meeting needs in our communities 10
7. CONTACT INFORMATION: For more information 10

List of Addendums

Addendum A: GLOBAL FOOTPRINT
Addendum B: IMPERIAL LOGISTICS INTERNATIONAL
GROUP OVERVIEW

1. ABOUT IMPERIAL LOGISTICS

... get to know the global logistics leader

We are IMPERIAL

“Our reputation is founded on developing intelligent and tailor-made solutions for our diversified blue-chip customers by leveraging processes, people, technology and infrastructure, and the strength of our strategic partnerships and alliances with leading technology partners.”

IMPERIAL Logistics’ Chief Executive Officer, Marius Swanepoel

IMPERIAL Logistics, one of three divisions within the diversified, international industrial services Group, is a global logistics and supply chain leader that moves business and industry through innovation, inspiration and foresight. An employer of more than 21 000 people internationally, we deliver excellence in end-to-end logistics and supply chain management, daily – enabling customers to grow in an efficient, proactive and cost effective manner.

Established in 1975, today we are at the forefront of the logistics industry with extensive operations in Europe and Africa, including countries such as Botswana, the Democratic Republic of the Congo, Namibia, Mozambique, Tanzania, Zimbabwe and Zambia. The Southern Africa division currently houses more than 70 operating companies. Through our International division, customer logistics and supply chain reach is extended from Europe to the USA, India and the Far East. We continuously expand both our local and Germany-headquartered international operations organically and through bolt-on acquisitions.

Contributing over 45 percent to the Group’s 2009/2010 revenue, we are proud to have achieved growth levels in excess of 15 percent per year, over the past decade. Our consistent growth track record is testament not only to our ongoing expansion, but a focus on investing in our people and customers, while delivering a fine balance between sustainable business and communities.

Salient statistics ...

• Handles and transports over 110 million tons annually across southern Africa and Europe
• Operates > 5,500 owned vehicles in southern Africa and approximately 6,000 internationally
• Operates approximately 2,000 sub-contractor vehicles (annual spend of > R2,6bn) in southern Africa and have access to around 3,000 sub-contractors internationally through 4PL and LLP operations
• In 2009, the local transport fleet travelled 419 million kms, the equivalent of travelling 545 times to the moon and back
• Southern Africa warehouse capacity > 750,000 m²
• Total storage capacity > 2,240,000 m² and under cover warehouse capacity 1,500,000 m²
• In Europe, maintain a leading terminal solution - managing in excess of 1 million containers annually
• Offers a leading waterway solution comprising approximately 600 barges and pushboats, in Germany

Employer of choice ...

• Employer of 17,000+ in southern Africa (21,000 internationally)
• Largest employer of industrial engineers and professional logisticians in South Africa.

Financially speaking ...

• Southern African Revenue > R10bn p.a. & achieving an ROIC > WACC + 4%.
• Contributed over 45% to IMPERIAL Group revenue (2009/2010), a Group whose revenue equalled half of Namibia’s GDP or double that of Lesotho
FAST MOVING  FORWARD THINKING

Established supply chain innovator

IMPERIAL Logistics’ differentiators lie in a combination of preeminent supply chain management skills and an extensive resource base of transportation, warehousing and storage, as well as best-of-breed technology systems. This enables our team to anticipate industry dynamics rather than simply reacting to them.

We have an established customer base in almost every industry – from FMCG, retail, petro-chemical, construction, mining and minerals, to automotive, chemical, technology, agriculture and forestry. Customers include reputable brands such as Woolworths, Tiger Brands, Heinz, BAT, brandhouse, Distell, Nampak, Mondi Packaging, Tetra Pak, Consol, PG Group, Mittal, Shell, Sasol, Lafarge, Toyota, BMW, Porsche, ABSA and Standard Bank.

The IMPERIAL Logistics team is well-versed in the field of logistics and supply chain management – a base of logistics intelligence that is channeled back into the broader industry through representation on the following industry boards:

- The Supply Chain Council
- SAPICS, the Association for Operations Management of Southern Africa
- Road Freight Association of SA

Global footprint

IMPERIAL Logistics is truly global in its reach, which extends from Europe to southern Africa, India, the USA and Far East. Together with our expansive African footprint, our international reach is a critical factor that enables us to determine the correct operating model and build a compelling business case for each customer.

We deliver intermodal logistics and supply chain solutions, leveraging the optimal transportation mode to deliver in line with our customers’ specific needs. From barge driven delivery down Germany’s Rhine River to inland water shipping connections from Cologne, Dusseldorf and Duisburg to Antwerp and Rotterdam – across continents to rail and road connections between Cape Town and Mazabuka, Zambia - we deliver timeously and cost-effectively.

Across South Africa and Europe alone, IMPERIAL Logistics handles and transports over 110 million tons annually. Internationally, we operate more than 6,000 owned vehicles, and approximately 3,000 sub-contractor vehicles with total storage capacity of more than 2,240,000 m² and under cover warehouse capacity of approximately 1,500,000 m². Through our established infrastructure and dynamic capabilities, we are able to integrate and customise services that enhance customer benefits and generate tangible value.

Fast moving, forward thinking

At IMPERIAL Logistics, “fast moving, forward thinking” describes our vision to succeed – to be a leading, integrated logistics and supply chain management company that operates in the context of a global economy.

The IMPERIAL brand is committed to quality service, people development and excellence. We aim to demonstrate and live by a performance-driven culture, communicate transparently and exhibit a strong heritage of social responsibility. As a prudent risk taker, financial responsibility and capital efficiency is critical, as we maintain an entrepreneurial code of behaviour. In addition, support and loyalty to colleagues and sister companies drives ‘The IMPERIAL way’.

“We believe that by investing in our people and their careers, not only do we enhance the skills level in our company, we create a future and together we grow as a family.”

Marius Swanepoel, Chief Executive Officer, Imperial Logistics.
2. RESULT DRIVEN DIVISIONAL EXPERTISE

... outsource to a logistics giant

IMPERIAL Logistics is a multi-branded business with four Southern Africa divisions and four international operating entities that are managed on a decentralised basis. Our multi-brand structure ensures that we optimise the benefits, scale and synergies that are derived from large businesses, while retaining agility, customer focus and an entrepreneurial flair that often characterises smaller businesses.

IMPERIAL Logistics Southern Africa divisions include Transport and Warehousing, Consumer Products, Specialised Freight and Integration Services. Providing customers with international inbound and outbound logistics solutions, IMPERIAL Logistics International comprises Panopa Logistik, neska, IMPERIAL Reederei and Brouwer Shipping.

IMPERIAL Logistics Consumer Products (ILCP)

Consumer Products provides an integrated supply chain solution to a wide range of FMCG and retail companies, as well as the agriculture and furniture markets in southern Africa. The Division distributes into top-end retail, mid-market trade and smaller retail environments, and offers express food distribution, selling and merchandising services.

IMPERIAL Logistics Specialised Freight (ILSF)

Boasting the largest and most modern tanker fleet in South Africa, the Division provides dedicated, specialised transport services to tanker industries throughout Africa. It is the brand leader in the petro-chemical industry, with unrivalled expertise in managing HSEQ requirements. In 2009, operating company, Tanker Services celebrated its 50th year, making it the longest standing company within the IMPERIAL Logistics Group. In addition, Specialised Freight also provides transport solutions in the FMCG industry for the delivery of milk and other raw materials shipped in tankers.

IMPERIAL Logistics Transport and Warehousing (ILTW)

This Division delivers full-spectrum logistics and supply chain services throughout South Africa and in neighbouring countries. Services include line-haul, local distribution, consolidation, warehousing and logistics, 4PL solutions, cross-border transport, and end-to-end logistics and supply chain management solutions. These include road and rail and world-class multi-modal solutions.

IMPERIAL Logistics Integration Services (ILIS)

Integration Services focuses on business process outsourcing (“BPO”) in the operations management environment including logistics integration, operations planning, procurement, international logistics, security monitoring and asset maintenance services. These service offerings are further enhanced with advanced information technology offerings including supply chain visibility, tailored software solutions and IT infrastructure. Thirdly, the Division offers pragmatic consulting and advisory services focused on the design and implementation for strategic, tactical and operational improvements across end-to-end value chains.

Internationally recognised as one of the top 20 IATA Agents, through Megafreight Services, IMPERIAL Logistics provides freight forwarding and clearing services. Furthermore, we have a number of support services companies, offering dedicated IT solutions, bulk fuel procurement, in-house insurance and anti-hijacking and tracking services.

For more information about IMPERIAL Logistics International divisions, please refer to Addendum B.
3. SUPPLY CHAIN OPTIMISING SOLUTIONS

... bring your business case to us

At IMPERIAL Logistics, we value our customers’ businesses as much as they do. As a strategic outsource logistics and supply chain partner, our multi-disciplinary specialists develop market and future oriented solutions in response to national and international logistics, as well as individual business challenges. These solutions satisfy high standards of reliability, adaptability, responsiveness and transparency.

We deliver the full range of logistics and end-to-end supply chain services. What’s more is that across our service spectrum, we strive to optimise efficiencies in an environmentally friendly way. To date, we have successfully linked economic and green benefits that cut back on costs and carbon emissions for our customers.

“Customers, manufacturers and suppliers must work together and optimise the flow of information, products, services and money for mutual benefit. The best results are normally achieved by selecting and leveraging the right strategic partners in the process.”

Abrie de Swardt, IMPERIAL Logistics Marketing Director

Service offering overview

Our substantial scope of services extends from design and planning to hands-on implementation. It includes non-integrated logistics services, integrated logistics and supply chain management solutions and 3PL logistics services. In addition, we are also a preferred lead logistics provider (LLP) that delivers 4PL and advanced services such as supply chain strategy, operations improvement, people alignment and technology enablement. We aim to achieve desired results within our customers’ supply chains through a holistic approach, focusing on people, processes and technology.

We have the necessary capacity, depth and suitability to provide practical, optimal and integrated supply chain solutions. Our extensive infrastructure and established capacity spans air, sea and land transportation, warehousing, clearing and forwarding, container operations and multi-modal transportation – ranging from complex warehousing and distribution projects to made-to-measure water, air and land transport, to end-to-end supply chain solutions.

Through business process outsourcing, IMPERIAL Logistics offers logistics integration, operations planning, procurement, international logistics, security monitoring and asset maintenance services. These service offerings are further enhanced with advanced information technology offerings including supply chain visibility, tailored software solutions and IT infrastructure.

Consistent fundamentals and tangible value-add

Our expertise can be categorised into delivery of consistent fundamentals and tangible value-add. We know that getting the basics right is critical to the optimal performance of the supply chain. We also know that by delivering on these fundamentals, supply chain integration is enabled – and effective.

IMPERIAL Logistics assures delivery of cost effective warehousing and distribution operations, efficient freight forwarding and clearing plus forecasting and replenishment. Further fundamental logistics services include channel-based distribution, end-to-end multi-modal transport provision, cross border logistics into Africa, operations management and benchmarking, as well as spend analysis and strategic sourcing.
With a focus on the fundamentals, IMPERIAL Logistics operating company, Fast n’ Fresh has been a partner to Woolworths for the past five years, which sees daily delivery of service levels of 99.4% to ensure near perfect product on-shelf availability. We achieve delivery windows of 15 and 30 minutes at Woolworths premises, ensuring that no product fluctuations of over 1.5 degrees Celsius are experienced during transportation and delivery, with zero percent in damages and theft.

Our tangible value-add expertise include cost-to-serve driven decision-making and improvements, downmarket distribution, integrated transport planning, inventory quality and drivers, multi-principal solutions, operations improvement agendas and tracking of changes, as well as demand management and S&OP. Our track record in Public-Private partnerships (PPPs) is unparallel, as is our advanced information technology offerings, e.g. fit for purpose IT solutions.

IMPERIAL Logistics believes that understanding the true cost to serve the customer is a key success factor. This includes addressing optimal network configuration, excessive inventory, cross functional alignment, appropriate mode of transport, cross enterprise collaboration and balancing of cost and service requirements.

**Helping customers drive business growth**

Each IMPERIAL Logistics operating company enables our blue chip customer base to grow their brands through the delivery of process efficiency and effectiveness, people capability and alignment and technology enablement. We see ourselves as an extension of their business and therefore, aim to contribute to their business objectives by unlocking enhanced productivity and competitiveness through supply chain optimisation.

Whether strategic or tactical support is needed, our approach is business case based. We take time to understand each customer’s challenges, while ensuring in-depth knowledge of requirements and expectations. It is through this approach that we reduced the total distribution cost for brewery joint venture, brandhouse (Heineken, NBL, Diageo) by 12% through the provision of primary warehousing, introduction of WVMS, improvement in forklift operations, effective pallet management and system integration between i2 and SAP.

We do not believe in enforcing a one-size fits all solution with the customer’s Enterprise Resource Planning (ERP) System. Supported by innovative technology, all the various systems are integrated into a single interface with extensive reporting available to allow effective and proactive decision-making and transparency.

Notably, IMPERIAL Logistics overcomes challenges confronting outsourced relationships by insisting that Service Level Agreements (SLAs) with documented terms of service and agreed performance metrics (KPIs) are in place. We also view continuous dialogue and a culture fit that is aligned to each customer, as being critical to creating more satisfied customers.

**List of services**

Our combination of preeminent supply chain management skills and extensive, modern resource base of transportation, best-of-breed technology systems, warehousing and storage enables us to anticipate industry dynamics and heighten competitiveness. We are able to up- or downscale our range of services in line with each customer’s logistics and supply chain needs.

Subscribing to a flexible business model, we deliver transportation, warehousing and distribution solutions, as well as freight forwarding and clearing, business process outsourcing, pragmatic consulting, advanced information technology and special services.
Transportation solutions
IMPERIAL Logistics is a global leader in trusted transportation solutions. As a multi-service provider, we offer a full range of services that include 3PL, 4PL, line haul, multi-modal specific services, primary and secondary transport. As a successful 4PL provider, we help our customers manage a critical part of their supply chain by providing visibility and integration across multiple enterprises. Through our high tech track and trace systems, we keep a close eye on cargo and when it comes to cross-border transportation, our global footprint gives customers the edge. We also offer bulk value added solutions and dedicated contract transportation, and operate national and international truckloads (TL) and less-than-truckloads (LTL) via road, rail or intermodal transportation.

Warehousing solutions
IMPERIAL Logistics’ established infrastructure provides extensive warehousing options. Boasting southern African warehouse capacity of > 750,000 m² and total storage capacity in excess of 2,240,000 m², as well as under cover warehouse capacity of around 1,500 000 m², the Group delivers flexible warehousing solutions. Dedicated or shared warehousing services include bondage, terminal management, container handling, enterprise web enablement and pallet management. Our cross-docking efficiency increases delivery speed and reduces storage costs. Through our ILTW division, IMPERIAL prides itself on its track record in inventory management, which includes hazardous inventory and vendor managed inventory management.

Distribution solutions
Whether a customer needs to distribute product in bulk or break-bulk, or move product from DC to DC or direct-to-store, we identify the best solution. This makes our service offering flexible and cost effective. Other distribution services include sub-routing and distribution centre management. Our experienced teams across all operating companies ensure professional management of our DCs, which in turn enables our customers to focus on their core business.

Freight forwarding and clearing
IMPERIAL Logistics is an export, import and transhipment expert, offering a comprehensive range of freight forwarding, customs clearance and custom brokerage services. Our operating companies employ advanced administration systems that ensure minimal administrative burden for customers, while delivering real-time information. In addition, our customs clearing professionals not only negotiate with customs on our customers’ behalf, but deliver transparent reporting.

Business process outsourcing (BPO)
Delivering business process outsourcing, pragmatic consulting and advanced IT solutions, we are a renowned architect of the supply chain, with the ability to transform it end-to-end and top-to-bottom. BPO services include 4PL/logistics integration, integrated operations planning, procurement and inbound supply chain management, production logistics, asset care and maintenance, facilities management/security monitoring and international logistics. Our consulting expertises include supply chain modelling, process re-engineering and the design and implementation of operational improvements. Furthermore, our advanced IT solutions include supply chain visibility, IT infrastructure and tailoured software solutions.

Special services
IMPERIAL Logistics has decades of experience in delivering freight services for bulk commodities, and is well versed in implementing sales and merchandising, debtors management, as well as demand planning and forecasting. When it comes to reverse logistics, we understand that if you are not managing your reverse logistics network, you are maximising waste within your supply chain. We ensure that your return testing and product redistribution is accurately managed – keeping your returned goods moving.
4. LEADING THE GREEN LOGISTICS EVOLUTION

... let us green your supply chain

IMPERIAL Logistics is a pioneer of practical, new ‘green logistics’ approaches and technologies. We operate using an advanced oil management system that extends oil changes to six months, resulting in 83% less oil going off site. In addition, we use bio-degradable fuels and environmentally friendly vehicle cleaning products; leverage compliance with Road Freight regulations to use rail instead of road under specified scenarios and pursue product and water recycling.

In partnership with Mercedes-Benz South Africa we recently announced the introduction of the first Euro V vehicles in the country. Our fleet preference is for vehicles that generate fuel savings and reduce carbon emissions, such as Daimler Chrysler’s “Energy for the Future” initiative products.

Together with Cardiff University (UK) and the CSIR, we undertook a study (2009) whereby extra distances travelled as a result of uncertainties in the supply chain were calculated, in order to highlight performance gaps. The initiative resulted in the piloting of a case study to address unnecessary fuel consumption, in partnership with Woolworths, however the ultimate result was the unlocking of significant green (CO₂ reduction), as well as gold (cost savings) benefits through the reduction of ‘extra kilometre’ uncertainties.

TRANSFORMATION COMMITMENT

5. INVESTING IN HUMAN CAPITAL DEVELOPMENT

... partner with a proud South African

Transformation through broad-based black economic empowerment (B-BBEE) and skills development is a strategic imperative for IMPERIAL Logistics. We are an official Value Added Supplier. In 2008, NERA verified the Group as a status four (4) contributor with a 125% Procurement Recognition Level. In 2009 our rating improved further with a higher overall score of 70.61. Currently, 83 percent of employees fall within designated groups.

The IMPERIAL Group has empowerment partnerships with Ukhamba, a broad-based employee investment trust and Lereko Investments. Our approach to B-BBEE is based on equity and ownership, management and control, employment equity, skills development, preferential procurement, enterprise development and socio-economic development.

During 2009, a total of 7,096 employees, Group-wide were trained, with an investment of more than R20 million allocated annually to this. In March 2010, IMPERIAL Logistics won the 2009 Corporate Educator of the Year SAPICS award - an acknowledgement of excellence relating to the number of employees at all levels who receive training, as well as the alignment of our training initiatives with national and sectoral skills development priorities.
6. MEETING NEEDS IN OUR COMMUNITIES

... consider how we care

Cognisant of the wider socio-economic environment in which we operate, IMPERIAL Logistics is committed to positively impacting people. Through dedicated corporate social responsibility (CSR) programmes, we apply a hands-on approach to nurture sustainable community development.

Responsible corporate citizenship is not an obligation at IMPERIAL Logistics, but a commitment that is tangibly demonstrated through our focus on corporate governance, transformation and sustainability.

During the previous financial year, the Group invested over 1% of net profit after tax in IMPERIAL CSR programmes and is committed to increasing this contribution over the coming fiscal. In addition to a range of initiatives to ensure the health and safety of IMPERIAL Logistics’ drivers, our primary focus areas are HIV/AIDS and poverty alleviation, through which we invest significantly in education-based initiatives. Our HIV/AIDS projects are undertaken in partnership with the Road Freight Association and the National Bargaining Council for the Road Freight Industry.

On the education front, IMPERIAL Logistics’ employees support the IMPERIAL and Ukhamba Community Development Trust on a volunteer basis. The Trust is a registered non-governmental organisation that has introduced educational initiatives in seven schools in underserviced areas around Johannesburg, since 2005. Particular emphasis is placed on language programmes and sports development.

7. FOR MORE INFORMATION

... get in touch with us

IMPERIAL Logistics welcomes requests for more details regarding the Group. Please direct all queries to Abrie de Swardt, IMPERIAL Logistics Marketing Director.

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Contact Information

10
ADDENDUM A

GLOBAL FOOTPRINT

IMPERIAL Logistics Southern Africa revenue analysis per sector

IMPERIAL Logistics International revenue analysis per sector
ADDENDUM B

IMPERIAL LOGISTICS INTERNATIONAL

Panopa Logistik

Panopa is a leading logistics provider through its 34 locations and subsidiaries in Germany, France, Poland and Portugal. The company’s expertise lie in the distribution of processed steel rolls, automotive parts, components and the preliminary assembly of certain products for a number of European vehicle and component manufacturers. Customers include major brands such as Behr, BMW, General Motors, Mercedes Benz, Opel, Porsche, Smart and Volkswagen.

neska

The company is a leading inland ports operator along the Rhine River, responsible for transhipment of 1.2 million containers and 8 million tons per year, including the handling and processing, storage and transportation of bulk and general cargo. neska offers connections from Cologne, Dusseldorf and Duisberg to Antwerp and Rotterdam.

Brouwer Shipping and Chartering

Brouwer provides short sea solutions and maintains routes from Europe to the Far East, USA and India, delivering shipment of grain, feed, fertiliser, steel, coal, timber and scrap. Founded in 1963 as a shipbroker in Hamburg, the company today delivers transhipment of more than 20 000 000 tons per year.

IMPERIAL Reederei Gruppe

Founded in 1800 in Duisberg, Germany IMPERIAL Reederei is a leading European inland waterway shipping company that, in 2008/2009 delivered total transport volume of 53 000 000 tons. The company operates 600 inland vessels, with a total cargo capacity of one million tons. The team of 630 employees operate from its 19 subsidiaries in Germany, Netherlands, Belgium, France and Austria.