THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 7 of this Circular apply to this Circular in its entirety.

Action required

- This Circular is important and should be read in its entirety, with particular attention to the section entitled "Action Required By Shareholders", which commences on page 4.
- If you are in any doubt as to what action you should take, please consult your accountant, broker, banker, attorney, CSDP or other professional adviser immediately.
- If you have disposed of all your Imperial Shares, this Circular should be handed to the purchaser of such Imperial Shares or to the broker, CSDP, banker or other agent through whom the disposal was effected.

Imperial does not accept responsibility, and will not be held liable, for any action of, or omission by, any CSDP or broker including, without limitation, any failure on the part of the CSDP or broker of any beneficial owner of Imperial Shares to notify such beneficial owner of the details set out in this Circular.

Imperial™

beyond possibility

IMPERIAL LOGISTICS LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1946/021048/06)
Ordinary share code: IPL ISIN: ZAE000067211
("Imperial" or "Company")

CIRCULAR TO SHAREHOLDERS:

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relating to the proposed sale by Imperial Logistics International, a wholly owned subsidiary of Imperial, of its interest in the European Shipping Group to the Purchaser, which transaction constitutes a Category 1 Transaction for Imperial in terms of the Listings Requirements;

and incorporating:

- **Notice of the General Meeting; and**
- **form of proxy *(blue)* in respect of the General Meeting (for use by certificated shareholders and "Own-Name" dematerialised shareholders only).**

Financial Advisor

BNP PARIBAS

Transaction Sponsor

Deloitte.

South African Legal Advisors

BOWMANS

Independent Reporting Accountants and Auditors

Deloitte.

International Legal Advisors

TaylorWessing

Taylor Wessing Partnerschaftsgesellschaft von Rechtsanwälten, Steuerberatern, Solicitors und Avocats à la Cour mbB

Meeting Scrutineers

TMS

Date of issue: 19 May 2020

This Circular is only available in English. Copies may be obtained from the registered office of the Company or at the Transfer Secretaries, during office hours on Business Days from Tuesday, 19 May 2020, at the addresses set out in the "Corporate Information" *section. A copy of this Circular will also be available on Imperial's website https://www.imperiallogistics.com/inv-circular.php. Further information for obtaining a copy of this Circular is set out in paragraph (d) of the "Action Required by Shareholders" section.*

FORWARD-LOOKING STATEMENT DISCLAIMER

The definitions and interpretations commencing on page 7 of this Circular apply *mutatis mutandis* to this forward-looking statement disclaimer.

This Circular contains statements about the Imperial Group that are or may be forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and may generally be identified by the use of forward-looking words or phrases such as "believe", "aim", "expect", "anticipate", "intend", "foresee", "forecast", "likely", "should", "planned", "may", "estimated", "potential" or similar words and phrases.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and/or depend on circumstances that may or may not occur in the future. Imperial cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industry in which the Imperial Group operates, may differ materially from those made in, or suggested by, the forward-looking statements contained in this Circular.

All these forward-looking statements are based on estimates and assumptions made by the Imperial Group, as communicated in publicly available documents by the Imperial Group, all of which estimates and assumptions, although believed by the Imperial Group to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those statements or assumptions include other matters not yet known to the Imperial Group or not currently considered material by the Imperial Group.

Shareholders should keep in mind that any forward-looking statement(s) made in this Circular or elsewhere is applicable only at the date on which such forward-looking statement(s) is made, being the Last Practicable Date. New factors that could cause the business of the Imperial Group to not perform as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement is not known. The Imperial Group has no duty to, and does not intend to, update or revise the forward-looking statements contained in this Circular after the date of this Circular, except as may be required by law. Any forward-looking statements have not been reviewed or reported on by the external auditors of Imperial.

COVID-19

The COVID-19 global pandemic has resulted in significant global and local financial market volatility and uncertainty. Although uncertain and unquantified at this stage, continued or worsening levels of market disruption and volatility could have a significant impact on the Imperial Group's business operations as well as the Imperial Group's ability to access capital and conclude the various key initiatives. This could result in a material change in the financial or trading position of the Imperial Group.

The Imperial Group have put in place various risk mitigation strategies. Management and the Directors cannot accurately predict what the likely future impact of COVID-19 will be on the economy, or on the Imperial Group and its operations.

CORPORATE INFORMATION

Company secretary and registered office
RA Venter (B.Com, LLM)
Imperial Place
79 Boeing Road East
Bedfordview
2007
South Africa
(PO Box 3013, Edenvale, 1610, South Africa)

Transaction Sponsor
Deloitte & Touche Sponsor Services Proprietary Limited
(Registration Number 1996/000034/07)
Deloitte Place
5 Magwa Crescent
Waterfall City
Midrand
Johannesburg
2090
South Africa
(Private Bag X6, Gallo Manor, 2052,
South Africa)

Independent Reporting Accountants and Auditors
Deloitte & Touche
Deloitte Place
5 Magwa Crescent
Waterfall City
Midrand
Johannesburg
2090
South Africa
(Private Bag X6, Gallo Manor, 2052,
South Africa)

Meeting Scrutineers
The Meeting Specialist Proprietary Limited
(Registration number: 2017/287419/07)
One Exchange Square
2 Gwen Lane
Sandown
2196
South Africa
(PO Box 62043, Marshalltown, 2107,
South Africa)
Email: proxy@tmsmeetings.co.za

Financial Advisor to Imperial
BNP PARIBAS S.A.
Niederlassung Deutschland
Europa-Allee 12
60327
Frankfurt
Germany

South African Legal advisor
Bowman Gilfillan Incorporated
(Registration Number 1998/021409/21)
11 Alice Lane
Sandton
2146
South Africa
(PO Box 785812, Sandton, 2146, South Africa)

Transfer Secretaries
Computershare Investor Services Proprietary Limited
(Registration Number 2004/003647/07)
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg
2196
South Africa
(Private Bag X9000, Saxonwold, 2132,
South Africa)

International Legal Advisors
Taylor Wessing Partnerschaftsgesellschaft von Rechtsanwälten,
Steuerberatern, Solicitors und Avocats à la Cour mbB
Benrather Str. 15
40213
Düsseldorf
Germany

TABLE OF CONTENTS

ACTION REQUIRED BY SHAREHOLDERS

This Circular is important and requires your immediate attention. The action you need to take is set out below. The definitions and interpretations commencing on page 7 of this Circular apply, *mutatis mutandis*, to this Action Required By Shareholders section.

If you are in any doubt as to what action to take, consult your accountant, broker, banker, attorney, CSDP or other professional advisor immediately.

If you have disposed of all your Imperial Shares, please forward this Circular to the purchaser of such Imperial Shares or to the broker, CSDP, banker or other agent through whom the disposal was effected.

As a result of the COVID-19 outbreak and its declaration as a "national disaster" in South Africa in terms of the Disaster Management Act, 2002, and the restrictions imposed thereby on public gatherings, it is currently not permissible to hold the General Meeting in person.

Accordingly, the General Meeting, convened in terms of, the Notice of General Meeting, will be held entirely by electronic communication, as permitted by the JSE, the provisions of the Companies Act and the MOI on Thursday, 18 June 2020, commencing at 09:00.

In this respect, the Company has retained the services of TMS to host the General Meeting on an interactive electronic platform remotely, in order to facilitate remote participation and voting by Shareholders. TMS will also act as scrutineer.

Shareholders who wish to attend the General Meeting electronically and/or vote at the General Meeting are required to contact TMS on proxy@tmsmeetings.co.za or alternatively contact their office on +27 11 520 7950/1/2 as soon as possible, but in any event, for administration purposes by no later than 09:00 on Monday, 15 June 2020. However, this will not in any way affect the rights of Shareholders to register for the General Meeting after this date, provided, however, that only those Shareholders who are fully verified (as required in terms of section 63(1) of the Companies Act) and subsequently registered at the commencement of the General Meeting, will be allowed to participate in and/or vote by electronic means.

TMS will assist Shareholders with the requirements for electronic participation in, and/or voting at the General Meeting. TMS is further obliged to validate (in correspondence with the Company and, in particular, the Transfer Secretaries, Computershare Investor Services Proprietary Limited, and your CSDP) each such Shareholder's entitlement to participate in and/or vote at the General Meeting, before providing it with the necessary means to access the General Meeting and/or the associated voting platform. For further information in this regard, please see the details contained in the Notice of General Meeting.

While the Company will incur all costs for the hosting by TMS of the General Meeting by way of a remote interactive electronic platform, Shareholders will be liable for their own network charges in relation to electronic participation in and/or voting at the General Meeting. Any such charges will not be for the account of the JSE, the Company and/or TMS. None of the JSE, the Company or TMS can be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevents any such Shareholder from participating in and/or voting at the General Meeting.

If you have dematerialised your Imperial Shares other than with "Own-Name" registration:

(a) Voting at the General Meeting

  (i) Your CSDP/broker is obliged to contact you in the manner stipulated in the agreement concluded between you and your CSDP/broker to ascertain how you wish to cast your vote at the General Meeting and thereafter to cast your vote in accordance with your instructions.

  (ii) If you have not been contacted, it would be advisable for you to contact your CSDP/broker and furnish it with your voting instructions.

  (iii) If your CSDP/broker does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the agreement concluded between you and your CSDP/broker.

  (iv) You should NOT complete the attached form of proxy.

(b) Attendance and representation at the General Meeting

(i) If you wish to attend the General Meeting, you must advise your CSDP/broker in accordance with the agreement concluded between you and your CSDP/broker, and your CSDP/broker will issue you with the necessary letter of representation for you to attend the General Meeting.

(ii) Unless you advise your CSDP/broker, in accordance with the terms of the agreement concluded between you and your CSDP/broker, that you wish to attend the General Meeting and have been provided with a letter of representation from it or instructed it to send its proxy to represent you at the General Meeting, your CSDP/broker may assume that you do not wish to attend the General Meeting and act in accordance with the agreement between you and your CSDP/broker.

If you have not dematerialised your Imperial Shares or you have dematerialised your Imperial Shares with "Own-Name" registration:

(c) Voting, attendance and representation at the General Meeting

(i) Shareholders are strongly encouraged to submit votes by proxy before the General Meeting.

(ii) You are, however, entitled to attend and vote at the General Meeting by electronic communication and may speak at and vote at the General Meeting.

(iii) If you are unable to attend the General Meeting, you may appoint a proxy to represent you at the General Meeting by completing the attached form of proxy (*blue*) in accordance with the instructions it contains and returning it to TMS to be received by email at proxy@tmsmeetings.co.za by no later than 09:00 on Monday, 15 June 2020, for administration purposes. Alternatively, such forms of proxy may be lodged with the Chairman of the General Meeting at any time before the meeting by email, care of Jeetesh Ravjee at jeetesh.ravjee@imperiallogistics.com.

(iv) Where there are joint holders of Imperial Shares, any one of such persons may vote at the General Meeting in respect of such Imperial Shares as if that person is solely entitled thereto, but if more than one of such joint holders are present or represented at the General Meeting, the person whose name appears first in the Register in respect of such Imperial Shares or its/his/her proxy, as the case may be, shall alone be entitled to vote in respect of such Imperial Shares.

(d) Shareholders were advised on SENS to obtain a copy of the Circular as follows:

(i) by accessing an electronic copy of the Circular on the Company's website, available at https://www.imperiallogistics.com/inv-circular.php;

(ii) by contacting the Transfer Secretaries, Computershare on +27 11 370 7701 or at #ZACSJHBClientService1@Computershare.co.za to request an electronic copy of the Circular;

(iii) by contacting their CSDP to request an electronic copy of the Circular;

(iv) by contacting the Company Secretary, RA Venter on +27 372 6507 or at jeetesh.ravjee@imperiallogistics.com or Esha Mansingh at Esha.Mansingh@imperiallogistics.com in order to request an electronic copy of the Circular or to make reasonable alternative arrangements to obtain a copy.

If you wish to dematerialise your Imperial Shares, please contact your broker.

(e) Identification of Shareholders and proxies.

In terms of section 63(1) of the Companies Act, before any person may attend or participate in the General Meeting, that person must present reasonably satisfactory identification and the person presiding at the General Meeting must be reasonably satisfied that the right of the person to participate and vote at the General Meeting, either as an Imperial Shareholder, or as a proxy or a representative for an Imperial Shareholder, has been reasonably verified. Acceptable forms of identification include a valid green-bar coded or smart card identification document issued by the South African Department of Home Affairs, a South African driver's licence or a valid passport. Only those Shareholders who are fully verified (as required in terms of section 63(1) of the Companies Act) and subsequently registered at the commencement of the General Meeting with TMS in accordance with what is set out above, will be allowed to participate in and/or vote by electronic means.

SALIENT DATES AND TIMES

Important dates and times in relation to the General Meeting are set out below.

	2020
Record Date for Imperial Shareholders to receive the Circular and Notice of General Meeting	Friday, 8 May
Circular and Notice of General Meeting distributed and announced on SENS	Tuesday, 19 May
Last Date to Trade to be eligible to participate in and vote at the General Meeting	Tuesday, 2 June
General Meeting Record Date for Imperial Shareholders to be entitled to participate in and vote at the General Meeting	Friday, 5 June
Last date to lodge forms of proxy with TMS by 09:00	Monday, 15 June
Last date to lodge forms of proxy with the Chairman of the General Meeting by 09:00	Thursday, 18 June
General meeting to be held at 09:00	Thursday, 18 June
Results of the General Meeting published on SENS	Thursday, 18 June
Results of the General Meeting published in the press	Friday, 19 June

Notes

1. The dates and times provided for in this Circular are subject to amendment. Any material amendments will be published on SENS.
2. All times referred to in this Circular are local times in South Africa.
3. If the General Meeting is adjourned or postponed, forms of proxy submitted for the initial General Meeting will remain valid in respect of any adjournment or postponement of the General Meeting, unless the contrary is stated on such form of proxy.
4. Imperial Shareholders are reminded that Imperial Shares can only be traded in dematerialised form. It is therefore suggested that certificated shareholders on the Register only dematerialise their Imperial Shares prior to the Last Date to Trade. No orders to dematerialise or rematerialise Imperial Shares will be processed from the Business Day following the Last Date to Trade up to and including the General Meeting Record Date, but such orders will again be processed from the first Business Day after the General Meeting Record Date.
5. The Register for certificated shareholders will be closed between the Last Date to Trade and the General Meeting Record Date.

DEFINITIONS AND INTERPRETATIONS

In this Circular and the annexures hereto, unless the context indicates otherwise, the words in the first column shall have the meanings assigned to them in the second column, the singular includes the plural and *vice versa*, an expression which denotes one gender includes the other genders, a natural person includes a juristic person and *vice versa*, and cognate expressions shall bear corresponding meanings.

"Act" or "Companies Act"	the Companies Act, 2008 (Act 71 of 2008), as amended from time to time;
"Agreement" or "Transaction Agreement"	the framework agreement concluded between Imperial Logistics International, the Local Sellers and the Purchaser on or about Thursday, 30 April 2020, as amended from time to time;
"attend", "present", "participate" or similar wording	includes being able to attend, be present or participate by means of electronic participation;
"Board", "Board of Directors" or "Directors"	the board of directors of Imperial from time to time;
"Business Day"	any day other than a Saturday, Sunday or an official public holiday in South Africa;
"certificated shareholders"	shareholders who hold Imperial Shares, represented by a share certificate, which Imperial Shares have not been dematerialised in terms of the requirements of Strate;
"Circular"	this Circular, dated Tuesday, 19 May 2020, including the annexures and attachments thereto;
"Closing Date"	(i) the last Transaction Business Day of the month in which the last condition precedent is fulfilled or, as the case may be, waived (if so permitted), provided, however, that if there are less than 5 Transaction Business Days between the date of fulfilment or waiver and the end of the then current month, the Closing Date shall be the last Transaction Business Day of the next month; or (ii) any other Transaction Business Day mutually agreed by the parties to the Transaction Agreement;
"CSDP"	Central Securities Depository Participant;
"dematerialise" or "dematerialisation"	the process by which securities held by certificated shareholders are converted or held in an electronic form as uncertificated securities and recorded in a sub-register of security holders maintained by a CSDP or broker;
"dematerialised shareholders"	shareholders who hold Imperial ordinary shares which have been dematerialised in terms of the requirements of Strate;
"Effective Date"	31 December 2019, 24:00 hours (central European time);
"Euro" or "EUR" or "€"	the lawful currency of the member states of the European Union that have adopted and retained a common single currency through monetary union in accordance with European Union treaty law, as amended from time to time;
"European Shipping Business"	the business activities conducted by the European Shipping Group Companies of *inter alia* waterway transportation services, port management services, crewing services and fleet services, being the subject of the sale of the Target Interest;
"European Shipping Group Companies" or "European Shipping Group"	those companies directly or indirectly held by the Local Sellers as set out in **Annexure 7**, but excluding the South American Shipping Business;
"Financial Markets Act"	Financial Markets Act, 2012 (Act 19 or 2012), as amended from time to time;
"form of proxy"	the form of proxy incorporated into this Circular for use by certificated shareholders and dematerialised shareholders with 'Own-Name' registration only, for purposes of appointing a proxy to represent such Imperial Shareholder at the General Meeting;
"General Meeting"	General Meeting of Imperial Shareholders to be held at 09:00 on Thursday, 18 June 2020, entirely by electronic communication on the platform hosted by TMS (including any adjournment or postponement thereof);

"IFRS"	International Financial Reporting Standards;
"Imperial" or "Company"	Imperial Logistics Limited, a South African limited liability company with registration number 1946/021048/06, with all of its Imperial ordinary shares listed on the JSE;
"Imperial deferred ordinary shares"	deferred ordinary shares of 4 cents each in the issued share capital of Imperial;
"Imperial Group"	collectively, Imperial and its subsidiaries from time to time;
"Imperial International Group Company"	Imperial Logistics International and companies affiliated to Imperial Logistics International, excluding the European Shipping Group Companies;
"Imperial Logistics International"	Imperial Logistics International B.V. & Co. KG, a German limited liability company with registered seat Duisburg, Federal Republic of Germany, registered in the commercial register at the local court (*Amtsgericht*) of Duisburg under HRA 9990, an indirect wholly owned subsidiary of Imperial;
"Imperial ordinary shares"	ordinary no par value shares in the issued share capital of Imperial;
"Imperial Shareholder(s)" or "Shareholder(s)"	the holder(s) of Imperial Shares;
"Imperial Shares"	Imperial ordinary shares and/or Imperial deferred ordinary shares, as applicable;
"Income Tax Act"	the Income Tax Act No, 1962 (Act 58 of 1962), as amended from time to time;
"Independent Reporting Accountants"	Deloitte & Touche, practice number 902276, Registered Auditors, acting as the Auditors and Independent Reporting Accountants to Imperial;
"Intercompany Receivables"	any receivables (including interest thereon until the Closing Date) by an Imperial International Group Company against any European Shipping Group Company;
"ISS"	Imperial Shipping Services GmbH, a German limited liability company with registered seat Duisburg, Federal Republic of Germany, registered in the commercial register at the local court (*Amtsgericht*) of Duisburg under HRB 18922;
"JSE"	JSE Limited, a South African limited liability company with registration number 2005/022939/06, and licensed as an exchange under the Financial Markets Act;
"Last Date to Trade"	Tuesday, 2 June 2020, being the last Business Day to trade Imperial Shares in order to reflect in the Register so as to be eligible to vote at the General Meeting;
"Last Practicable Date"	Thursday, 14 May 2020, being the last practicable date prior to the finalising of this Circular;
"Listings Requirements"	the Listings Requirements of the JSE, as amended from time to time;
"Local Seller 1"	Imperial Mobility International B.V., a Netherlands limited liability company with registered seat Druten, the Netherlands, registered with the Dutch Chamber of Commerce (*Kamer van Koophandel*) under KvK-no. 11063295;
"Local Seller 2"	Imperial Chemical Logistics GmbH, a German limited liability company with registered seat Duisburg, Federal Republic of Germany, registered with the commercial register at the local court (*Amtsgericht*) of Duisburg under HRB 17127;
"Local Seller 3"	Imperial Logistics International Beteiligungsgesellschaft mbH, a German limited liability company with registered seat Duisburg, Federal Republic of Germany, registered with the commercial register at the local court (*Amtsgericht*) of Duisburg under HRB 8646;
"Local Seller 4	Imperial Industrial Logistics GmbH, a German limited liability company with registered seat Duisburg, Federal Republic of Germany, registered with the commercial register at the local court (*Amtsgericht*) of Duisburg under HRB 16908;
"Local Sellers"	collectively, Local Seller 1, Local Seller 2, Local Seller 3 and Local Seller 4, each of which are wholly owned subsidiaries of Imperial;
"MOI"	the memorandum of incorporation of the Company;

"Notice of General Meeting"	the notice to Imperial Shareholders convening the General Meeting of Shareholders for the purpose of considering and, if deemed fit, approving with or without modification, the resolutions set out in such Notice of General Meeting relating to the Transaction and which notice together with the form of proxy is attached to, and forms part of, this Circular;
"Own-Name registration"	dematerialised shareholders who have instructed their CSDP to hold their Imperial Shares in their own name on the uncertificated register of Imperial;
"Purchaser" or "HGK"	Hàfen und Gùterverkehr Kòln AG, a German limited liability company with registered seat in Cologne, Federal Republic of Germany, registered in the commercial register at the local court (*Amtsgericht*) of Cologne under HRB 22957, the shareholding of which is described in paragraph 3 of this Circular;
"Rand" or "R" or "ZAR"	South African Rand;
"Register"	the Company's securities register maintained by the Transfer Secretaries in accordance with sections 50(1) and 50(3) of the Companies Act;
"SENS"	the Stock Exchange News Service of the JSE;
"South Africa"	the Republic of South Africa;
"South American Shipping Business"	the following: (i) a 95% participation of the Local Seller 1 in Imperial South America B.V, (ii) a 95% participation of the Local Seller 1 in Imperial Shipping Paraguay S.A., (iii) a 50% participation of the Local Seller 1 in Baden S.A., (iv) a fleet of push boats and barges owned by ISS and operated by Imperial Shipping Paraguay S.A., in Paraguay under financial lease agreements concluded between ISS and Imperial Shipping Paraguay S.A., (v) a USD loan facility granted by Imperial Mobility Finance B.V. towards ISS, and (vi) certain shared services provided by certain Imperial International Group Companies towards the South American shipping business under intra-group services agreements;
"Strate"	Strate Proprietary Limited, a South African limited liability company with registration number 1998/0222242/07, which is a registered central securities depository and which is responsible for the electronic settlement system used by the JSE;
"Target Companies"	those companies held directly by the Local Sellers, as set out in **Annexure 7**;
"Target Interest"	the Target Shares and the Intercompany Receivables;
"Target Shares"	those shares held by the Local Sellers in the Target Companies, the details of which are set out in **Annexure 7**;
"TMS"	The Meeting Specialist Proprietary Limited, a South African limited liability company with registration number 2017/287419/07, host and scrutineer of the General Meeting on an interactive electronic platform;
"Transaction"	the sale by Imperial Logistics International of the European Shipping Group pursuant to the Agreement, but excluding the South American Shipping Business;
"Transaction Business Day"	any day (other than a Saturday or Sunday) on which banks are generally open for business in Frankfurt am Main, Germany, and Johannesburg, South Africa;
"Transfer Secretaries"	Computershare Investor Services Proprietary Limited, a South African limited liability company with registration number 2004/003647/07 and the transfer secretaries of Imperial in South Africa; and
"VAT"	Value-Added Tax as levied in terms of the Value-Added Tax Act, 1991 (Act 89 of 1991), as amended from time to time.

IMPERIAL LOGISTICS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1946/021048/06)
Ordinary share code: IPL ISIN: ZAE000067211
("Imperial" or "Company")

Non-executive
P Langeni (Chairman)
RJA Sparks*
P Cooper*
GW Dempster* (Lead Independent Director)
D Reich*
NB Radebe*
Executive
M Akoojee (Chief Executive Officer)
JG de Beer (Chief Financial Officer)

**Independent*

CIRCULAR TO IMPERIAL SHAREHOLDERS

1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR

Imperial Shareholders are referred to the announcement released on SENS on Monday, 4 May 2020, wherein Shareholders were advised that Imperial Logistics International, a wholly owned subsidiary of Imperial, had entered into the Transaction Agreement for the sale of the Target Interest in the European Shipping Group to the Purchaser. It should be noted that Imperial will retain the South American Shipping Business and is only disposing of the European Shipping Group, comprising the following Target Companies –

- Imperial Shipping Rotterdam B.V.;
- Wijnhoff & Van Gulpen & Larsen B.V.;
- Imperial Gas Barging GmbH;
- Imperial Shipping Holding GmbH; and
- Imperial Logistics SARL.

Further details of the European Shipping Group and the Target Shares are set out in **Annexure 7**.

The Transaction constitutes a Category 1 Transaction, in terms of the Listings Requirements, which is subject to Shareholder approval by way of an ordinary resolution.

The purpose of this Circular is to:

- provide Imperial Shareholders with the requisite information in accordance with the Listings Requirements, to enable Imperial Shareholders to make an informed decision in respect of the proposed resolutions, as set out in the Notice of the General Meeting.
- give notice convening the General Meeting at which the resolutions necessary to approve and implement the Transaction, as more fully detailed in this Circular, will be considered and, if deemed fit, approved with or without modification by Imperial Shareholders. The notice convening the General Meeting is attached to and forms part of this Circular.

2. BACKGROUND INFORMATION ON IMPERIAL'S SHIPPING BUSINESS

Headquartered in Duisburg, Germany, Imperial's shipping business operates inland waterway transportation in Europe and South America providing services in the areas of dry bulk, liquid, chemicals and gaseous products.

The European Shipping Business' origins date back to 1802. Imperial entered the market in 1999 with the acquisition of Nestrans Logisitk GmbH from Thyssen Krupp AG. The Imperial Group has since built the European Shipping Business to be the leading inland waterway transport provider in Europe.

The Imperial Group further expanded its shipping business, by entering the South American market in 2014 with a presence in the Hidrovia-Paranha-Paraguay waterways and access to the largest seaports. For further information regarding the impact of the Transaction on the South American Shipping Business, which does not constitute part of the Transaction, see paragraph 5.5 below.

The European Shipping Business is the largest inland navigation operator in Europe active in the most important river basins and inland waterways and with a focus on the rivers Rhine, Main, Danube, Neckar, Elbe and the German canal system. The business has a large and sophisticated fleet of leased and chartered vessels (including push boats, dry bulk barges, cargo motor vessels, chemical and gas barges) and moves approximately 45 million tons of diversified products annually. Worldwide, Imperial employs approximately 1 120 staff in its shipping business led by an experienced management team.

3. ABOUT THE PURCHASER

The Purchaser operates a large variety of logistics services covering port operations, warehousing, inland waterway shipping and railway transport in Germany, the Netherlands, Belgium and France. On a group basis it generates annual revenue of approximately EUR550 million and employs approximately 1 350 personnel. The Purchaser is owned by the community owned entities Stadtwerke Köln GmbH (54.5%), City of Cologne (39.2%) and Rhein-Erft-Kreis (6.3%).

4. RATIONALE FOR THE TRANSACTION

Our core strategic focus as Imperial is to grow our African footprint and reach and align our international portfolio to position the group as the "Gateway to Africa" in the medium to long term. This will result in Imperial having an integrated logistics and market access offering focused on Africa, which leverages our competitive advantages and capabilities mainly in the healthcare, consumer, chemicals, industrial and automotive industry verticals. This strategy includes investing in new areas that enhance our African growth vision – exploring growth opportunities in other emerging and select developed markets based on the relevance to our capabilities, scale, benefits and client relationships that support trade flows into and out of Africa, including the potential expansion into international freight management.

In aligning our international portfolio with this strategic direction and our core competitive advantages, Imperial's shipping businesses were identified as being non-core to the strategy. Imperial has adopted a phased approach in the disposal of its shipping businesses, and as such, Imperial is disposing of the European Shipping Business to the Purchaser, which we believe is well positioned to operate the business sustainably based on long-standing customer relationships and a highly motivated work force. The South American Shipping Business will continue to operate on a stand-alone basis that is held for sale.

5. SALIENT TERMS OF THE TRANSACTION

5.1 Sale of the Target Shares

Imperial Logistics International will sell (in the name and on behalf as well as with the authority of the Local Sellers) the Target Shares to the Purchaser.

5.2 Effective and Closing Dates

The Target Shares are sold with economic effect as of the expiration of the Effective Date, notwithstanding the signature date of the Transaction Agreement.

The Transaction will be implemented on the Closing Date.

5.3 Purchase Consideration

The agreed enterpise value for the Target Interest is EUR225 million (approximately ZAR4.5 billion) which equates to a multiple of 11.5x FY2019 earnings before interest and taxes.

The purchase price for the Target Interest comprises the aggregate of (i) an amount of EUR115.2 million for the acquisition of the Target Shares, escalated at a rate of 1.63% per annum from 31 December 2019 until the Closing Date, and (ii) the amount equivalent to the Intercompany Receivables (expected to be approximately EUR60 million). The aggregate purchase price is accordingly expected to be approximately EUR176.1 million (approximately ZAR3.5 billion), depending on the actual Closing Date and will be settled in cash on the Closing Date.

The rights, benefits and advantages of the European Shipping Business will accrue to the Purchaser from the Effective Date in terms of a 'locked box structure'.

The Transaction, being subject to a 'locked box structure', allows Imperial Logistics International to receive the interest referred to above and the Purchaser to receive the financial benefits accruing to the European Shipping Group from the Effective Date to the Closing Date. This in turn means that, no European Shipping Group Company is entitled to distribute any amounts to an Imperial International Group Company and Imperial Group International is obliged to compensate the Purchaser for any unauthorised distributions or payments made by any European Shipping Group Company to any Imperial International Group Company.

5.4 **Conditions Precedent**

The Transaction is conditional upon certain conditions precedent being fulfilled or waived on or before 31 March 2021 or such later date as agreed to by all the parties including:

- any competition regulatory body to which the Transaction must be notified under applicable merger control laws before being consummated, has cleared or approved the Transaction, or can no longer prohibit the Transaction after the expiry of the respectively applicable time limits for a prohibition under applicable merger control laws, or has confirmed that the Transaction does not need to be notified or does not fulfil the conditions of a prohibition or has cleared or approved the Transaction on acceptable terms;
- all local transfer agreements have been duly executed in accordance with the Transaction Agreement and Imperial Logistics International has confirmed to the Purchaser in writing that the local conditions precedent in each such local transfer agreement have been completed;
- Imperial Shareholders have approved the sale and transfer of the Target Shares by the Local Sellers and Imperial Logistics International by passing of the resolution required in accordance with the Listings Requirements; and
- the Council of Stadt Köln (Rat der Stadt Köln), district government (Bezirksregierung) and County Council of Rhein-Erft-Kreis (Kreistag) have approved the Transaction.

5.5 **Carve-Out Transaction**

The South American Shipping Business which is currently owned and operated by the Local Seller 1 and ISS is not being sold and transferred to the Purchaser pursuant to the Transaction. Accordingly, the South American Shipping Business will be transferred to a newly incorporated German subsidiary set up by an Imperial International Group Company before the Closing Date. All costs associated with this transaction will be borne by Imperial Logistics International or any other Imperial International Group Company. It is the intention of Imperial Logistics International to continue the South American Shipping Business on a stand-alone-basis until it is sold to a third party purchaser.

5.6 **Warranties, Indemnities, Interim Undertakings and Restraints**

The Transaction Agreement contains certain warranties and indemnities (including tax indemnities) which are normal for a transaction of this nature. Furthermore, Imperial Logistics International has given standard interim undertakings regarding the manner in which the European Shipping Business is conducted. All such warranties, indemnities and undertakings are subject to a mutually agreed limitation of liability regime which is normal for a transaction of this nature.

The Purchaser has also agreed to assume guarantees, comfort letters and other security interests which any Imperial International Group Company has provided to a European Shipping Group Company to banks, other financial institutions, suppliers, customers or other third parties.

Finally, Imperial Logistics International has undertaken not to compete with the European Shipping Business for a period of thirty months from the Closing Date.

5.7 **Guarantee**

The Purchaser is entitled to nominate another newly incorporated group company to take transfer of the Target Shares. In the event the Purchaser does so, it is obliged to guarantee all the obligations of the newly incorporated company under the Transaction Agreement and, after the transaction has been implemented, of the European Shipping Group Companies arising out of or in connection with the Transaction.

5.8 **Transaction Categorisation and Shareholder Approval**

The total consideration measured against the market capitalisation of Imperial results in a percentage ratio of more than 30%. Accordingly, the Transaction is classified as a Category 1 Transaction in terms of paragraph 9.5 of the Listings Requirements and requires an ordinary resolution approval by Imperial Shareholders at a General

Meeting in terms of paragraph 9.20 of the Listings Requirements. For the avoidance of doubt, the Transaction does not constitute the greater part of the assets or undertaking of Imperial, as contemplated in section 112 of the Companies Act.

The Transaction is not made to a related party and there are accordingly no related party transaction implications in terms of the Listings Requirements.

Imperial would still qualify for listing after implementation of the Transaction with remaining assets of approximately R8,247 billion, and will continue with operations through its existing businesses and divisions as referred to in paragraph 8, which includes the South American Shipping Business.

6. FINANCIAL INFORMATION REGARDING THE TRANSACTION

In terms of the Listings Requirements, a Category 1 Transaction requires the disclosure of historical financial information and the *pro forma* financial information showing the effects of the Transaction on the Company's statement of financial position and consolidated statement of profit and loss.

6.1 The *pro forma* financial information is set out in **Annexure 1** of this Circular and is presented in accordance with the provisions of the Listings Requirements and the Guide on *Pro Forma* Financial Information issued by the South African Institute of Chartered Accountants. The *pro forma* financial information, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the Board.

The accounting policies used in the preparation of the *pro forma* financial effects are compliant with IFRS and are consistent with those applied in the interim financial statements of Imperial for the six months ended 31 December 2019. It has been assumed, for purposes of the *pro forma* financial effects, that the Transaction took place with effect from 1 July 2019 for the *pro forma* condensed consolidated statement of profit or loss and as at 31 December 2019 for the *pro forma* condensed consolidated statement of financial position.

The *pro forma* financial information has been prepared for illustrative purposes only, to provide information on how the Transaction may have affected the financial position of Imperial. Due to its nature, the *pro forma* financial information may not fairly represent Imperial's financial position, comprehensive income, changes in equity or cash flows after the Transaction.

The table below is a summary of the detailed *pro forma* financial information as set out in **Annexure 1**.

	Published Interim results	***Pro forma* results after the Transaction**	**Net Impact**	**Change (%)**
	Note 1	Note 2		
Net Asset Value per ordinary share (cents)[3]	4 078	4 110	32	1
Net Tangible Asset Value per ordinary share (cents)[3]	579	1 084	505	87
Earnings per share ("EPS")[4]				
Continuing operations				
– Basic EPS (cents)	372	295	(77)	(21)
– Diluted EPS (cents)	361	285	(76)	(21)
Discontinued operations				
– Basic EPS (cents)	(149)	(101)	48	32
– Diluted EPS (cents)	(145)	(98)	47	32
Total				
– Basic EPS (cents)	223	194	(29)	(13)
– Diluted EPS (cents)	216	187	(29)	(13)
Headline earning per share ("HEPS")[4]				
Continuing operations				
– Basic HEPS (cents)	371	289	(82)	(22)
– Diluted HEPS (cents)	359	278	(81)	(23)
Discontinued operations				
– Basic HEPS (cents)	(181)	(181)		

	Published Interim results	*Pro forma* results after the Transaction	Net Impact	Change (%)
	Note 1	Note 2		
– Diluted HEPS (cents)	(175)	(175)		
Total				
– Basic HEPS (cents)	190	108	(82)	(43)
– Diluted HEPS (cents)	184	103	(81)	(44)
Shares in issue net of shares repurchased (million)	192.7	192.7		
Weighted average shares in issue for basic (million)	189.3	189.3		
Weighted average shares in issue for diluted (million)	195.4	195.4		

Notes and assumptions:

1. The "Published Interim results" column has been extracted, without adjustment, from the Company's condensed consolidated interim financial results for the six months ended 31 December 2019, which can be accessed on Imperial's website at: http://www.imperiallogistics.com, and is available for inspection at the registered office of Imperial as set out in paragraph 15 of this Circular.
2. The "*Pro forma* results after the Transaction" column reflects the impact of the *pro forma* adjustments on Imperial as a consequence of the Transaction. The effects of the Transaction are calculated on the assumption that the purchase consideration will be utilised to reduce interest-bearing borrowings.
3. *Pro forma* net asset and net tangible asset value per share are based on the principal assumption that the Transaction was effective on 31 December 2019.
4. *Pro forma* earnings and headline earnings per share are based on the principal assumption that the Transaction was effective on 1 July 2019.
5. Details of the *pro forma* financial effects of the Transaction on Imperial's consolidated statement of profit or loss and consolidated statement of financial position for the six months period ended 31 December 2019 are contained in **Annexure 1** to this Circular. The assumptions used in the preparation of the *pro forma* financial effects as well as the detailed notes and descriptions to the pro forma financial information are set out in **Annexure 1**.
6. Whilst there is currently significant uncertainty regarding the implications of COVID-19 and the government-imposed lockdown, this has been treated as a non-adjusting post-balance sheet event. There are no other material subsequent events that require adjustment to the *pro forma* financial information.

6.2 The independent reporting accountant's assurance report on the *pro forma* financial information is set out in **Annexure 2** of this Circular.

6.3 The report on carve-out historical financial information on the European Shipping Business as set out in **Annexures 3 and 4,** was extracted from the audited financial statements of Imperial for the years ended 30 June 2019, 2018 and 2017 and from the unaudited interim financial statements for the six month period ended 31 December 2019 and is the responsibility of the Board.

The historical combined financial information, being the European Shipping Business' recorded historical information, has been prepared in accordance with section 8.1 to 8.13 of the Listings Requirements. This basis of preparation describes how the financial information has been prepared in accordance with IFRS, except for the material departures from IFRS noted in the Basis of Preparation of the Historic Financial Information.

IFRS does not provide for the preparation of historical combined financial information, and accordingly in preparing the historical combined financial information certain accounting conventions commonly used in the preparation of historical combined financial information for inclusion in circulars have been applied and consequently some material departures from IFRS have been required, which are discussed in more detail in the Historic Financial Information. In all other respects, IFRS has been applied.

6.4 The independent reporting accountant's assurance report on the report of carve-out historical financial information on the European Shipping Business is set out in **Annexure 5** of this Circular.

7. APPLICATION OF PROCEEDS

The Transaction proceeds will be used to optimise the financial position of Imperial - reducing the Company's existing debt upon closing and providing capacity to pursue its strategic objective of investing in new areas that enhance its African growth vision going forward. This includes exploring growth opportunities in other emerging and selected developed markets based on the relevance of capabilities, scale, benefits and client relationships that support trade flows into and out of Africa, including the potential expansion into international freight management.

8. OVERVIEW OF IMPERIAL

Imperial is mainly an African and European focused logistics provider of outsourced, integrated freight management, contract logistics and distributorships. Ranked among the top 30 global logistics providers, Imperial is listed on the JSE and employs over 27 000 people across 32 countries. With a focus on five key industry verticals – automotive, chemicals, consumer, healthcare and industrial – Imperial Group's deep experience and unrivalled ability to customise solutions ensures the ongoing relevance and competitiveness of its clients.

In South Africa, Imperial is considered as a leading logistics provider across the entire supply chain – renowned for driving innovation and continuous improvement. In the rest of Africa, Imperial is a leading distributor of pharmaceuticals and consumer goods in the Southern, East and West Africa regions.

Outside of Africa, Imperial provides logistics solutions in industries such as chemical, automotive and palletised distribution services.

9. IMPERIAL'S PROSPECTS

Since the unbundling of Motus Holdings Limited ("Motus") in November 2018, Imperial undertook a further strategic evaluation process to simplify its strategic positioning. This led to further rationalisation of the portfolio, restructuring and reducing costs with the ultimate objective of unlocking value for Shareholders. Through this renewed strategy, Imperial has defined its immediate and ongoing strategic priorities and focused the collective energy of the business on achieving them.

In order to leverage expertise across the business, be a more client driven organisation and to better position ourselves for the future, given ever changing macro- and industry trends – we are focusing our service offering and positioning our capabilities in these core industry verticals and less so on particular regions. With a strategy centred on Africa and the growth aspirations of our clients, we are working to achieve a unified group uniquely capable of delivering sustainable growth and targeted returns, allowing us to more effectively deliver integrated solutions across our networks and regions, this "One Imperial" approach will deepen our competitiveness and relevance – and retain our market and industry legitimacy.

This growth-led strategic focus is supported by the following short-term, core strategic initiatives:

- **Growing in Africa** by building on existing and expanding into new capabilities; investing in existing and new geographies that complement our capabilities, industries and client base; and evolving client engagement by investing in technology enablement, industry and capability expertise.
- **Strategically aligning our international portfolio with our core competitive advantage being Africa** by disposing of the shipping business which is non-core to the strategy and are investing in new areas that support our African growth strategy. Through this process we will explore growth opportunities in other emerging and selected developed markets based on the relevance of our capabilities, scale, benefits and client relationships that support trade flows into and out of Africa, this includes the assessment of the potential expansion into freight management (both air and ocean).

10. ADDITIONAL INFORMATION ON IMPERIAL

10.1 Share Capital of the Company

The table below shows the authorised and issued share capital of Imperial as at the Last Practicable Date:

	R'000
Authorised	
394 999 000 ordinary no par value shares	15 800
50 000 000 deferred ordinary shares of 4 cents each	2 000
15 000 000 preferred ordinary shares of 4 cents each	600
1 000 redeemable preference shares of 4 cents each	0
40 000 000 non-redeemable, non-participating preference shares of 4 cents each	1 600
Total	20 000
Issued*	
201 242 919 ordinary no par value shares	8 050
6 867 891 deferred ordinary shares of 4 cents each	274
Total	8 324

**excluding treasury shares of 8 592 791*

10.2 Major Shareholders and Controlling Shareholders

Shareholders who beneficially held a 5% or greater shareholding in the issued ordinary share capital of Imperial, as at the Last Practicable Date were as follows:

Name of Shareholder	Share class	Number of shares held	Percentage of issued share capital*
Public Investment Corporation Limited	Ordinary	23 058 977	11.46
M&G Investment Management	Ordinary	21 456 746	10.66
Ukhamba Holdings Proprietary Limited	Ordinary	15 887 498	7.89
PSG Asset Management	Ordinary	14 935 365	7.42
Ninety One UK Limited	Ordinary	13 796 195	6.86
Capital Research Global Investors	Ordinary	9 489 000	4.72
Total		98 623 781	49.01

**excluding treasury shares of 8 592 791*

Shareholders who beneficially held Imperial Shares, other than Imperial ordinary shares, as at the Last Practicable Date were as follows:

Name of Shareholder	Share class	Number of shares held	Percentage of issued share capital
Ukhamba Holdings Proprietary Limited	Deferred ordinary	6 867 891	3.21

There is no controlling shareholder as at the Last Practicable Date.

10.3 **Directors' Remuneration and Service Contracts**

The Directors' remuneration and benefits are set out in note 38 from pages 85 to 87 of Imperial's Annual Audited Financial Statements for the year ended 30 June 2019 as published on 25 September 2019 available on the Company's website: www.imperiallogistics-reports.co.za/reports/iar-report-2019/pdf/afs.pdf. There has been no change to the directors' remuneration and benefits as a result of the Transaction.

Contracts of employment with Executive Directors of Imperial were concluded on terms and conditions that are standard for such appointments and contain normal terms of employment. The contracts of employment are available for inspection as described in paragraph 15 of this Circular. There are no service contracts in place in respect of Non-Executive Directors of Imperial.

10.4 **Directors' Interests in Imperial Shares**

The direct and indirect interests of the Directors, and their associates (including directors who resigned in the last 18 months), in the ordinary share capital of Imperial, as at the last practicable date, are set out below:

Director	Direct Beneficial	Indirect Beneficial	Percentage Holding
Non-executive			
GW Dempster	99		0.00005
RJA Sparks	40 000		0.02
Executive			
M Akoojee	236 638		0.12
JG de Beer	76 817		0.038
M Swanepoel[1]	144 147		0.07
Total	**497 701**		0.24805

**excluding treasury stock*

[1] *Resigned as CEO of the Company on 1 February 2019 and as a director on 31 May 2019.*

There have been no dealings in Shares for the period beginning 31 December 2019 and ending on the Last Practicable Date by the Directors, including former Directors who have resigned during the 18 months prior to the Last Practicable Date.

The share appreciation rights ("SAR") and conditional share plan ("CSP") rights in favour of Steffen Bauer, director of Imperial Logistics International, will vest proportionately in terms of the good leaver provisions as set out in his allocation agreement letter.

10.5 **Directors' Interest in the Transaction**

Other than as disclosed in this Circular, the Directors do not have any beneficial interest, whether direct or indirect, in the Transaction nor did they have any material interest in a transaction that was effected by Imperial during;

- the current or immediately preceding the financial year; or
- an earlier financial year and remaining any respect outstanding or unperformed.

10.6 **Material Loans and Contracts of Imperial and the European Shipping Business**

Details relating to material loans made to the Imperial Group are set out in **Annexure 6** of this Circular.

Save for the material contracts referred to in this Circular, there are no other material contracts entered into either verbally or in writing by Imperial or the European Shipping Business, being restrictive funding arrangements and/or, contracts entered into otherwise than in the ordinary course of business, within the two years prior to the Last Practical Date or at any time containing an obligation or settlement that is material to the Imperial Group, as at the Last Practicable Date.

A separation agreement was entered into between Imperial and Motus in 2018 in relation to the unbundling by Imperial of all its Motus shares to Imperial ordinary shareholders by way of a distribution in specie in terms of section 46 of the Companies Act and section 46 of the Income Tax Act. Full details of the unbundling were set out in the Circular dated 27 September 2018.

10.7 **Vendors**

There were no material assets acquired or disposed or proposed to be acquired or disposed by the Imperial Group during the three years preceding the last practicable date, save for the unbundling of Motus referred to above.

10.8 **Material Change in Respect of the Imperial Group and the European Shipping Business**

As Shareholders are aware, the COVID-19 pandemic continues to persist, and these trying times come with a high degree of uncertainty, fluidity and unexpected challenges. Imperial operates in over 32 countries, including those that are being severely impacted by the virus with various restrictive measures imposed.

Imperial is essential to the sourcing, warehousing, transportation and distribution of medication and other medical supplies, food, basic goods, and other essential products and services in our markets of operation:

- In South Africa, we provide an essential service of distributing consumer goods and healthcare (medication), and therefore, a significant part of this business remains in operation during the government enforced lockdown of non-essential services in the country. Approximately 55% of our revenue in this division is generated from the consumer, healthcare and other essential products and services sectors in South Africa.
- The African Regions division is mainly engaged in healthcare and consumer goods distribution. While there are some concerns relating to the supply and the delivery of products in certain markets, most of the businesses in this division continue to operate at this time, with sufficient stock on hand. Close to 100% of our revenue in this division is generated from the healthcare and consumer industries.
- In the International division (which division includes the European Shipping Group), the automotive, contract logistics and related transport businesses are most impacted as all original equipment manufacturers have implemented plant shut-downs (approximately 36% of revenue in this division is generated from the automotive industry). Volumes in the chemicals and related shipping businesses remain resilient (approximately 31% of revenue in this division is generated from the chemical industry). Other businesses within this division are still operational, although volumes are being negatively impacted in some instances.

As at the Last Practical Date, Imperial has adequate headroom in terms of debt covenants and liquidity. Stringent, proactive measures have been implemented across the business to manage costs, and optimise working capital and capital expenditure, with a stronger focus on cash flow generation during these uncertain times.

However, given the increasing uncertainty and volatility that its markets are currently faced with, Imperial has withdrawn its current guidance for the year to 30 June 2020, which was communicated to the market on 25 February 2020. Updated guidance will be provided to the market once there is more certainty on the outlook.

10.9 **Working Capital Statement**

Having made due and careful enquiry as to the working capital requirements of the Imperial Group for the twelve months following the date of issue of this Circular, the Board is of the opinion that the working capital of Imperial and its subsidiaries is sufficient for the current requirements of Imperial and will be adequate for at least the next twelve months from the date of issue of this Circular. The Transaction will generate approximately EUR176.1 million in freely available cash, which will be used by Imperial to strengthen its financial position and to reduce its overall existing debt, thereby contributing positively to the working capital requirements.

10.10 **Litigation Statement**

As at the Last Practicable Date, there are no legal or arbitration proceedings, including proceedings that are pending or threatened, of which Imperial is aware, that may have or have had, in the twelve month period preceding the date of this Circular, a material effect on the financial position of the Imperial Group and the European Shipping Business.

11. EXPENSES RELATING TO THE TRANSACTION

The estimated expenses that will be incurred by Imperial in respect of the Transaction are approximately EUR6 620 000 and ZAR2 291 000, excluding VAT and include the following:

Transaction Costs		EUR '000
Financial Advisors	BNP Paribas	2 000
International Legal Advisor	Taylor Wessing Partnerschaftsgesellschaft mbB	1 300
International Legal Advisor	Norton Rose	300
Financial Vendor Due Diligence; Tax Vendor Due Diligence and Tax advisory	PriceWaterhouseCooper (Germany)	1 700
Commercial Vendor Due Diligence	Roland Berger	400
Independent Reporting Accountants	Deloitte & Touche	220
General		700
TOTAL		**6 620**

Transaction Costs		RAND '000
South African Legal Advisors	Bowman Gilfillan Incorporated	250
Transaction Sponsor	Deloitte & Touche Sponsor Services Proprietary Limited	225
Independent Reporting Accountants	Deloitte & Touche	1 430
JSE documentation fees	JSE	53
Printing, publication, distribution and advertising expenses	Ince	300
Meeting scrutineers	TMS	33
TOTAL		2 291

12. DIRECTORS' RESPONSIBILITY STATEMENT AND RECOMMENDATION

The Directors, whose names are set out on page 10 of this Circular, collectively and individually accept full responsibility for the accuracy of the information given in this Circular in relation to Imperial and certify that, to the best of their knowledge and belief, no material facts have been omitted which would make any statement in this Circular false or misleading, that all reasonable enquiries to ascertain such facts have been made and that the Circular contains all information required by law and the Listings Requirements.

Having regard to the terms and conditions of the Transaction, the Board is of the opinion that the terms of the Transaction are in the interest of the Shareholders and, accordingly, recommends that Shareholders vote in favour of the ordinary resolution necessary to effect the Transaction.

13. CONSENTS

All parties detailed in the "Corporate Information" section on the inside front cover page of this Circular have consented in writing to the inclusion of their names and reports in the Circular in the form and context in which they appear and have not withdrawn their consents prior to the publication of this Circular. The independent reporting accountant, being Deloitte & Touche, has consented to references to its reports in the form and context in which they appear, and has not withdrawn its consents prior to the publication of the Circular.

14. GENERAL MEETING AND VOTING RIGHTS

A General Meeting of Imperial Shareholders will be held entirely by electronic communication on Thursday, 18 June 2020 at 09:00 in order to consider, and if deemed fit, pass, with or without modification, the resolutions set out in the Notice of General Meeting attached and forming part of this Circular.

Shareholders are referred to the Notice of General Meeting attached to this Circular for detail on the resolutions to be proposed at the General Meeting and to the "Action Required by Shareholders" section of this Circular for information on the procedure to be followed by Shareholders in order to participate and to exercise their votes at the General Meeting.

Every Shareholder present or represented by proxy at the General Meeting shall have all votes determined in accordance with the voting rights associated with the Imperial Shares held by that Shareholder.

The quorum requirement for the General Meeting to begin or for a matter to be considered at the General Meeting is at least three shareholders present in person. In addition:

- the General Meeting may not begin until sufficient persons are present or represented by proxy to exercise, in aggregate, at least 25% of the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the General Meeting; and
- a matter to be decided at the General Meeting may not begin to be considered unless sufficient persons are present or represented by proxy to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised in respect of that matter at the time the matter is called on the agenda.

Every Shareholder present or represented by proxy and entitled to exercise voting rights at the General Meeting shall be entitled to vote on a show of hands, irrespective of the number of the voting rights that Shareholder would otherwise be entitled to exercise. On a poll, any person who is present at the General Meeting, whether as a Shareholder or as proxy for a Shareholder, has the number of votes determined in accordance with the voting rights associated with the Shares held by that Shareholder.

The General Meeting will be held entirely by electronic communication in accordance with the MOI and the Companies Act.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the registered offices of Imperial at Imperial Place, Jeppe Quondam, 79 Boeing Road East, Bedfordview, Gauteng, and will also be electronically available by making an email request to the Company at jeetesh.ravjee@imperiallogistics.com, from the date of publication of this Circular up to and including the date of the General Meeting:

- the MOI of Imperial and its major subsidiaries;
- the Transaction Agreement;
- the signed Independent reporting accountant's assurance report on the compilation of the *pro forma* financial information set out in **Annexure 2**;
- the signed Independent reporting accountant's report on the report of historical financial information set out in **Annexure 5**;
- the latest sworn appraisals or valuations relative to movable and immovable property and items of a similar nature;
- Directors' service contracts;
- material contracts referenced in paragraph 10.6 of this Circular**;**
- the advisors' consents as per paragraph 13 of this Circular;
- Imperial's annual financial statements for the three years ended 30 June 2019, 2018, 2017, as well as the interim results for the six-month period ended 31 December 2019; and
- a signed copy of this Circular.

By order of the Board

(Being duly authorised hereto to sign this Circular for and on behalf of each and every Director of the Company in accordance with a round robin resolution of the Board signed by each and every Director)

Imperial Logistics Limited

JG de Beer
Director

19 May 2020

PRO FORMA FINANCIAL INFORMATION

PRO FORMA FINANCIAL INFORMATION ON THE TRANSACTION

Basis of Preparation

The definitions and interpretations commencing on page 7 of the Circular have been used throughout this Annexure. The *pro forma* financial information should be read in conjunction with paragraph 5 and 6 of the Circular.

The *pro forma* financial information of Imperial, as set out in this Circular, consists of the *pro forma* financial effects, the *pro forma* statement of financial position as at 31 December 2019 and the *pro forma* statement of profit or loss for the year then ended ("*pro forma* financial information"). The tables below set out the *pro forma* financial information of Imperial that has been prepared to illustrate the financial effects of the Transaction on the Historical Financial Information of Imperial being the unaudited interim results for the six months period ended 31 December 2019.

The *pro forma* financial information of Imperial has been prepared for illustrative purposes only, and because of its nature, does not fairly present Imperial's financial position, changes in equity, results of operations or cash flows.

The *pro forma* condensed consolidated statement of profit or loss has been prepared on the assumption that the Transaction took place on 1 July 2019. The *pro forma* condensed consolidated statement of financial position was prepared on the assumption that the Transaction took place on 31 December 2019. As a consequence there will be a disconnect between the amounts reflected in the *pro forma* statement of profit or loss and the amounts presented on the *pro forma* statement of financial position. This disconnect is further exacerbated by the differing foreign exchange rates that are applied to the respective reporting periods.

The *pro forma* financial information of Imperial has been prepared using the accounting policies of Imperial, which comply with IFRS and are consistent with those applied at 31 December 2019. The presentation of the *pro forma* financial information is in accordance with the Listings Requirements and the Guide on *Pro forma* Financial Information issued by the South African Institute of Chartered Accountants.

There are no other post balance sheet events, which require adjustment in the *pro forma* financial effects.

The Directors are responsible for the compilation, contents and preparation of the *pro forma* Financial Information. Their responsibility includes determining that the *pro forma* Financial Information of Imperial has been properly compiled on the basis stated, and that the *pro forma* adjustments are appropriate for purposes of the *pro forma* Financial Information of Imperial disclosed pursuant to the Listings Requirements.

The *pro forma* financial effects, the *pro forma* statement of financial position as at 31 December 2019 and the *pro forma* statement of profit or loss for the six month period then ended, should be read in conjunction with the independent reporting accountant's assurance report on the compilation of the *pro forma* financial information is set out in **Annexure 2** to this Circular.

Pro forma condensed consolidated statement of profit or loss

R million	Published	Exclude European Shipping Business (Euro)	Exclude European Shipping Business	Transaction cost	Guarantees provided to potential buyer	Interest savings	Transaction cost incurred at 31 December 2019	Exit fees relating to derivative instruments	Unutilised facility/ Commitment fees	Profit on disposal	Settlement of taxes and debt	Increased cost	*Pro forma* results
Notes	1	2	3	4	5	6	7	8	9	10	11	12	
CONTINUING OPERATIONS													
Revenue	**25 397**	**(143)**	(2 335)										**23 062**
Net operating expenses	**(22 442)**	**121**	1 974									(63)	**(20 531)**
Profit from operations before depreciation and recoupments	**2 955**	**(22)**	(361)									(63)	**2 531**
Depreciation, amortisation, impairments and recoupments	**(1 319)**	**11**	187										**(1 132)**
Operating profit	**1 636**	**(11)**	(174)									(63)	**1 399**
Recoupments from sale of properties, net of impairments	**15**												**15**
Amortisation of intangible assets arising on business combinations	**(174)**												**(174)**
Foreign exchange gain	**18**												**18**
Other non-operating items	**(22)**	**(1)**	(13)				10						**(25)**
Profit before net finance costs	**1 473**	**(12)**	(187)				10					(63)	**1 233**
Net finance cost	**(338)**	**2**	26			41		(30)	(6)				**(307)**
Profit before share of results of associates and joint ventures	**1 135**	**(10)**	(161)			41	10	(30)	(6)			(63)	**926**
Share of results of associates and joint ventures	**8**		(4)										**4**
Profit before tax	**1 143**	**(10)**	(165)			41	10	(30)	(6)			(63)	**930**
Income tax expense	**(360)**	**3**	49			(12)		9	2			19	**(293)**
Profit for the period from continuing operations	**783**	**(7)**	(116)			29	10	(21)	(4)			(44)	**637**
DISCONTINUED OPERATIONS	**(283)**			(96)	(337)		(10)			533			**(193)**
Consumer Packaged Goods (CPG)	**(283)**												**(283)**
Shipping Group				(96)	(337)		(10)			533			**90**
Net profit for the period	**500**	**(7)**	(116)	(96)	(337)	29		(21)	(4)	533		(44)	**444**

R million	Published	Exclude European Shipping Business (Euro)	Exclude European Shipping Business	Transaction cost	Guarantees provided to potential buyer	Interest savings	Transaction cost incurred at 31 December 2019	Exit fees relating to derivative instruments	Unutilised facility/ Commitment fees	Profit on disposal	Settlement of taxes and debt	Increased cost	*Pro forma* results
Notes	1	2	3	4	5	6	7	8	9	10	11	12	
Net profit attributable to:													
Owners of Imperial	**423**	(7)	(116)	(96)	(337)	29		(21)	(4)	533		(44)	**367**
– Continuing operations	**706**	(7)	(116)			29	10	(21)	(4)			(44)	**560**
– Discontinued operations	**(283)**			(96)	(337)		(10)			533			**(193)**
Non-controlling interests	77												77
– Continuing operations	77												77
– Discontinued operations													
Earnings per share (cents)													
Continuing operations													
– Basic	**372**	(4)	(61)			15	5	(11)	(2)			(23)	**295**
– Diluted	**361**	(4)	(60)			15	5	(11)	(2)			(23)	**285**
Discontinued operations													
– Basic	**(149)**			(51)	(178)		(5)			282			**(101)**
– Diluted	**(145)**			(49)	(172)		(5)			273			**(98)**
Total operations													
– Basic	**223**	(4)	(61)	(51)	(178)	15		(11)	(2)	282		(23)	**194**
– Diluted	**216**	(4)	(60)	(49)	(172)	15		(11)	(2)	273		(23)	**187**
Headline earnings reconciliation													
Earnings – Total operations (R million)	**423**	(7)	(116)	(96)	(337)	29		(21)	(4)	533		(44)	**367**
– Continuing operations	**706**	(7)	(116)			29	10	(21)	(4)			(44)	**560**
– Discontinued operations	**(283)**			(96)	(337)		(10)			533			**(193)**
Recoupment from the disposal of property, plant and equipment (IAS 16)	**(41)**												**(41)**
Loss on disposal of intangible assets (IAS 38)	**3**												**3**
Impairment of goodwill (IAS 36)	**6**												**6**
Loss on disposal of subsidiaries, associates and businesses (IFRS 10)	**10**						(10)						

R million	Published	Exclude European Shipping Business (Euro)	Exclude European Shipping Business	Transaction cost	Guarantees provided to potential buyer	Interest savings	Transaction cost incurred at 31 December 2019	Exit fees relating to derivative instruments	Unutilised facility/ Commitment fees	Profit on disposal	Settlement of taxes and debt	Increased cost	*Pro forma* results
Notes	1	2	3	4	5	6	7	8	9	10	11	12	
Tax effects of remeasurements	**10**												**10**
Non-controlling interests' share of remeasurements	7												7
Post-tax re-measurement of assets of discontinued operations (Shipping)				96	337		10			(533)			(90)
Post-tax re-measurement of assets of discontinued operations (CPG)	**(59)**												**(59**
Headline earnings – Total operations	**359**	**(7)**	(116)			29		(21)	(4)			(44)	**203**
– Continuing operations	**701**	**(7)**	(116)			29		(21)	(4)			(44)	**545**
– Discontinued operations	**(342)**												**(342)**
Headline earnings per share (cents)													
Continuing operations													
– Basic	**371**	**(4)**	(61)			15		(11)	(2)			(23)	**289**
– Diluted	**359**	**(4)**	(60)			15		(11)	(2)			(23)	**278**
Discontinued operations													
– Basic	**(181)**												**(181)**
– Diluted	**(175)**												**(175)**
Total operations													
– Basic	**190**	**(4)**	(61)			15		(11)	(2)			(23)	**108**
– Diluted	**184**	**(4)**	(60)			15		(11)	(2)			(23)	**103**
ADDITIONAL INFORMATION													
Net asset value per share (cents)	**4 078**	**(42)**	(653)	(49)	(172)			(11)		917			**4 110**
Dividend per ordinary share (cents)	**167**	**(2)**	**(27)**			7		(5)	(1)			(10)	**131**
Number of ordinary shares in issue (million)													
– total shares	**201.2**												**201.2**
– net of shares repurchased	**192.7**												**192.7**
– weighted average for basic	**189.3**												**189.3**
– weighted average for diluted	**195.4**												**195.4**
Number of other shares (million)													
– Deferred ordinary shares to convert to ordinary shares (included in basic and diluted weighted average shares)	**5.0**												5.0

Notes and assumptions to the pro forma consolidated statement of profit or loss.

1. *The published numbers have been extracted, without adjustment, from Imperial's unaudited interim results for the six months period ended 31 December 2019 as published on SENS on 25 February 2020, can be accessed on Imperial's website at: http://www.imperiallogistics.com, and will be available for inspection at the registered office of Imperial as set out in paragraph 15 of this circular.*
2. *The information herein is extracted from* ***Annexure 3*** *and relates to the Historical Financial Information on the European Shipping Business for the interim six months period ended 31 December 2019 rounded to the nearest Euro million. Since the Transaction occurs on 1 July 2019, the information is used to determine the Rand values of the European Shipping Business as detailed in note 3 below and therefore does not impact the totals in the pro forma results column.*
3. *To give effect to the Transaction, assuming the disposal of the European Shipping Business occurs on 1 July 2019, the information in note 2 above is converted from Euro to Rand using the average exchange rate of R16.29 for the six month period ended to 31 December 2019 as disclosed in the Imperial Interim Results and rounded them to the nearest Rand million. Rounding differences may arise from translating Euro thousand, as per the historical financial information disclosed in* ***Annexure 3****, to the nearest Rand million*
4. *Estimated once-off Transaction costs directly attributable to the sale of the European Shipping Business. These include fees for independent reporting accountant, sponsors fees, advisory fees, consultant fees, legal fees and publication fees as disclosed in paragraph 11 to the Circular. The total Transaction costs are made up of Rand based payments of R2.3 million and Euro based payments of EUR 6.6 million and reduced by tax of R 2.2 million, comprising column 4 and 7. As it is assumed that the Transaction occurs at the beginning of the period the Euro values are converted using the 30 June 2019 closing rate of R16.06 as disclosed in Imperial's Interim Results for the six months period ended 31 December 2019.*
5. *Guarantees/indemnities provided to the prospective buyer as disclosed in paragraph 5.6 to the Circular. As it is assumed that the Transaction occurs at the beginning of the period the Euro values amounting to EUR30 million less the deferred tax raised of EUR9 million are converted using the 30 June 2019 closing rate of R16.06 as disclosed in Imperial's Interim Results for the six months period ended 31 December 2019.*
6. *The assumption that the cash component of the proceeds is received on 1 July 2019 results in a decrease in interest bearing borrowings of EUR166.3 million (R2 671 million translated at the closing rate of 16.06 as at 1 July 2019 as per the Imperial Interim Results for the six months period ended 31 December 2019), resulting in interest savings at 3.1% per annum. This rate is obtained by averaging the interest rates out of European and African debt repayments to be made. As it is assumed that the Transaction occurs at the beginning of the period the Euro values for the interest saving amounting to EUR2.58 million (for half the year), with taxation thereon of EUR0.77 million are converted using the 30 June 2019 closing rate of R16.06 as disclosed in Imperial's Interim Results for the six months period ended 31 December 2019. This adjustment will have a continuing effect.*
7. *Transaction costs, attributable to the Transaction and included in the European Shipping Group's results for the six months period ended 31 December 2019 are reallocated from continuing operations to discontinued operations.*
8. *Once-off fees incurred on existing interest-rate swap instruments as a consequence of earlier termination of the contract with the associated financial institutions assumed to arise on Transaction date of 1 July 2019. The associated Euro costs of termination amounting to EUR1.88 million are converted using the 30 June 2019 closing rate of R16.06 as disclosed in Imperial's Interim Results for the six months period ended 31 December 2019.*
9. *Cash proceeds (as noted in note 6 above) received on 1 July 2019 results in a decrease in interest-bearing borrowings leading to an increase in unutilised facilities fees/commitment fees. As it is assumed that the Transaction occurs at the beginning of the period the Euro costs amounting to EUR0.38 million are converted using the 30 June 2019 closing rate of R16.06 as disclosed in Imperial's Interim Results for the six months period ended 31 December 2019.*
10. *The profit on disposal, excluding the items 4, 5, and 7 above, is calculated using the purchase price attributable to Imperial of EUR166.3 million for the shareholder loans of EUR51.1 million and net assets attributable to Imperial of the European Shipping Business of EUR79.2 million (as per the June 2019 Historical Financial Information in* ***Annexure 4****). The Transaction triggers estimated tax of EUR2.8 million over the various tax jurisdictions in which the European Shipping Business operates in. As it is assumed that the Transaction occurs at the beginning of the period the Euro values are converted using the 30 June 2019 closing rate of R16.06 as disclosed in Imperial's Interim Results for the six months period ended 31 December 2019. The purchase price is expected to increase to about EUR176.1 million on closing the Transaction, with the increase arising out of an increase in the shareholder loans and interest of EUR0.9 million on the proceeds of EUR115.2 million (at a rate of 1.63% on the EUR115,2 million for 6 months) to the closing date.*
11. *The settlement of the debt occurs on the statement of financial position. The impact on the statement of profit or loss was dealt with under points 6, 8 and 9.*
12. *Management fees previously recovered from the European Shipping Business. The Rand values were arrived at by converting Euros amounting to EUR3.87 million using the average exchange rate of R16.29 as disclosed in Imperial's Interim Results for the six months period ended 31 December 2019.*
13. *There are no other subsequent events which require adjustment to the pro forma condensed consolidated statement of profit or loss.*
14. *The impact of 4, 5, 7 and 10 will be adjusted to the discontinued operations line on the pro forma condensed consolidated statement of profit or loss and are once-off adjustments. Items 3, 6, 8, 9 and 12 will impact continuing operations.*

Pro forma condensed consolidated statement of financial position as at 31 December 2019

R million	Published	Exclude European Shipping Business (Euro)	Exclude European Shipping Business	Transaction cost	Guarantees provided to potential buyer	Interest savings	Transaction cost incurred at 31 December 2019	Exit fees relating to derivative instruments	Unutilised facility/ Commitment fees	Proceeds on disposal	Settlement of taxes and debt	Increased cost	*Pro forma* results
Notes	1	2	3	4	5	6	7	8	9	10	11	12	
ASSETS													
Goodwill and intangible assets	**6 743**	**(58)**	**(912)**										**5 831**
Investment in associates and joint ventures	**503**	**(2)**	**(36)**										**467**
Property, plant and equipment	**2 630**	**(2)**	**(37)**										**2 593**
Transport fleet	**5 787**	**(70)**	**(1 096)**										**4 691**
Right-of-use assets	**4 714**	**(39)**	**(606)**										**4 108**
Deferred tax assets	**1 157**	**(7)**	**(108)**		**141**								**1 190**
Investments and other financial assets	**192**	**(1)**	**(8)**										**184**
Inventories	**2 408**	**(2)**	**(37)**										**2 371**
Tax in advance	**350**												**350**
Trade, other receivables and contract assets	**9 188**	**(43)**	**(683)**										**8 505**
Cash resources	**1 167**	**(1)**	**(15)**							**1 811**	**(1 811)**		**1 152**
Assets of disposal group	**171**												**171**
Total assets	**35 010**	**(225)**	**(3 538)**		**141**					**1 811**	**(1 811)**		**31 613**
EQUITY AND LIABILITIES													
Capital and reserves													
Share capital and share premium	**1 030**												**1 030**
Shares repurchased	**(788)**												**(788)**
Other reserves	**712**												**712**
Retained earnings	**6 904**	**(80)**	**(1 259)**	**(94)**	**(331)**			**(21)**		**1 767**			**6 966**
Attributable to owners of Imperial	**7 858**	**(80)**	**(1 259)**	**(94)**	**(331)**			**(21)**		**1 767**			**7 920**
Put arrangement over non-controlling interests	**(492)**												**(492)**
Non-controlling interests	**871**	**(3)**	**(52)**										**819**
Total equity	**8 237**	**(83)**	**(1 311)**	**(94)**	**(331)**			**(21)**		**1 767**			**8 247**
Liabilities													
Retirement benefit obligation	**1 314**	**(31)**	**(490)**										**824**
Interest-bearing borrowings	**8 568**	**(43)**	**(671)**	**96**				**30**			**(1 767)**		**6 256**
Lease obligations	**5 159**	**(35)**	**(553)**										**4 606**
Deferred tax liabilities	**937**												**937**

R million	Published	Exclude European Shipping Business (Euro)	Exclude European Shipping Business	Transaction cost	Guarantees provided to potential buyer	Interest savings	Transaction cost incurred at 31 December 2019	Exit fees relating to derivative instruments	Unutilised facility/ Commitment fees	Proceeds on disposal	Settlement of taxes and debt	Increased cost	*Pro forma* results
Notes	1	2	3	4	5	6	7	8	9	10	11	12	
Other financial liabilities	**1 117**				**472**								**1 589**
Trade, other payables and provisions	**9 508**	**(32)**	**(504)**										**9 004**
Current tax liabilities	**170**	**(1)**	**(9)**	**(2)**				**(9)**		**44**	**(44)**		**150**
Total liabilities	**26 773**	**(142)**	**(2 227)**	**94**	**472**			**21**		**44**	**(1 811)**		**23 366**
Total equity and liabilities	**35 010**	**(225)**	**(3 538)**		**141**					**1 811**	**(1 811)**		**31 613**
Net asset value per share (cents)	**4 078**	**(42)**	**(653)**	**(49)**	**(172)**			**(11)**		**917**			**4 110**
Tangible net asset value per share (cents)	**579**	**(11)**	**(180)**	**(49)**	**(172)**			**(11)**		**917**			1 084

Notes and assumptions to the pro forma consolidated financial statements

1. *The published numbers have been extracted, without adjustment, from Imperial's unaudited interim results for the six months period ended 31 December 2019 as published on SENS on 25 February 2020, can be accessed on Imperial's website at: http://www.imperiallogistics.com, and will be available for inspection at the registered office of Imperial as set out in paragraph 15 of this circular.*
2. *The information herein is extracted from* ***Annexure 3*** *and relates to the Historical Financial Information on the European Shipping Business for the interim six months period ended 31 December 2019, rounded to the neared Euro million. The information is used to determine the Rand values of the European Shipping Business as detailed in note 3 below and therefore does not impact the totals in the pro form results column. The amounts owing by and to related parties and interest bearing borrowings, as per the December 2019 Historical Financial Information in* ***Annexure 3****, have been aggregated onto one line on the pro forma at the Group level the amounts owing by and to related parties are eliminated and the interest bearing borrowings incorporate both long-term and short-term borrowings.*
3. *To give effect to the Transaction, assuming the European Shipping Business Transaction occurs on 31 December 2019, the information in note 2 above has been translated into Rand from Euro using the closing foreign exchange rate of R15.72 as disclosed in Imperial's Interim Results for that period and rounded to the nearest Rand million. Rounding differences may arise in translating Euro thousand, as per the historical financial information disclosed in* ***Annexure 3****, to the nearest Rand million.*
4. *Once-off Transaction costs, as noted in point 4 to the pro forma condensed consolidated statement of profit or loss, made up of Rand based payments R2.3 million and Euro based payments of EU 6.6 million less the EUR0.6 million (column 7) already paid to 31 December 2019, resulting in an increase in interest-bearing borrowings. The related tax of EUR0.14 million is recorded under tax liabilities. Euro amounts were converted using the closing rate of R15.72 as disclosed in Imperial's Interim Results for the six months period ended 31 December 2019.*
5. *Guarantees/indemnities as disclosed in paragraph 5.6 to the Circular are provided to the prospective buyer amounting to EUR30 million are recorded under Other financial liabilities. The related deferred tax benefit on the provision raised amounting to EUR9 million being recorded as an asset and will be utilised as the liability is realised and settled. Euro amounts were converted using the closing rate of R15.72 as disclosed in Imperial's Interim Results for the six months period ended 31 December 2019.*
6. *Not applicable as the pro forma statement of financial position is prepared on the assumption that the Transaction occurs on the 31 December 2019.*
7. *This adjustment is purely a reclassification in the pro forma statement of profit or loss between continuing and discontinued operations and has no impact on the pro forma statement of financial position.*
8. *Once-off fees incurred on existing interest-swap instruments as a consequence of earlier termination of the contract with the associated financial institutions to be settled resulting in an increase in interest-bearing borrowings. The related tax benefit reduces current tax liabilities. The associated Euro costs of termination amounting to EUR1.88 million were converted using the closing rate of R15.72 as disclosed in Imperial's Interim Results for the six months period ended 31 December 2019.*
9. *Not applicable as the pro forma statement of financial position is prepared on the assumption that the Transaction occurs on the 31 December 2019.*
10. *The receipt of the proceeds of EUR115,2 million (purchase price attributable to Imperial of EUR165,2 million less shareholder loans of EUR50 million at 31 December 2019) for net assets attributable to Imperial of EUR80.1 million sold at 31 December 2019 (as per the December 2019 Historical Financial Information in* ***Annexure 3****), the assumed Transaction date for the pro forma statement of financial position. The Transaction triggers an estimated tax expense of EUR2,8 million over the various tax jurisdictions in which the European Shipping Business operates in. Euro amounts were converted using the closing rate of 15.72 as disclosed in Imperial's Interim Results for the six months period ended 31 December 2019. The purchase price is expected to increase to about EUR176.1 million on closing the Transaction, with the increase arising out of an increase in the shareholder loans (which are settled at cost) and interest of EUR0.9 million on the proceeds of EU 115.2 million (at a rate of 1.63% on the EUR115,2 million for 6 months) to the closing date.*
11. *Applying the proceeds of EUR115.2 million (R1 811 million) to settle interest-bearing borrowings of EUR112.4 million and pay taxes of EUR2.8 million.*
12. *Not applicable as the pro forma statement of financial position is prepared on the assumption that the Transaction occurs on the 31 December 2019.*
13. *There are no other subsequent events which require adjustment to the pro forma statement of financial position.*

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION

The Directors of Imperial Logistics Limited

Imperial Place
Jeppe Quondam
79 Boeing Road East
Bedfordview
2008

Dear Sirs/Mesdames

Report on the Assurance Engagement on the Compilation of *Pro Forma* Financial Information Included in a Circular

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of the Imperial Logistics Limited Group by the directors. The *pro forma* financial information, as set out in paragraph 6.1 and **Annexure 1** of the circular ("the Circular"), to be dated on or about 19 May 2020, consists of the *pro forma* consolidated statement of profit or loss and the *pro forma* consolidated statement of financial position and related notes. The *pro forma* financial information has been compiled on the basis of the applicable criteria specified in the JSE Limited (JSE) Listings Requirements.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the corporate action or event, described in Paragraphs 1, 2, 3 and 4 of the Circular, on the company's financial position as at 31 December 2019, and the company's financial performance for the period then ended, as if the corporate action or event had taken place at 1 July 2019 and for the period then ended. As part of this process, information about the company's financial position and financial performance has been extracted by the directors from the company's financial results for the period ended 31 December 2019, which were published on 25 February 2020.

Directors' Responsibility for the Pro Forma Financial Information

The directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in Paragraph 6.1 and **Annexure 1** of the Circular.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B).

The firm applies the International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibility

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, which is applicable to an engagement of this nature. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

The purpose of *pro forma* financial information included in a prospectus is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2019 would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *pro forma* financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the company, the corporate action or event in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

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

Opinion

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in Paragraph 6.1 and **Annexure 1** of the Circular.

Deloitte & Touche
Registered Auditor
Per: MLE Tshabalala
Partner

14 May 2020

Deloitte & Touche
5 Magwa Crescent
2066
Midrand
South Africa

REPORT ON THE HISTORICAL COMBINED FINANCIAL INFORMATION OF THE EUROPEAN SHIPPING BUSINESS FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2019

INTRODUCTION

The historical combined condensed financial information ("HFI") was prepared on an aggregated basis, taking into account certain principles of consolidation, however, neither the historical structure nor envisaged structure of the European Shipping Group on its own would result in consolidation under IFRS 10 Consolidated Financial Statements ("IFRS 10").

In particular, the following principles were included in the preparation of the aggregated financial information:

- intercompany transactions and balances between the entities within the European Shipping Group are eliminated; and
- the share capital and pre-acquisition reserves of the entities cannot be eliminated and will therefore be aggregated within the European Shipping Group.

Collectively, the companies listed below are deemed to be material in the European Shipping Group. These companies are being disposed and form part of the historical combined financial information.

- De Grave-Antverpia N.V.
- Imperial Shipping Services GmbH
- Imperial Gas Barging GmbH
- Wijnhoff Van Gulpen and Larsen B.V.

In the historical financial statements, all amounts are rounded and disclosed in € thousand (€'000).

The report of the HFI is the responsibility of the directors.

COMMENTARY

Nature of business

Headquartered in Duisburg, Germany, the European Shipping Business operates inland waterway transportation in Europe providing services in the areas of dry bulk, liquid, chemicals and gaseous products.

Review of operations

The financial statements set out fully the financial position, financial performance and cash flows for the European Shipping Group for the reporting period ended 31 December 2019.

Net profit for the period amounted to € 7 146 thousand.

Total equity amounted to € 83 411 thousand.

Total assets amounted to € 236 630 thousand.

No comparative information is presented for the period ended 31 December 2019, except for the adoption of IFRS 16 – Leases, which has become effective from 1 July 2019. Refer to Note 1 under the Accounting Policies.

The overall development of the business until 31 December 2019 remained stable with water levels being on a normal level. While the Dry Bulk transports showed lower volumes in steel and coal than anticipated, the Liquid Bulk business, i.e. transport of gas & chemicals, benefitted from a higher utilization and increased margins.

Businesses disposed

Transest S.à.r.l. was disposed of during the period ending 31 December 2019.

Key management personnel

The following key management personnel held office during the reporting period:

S. Bauer

N. Meixner

A. Bestmann

W. Steinig

Dividends

Dividends declared during the reporting period are noted in the statement of changes in equity on page 33.

HISTORICAL COMBINED CONDENSED STATEMENT OF FINANCIAL POSITION

		Reviewed 31 December 2019 €'000
ASSETS		
Goodwill and intangible assets	3	58 042
Property, plant and equipment		2 340
Transport fleet		69 721
Right-of-use assets		38 557
Deferred tax asset		6 905
Investment in associates and joint ventures		2 284
Other financial assets		498
Amounts owing by related parties		11 579
Inventories		2 343
Trade and other receivables		43 424
Cash resources		937
TOTAL ASSETS		**236 630**
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital and share premium		19 514
Other reserves		(28)
Retained earnings		60 611
Equity attributable to the owners		80 097
Non-controlling interest		3 314
TOTAL EQUITY		**83 411**
Liabilities		
Retirement benefit obligations		31 182
Interest-bearing borrowings		4 238
Lease obligations		35 193
Amounts owing to related parties		49 972
Provisions for liabilities and other charges		2 579
Trade and other payables		29 492
Current tax liability		563
TOTAL LIABILITIES		**153 219**
TOTAL EQUITY AND LIABILITIES		**236 630**

HISTORICAL COMBINED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the six months period ended 31 December 2019		**Reviewed 31 December 2019 €'000**
Revenue	4	143 353
Net operating expenses		(121 196)
Profit from operations before depreciation, amortisation and recoupments		22 157
Depreciation, amortisation, impairments and recoupments		(11 535)
Operating profit		10 622
Other non-operating items	5	636
Profit before net financing costs		11 258
Net finance costs		(1 610)
Income from associates and joint ventures		222
Net profit before tax		9 870
Income tax expense		(2 724)
Net profit for the period		7 146
NET PROFIT ATTRIBUTABLE TO:		
– Owners		7 092
– Non-controlling interest		54
Net profit for the period		7 146
OTHER COMPREHENSIVE PROFIT (LOSS)		
Items that may be reclassified subsequently to profit or loss		
Remeasurement of defined benefit obligations		343
Income tax on remeasurement of defined benefit obligations		(95)
Total other comprehensive income (loss)		248
TOTAL COMPREHENSIVE PROFIT ATTRIBUTABLE TO:		
– Owners		7 340
– Non-controlling interest		54
		7 394

HEADLINE EARNINGS

	Reviewed 31 December 2019 €'000
Net profit after tax attributable to the owners – Earnings	7 340
IAS 16 – Recoupment on sale of property, plant and equipment, and transport fleet	(1)
IFRS 10 – Gain/loss on disposal of subsidiaries and businesses	(13)
Headline earnings	7 326

HISTORICAL COMBINED CONDENSED STATEMENT OF CHANGES IN EQUITY

	Share capital and share premium €'000	Share-based payment reserve €'000	Other reserves €'000	Retained earnings €'000	Attributable to the owners €'000	Non-controlling interest €'000	Total equity €'000
Balance as at 30 June 2019	19 514	(152)	–	59 864	79 226	5 326	84 552
Net impact of the adoption IFRS16 – Leases	–	–	–	(2 424)	(2 424)	(1 567)	(3 991)
Restated opening balance at 1 July 2019	**19 514**	**(152)**	**–**	**57 440**	**76 802**	**3 759**	**80 561**
Currency adjustments	–	–	74	–	74	–	74
Share-based payment cost charged to profit or loss	–	50	–	–	50	–	50
Dividends paid	–	–	–	(4 169)	(4 169)	(499)	(4 668)
Total comprehensive income for the year	–	–	–	7 340	7 340	54	7 394
Balance as at 31 December 2019	19 514	(102)	74	60 611	80 097	3 314	83 411

HISTORICAL COMBINED CONDENSED STATEMENT OF CASH FLOWS

	Reviewed 31 December 2019 €'000
CASH FLOW FROM OPERATING ACTIVITIES	
Cash generated by operations before movements in net working capital	22 196
Movements in net working capital	(3 513)
Cash generated by operations	18 683
Net interest paid	(1 610)
Tax paid	(1 851)
Net cash flows from operating activities	15 222
CASH FLOWS FROM INVESTING ACTIVITIES	
Disposal of business	(135)
Purchase of property, plant and equipment	(517)
Net purchase of transport fleet	(2 915)
Net movement in loans and other financial instruments	169
Net cash flows used in investing activities	(3 398)
CASH FLOWS FROM FINANCING ACTIVITIES	
Dividends paid	(4 668)
Net movements of amounts owing by/to related parties	4 686
Settlement of other long-term borrowings	(4 377)
Payments of lease obligations	(10 477)
Net cash flows from financing activities	(14 836)
Net decrease in cash resources	(3 012)
Cash resources at beginning of period	3 949
Cash resources at end of period	937

NOTES TO THE HISTORICAL COMBINED CONDENSED ANNUAL FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The principal accounting policies adopted and the methods of computation used in the preparation of these historical combined condensed annual financial statements are set out below and are consistent in all material respects with those applied during the previous years, with the exception of the adoption of IFRS 16 – Lease as detailed below.

1.1 Basis of preparation of the historical combined condensed financial information

The historical combined condensed financial information, being the European Shipping Group recorded historical information, has been prepared in accordance with section 8.1 to 8.13 of the Listings Requirements. This basis of preparation describes how the financial information has been prepared in accordance with IFRS, except for the material departures from IFRS noted below.

IFRS does not provide for the preparation of historical combined condensed financial information, and accordingly in preparing the historical combined condensed financial information certain accounting conventions commonly used in the preparation of historical combined condensed financial information for inclusion in circulars have been applied and consequently some material departures from IFRS have been required, which are discussed in more detail below. In all other respects, IFRS has been applied.

Notes excluded from the HFI are as follows:

Share capital

The European Shipping Group does not constitute a separate legal entity, and therefore, it is not meaningful to disclose a historical analysis of share capital. The total equity attributable to owners of the European Shipping Group as disclosed in the historical combined condensed financial information, represents the cumulative investment of Imperial in the European Shipping Group.

New Standards in issue

The IFRS standards effective for the European Shipping Group at the respective reporting dates have been applied in the preparation of the HFI.

IAS 34 – Interim Financial Reporting ("IAS34 ")

The HFI is prepared in accordance with IAS 34.

1.2 Historical combined condensed financial information

The historical combined condensed financial information of the European Shipping Group for the period ended 31 December 2019 ("the Reporting Period") has been prepared by aggregating the historical financial information relating to the statutory entities and divisions that will be disposed of and is not directly comparable to previously published information.

This historical combined condensed financial information has previously been reported as part of the consolidated annual financial statements of Imperial for the Reporting Period, which was prepared in accordance with IFRS.

The principle of control in IFRS 10 is not applicable to the European Shipping Group as a result of the historical legal structure.

The historical combined condensed financial information is therefore aggregated information prepared using the principles of consolidation under IFRS 10 as if control of the entities within the European Shipping Group existed. This includes the elimination of intercompany transactions and balances within the European Shipping Group.

Consolidated HFI (IFRS 10)

The historical combined condensed financial information has been prepared using the principles of consolidation under IFRS 10 as if control existed in order to present to the shareholders the envisaged structure of the European Shipping Group.

The following principles have been applied in the preparation of the historical combined condensed financial information:

- intercompany transactions and balances between the entities within the European Shipping Group have been eliminated;

- the share capital and pre-acquisition reserves of the entities that are not directly held by the European Shipping Group cannot be eliminated and will therefore be aggregated within the HFI; and
- the investments in associates and joint ventures have been equity accounted.

The historical combined condensed financial information has been prepared with the objective of presenting the results and net assets of the European Shipping Group for the Reporting Period. The European Shipping Group has, for the periods presented, been under the control of Imperial. Consequently, this historical combined condensed financial information may not necessarily be indicative of the financial performance that would have been achieved, had the European Shipping Group operated independently for the Reporting Period. Furthermore, it may not be indicative of the financial results in future periods.

The historical combined condensed financial information has been reviewed for the period ended 31 December 2019 by Deloitte & Touche. Refer to **Annexure 5** for the Independent Reporting Accountants' report on historical combined condensed financial information of European Shipping Group.

The historical combined condensed financial information is presented in Euro (€`000s) which is the functional currency of the European Shipping Group.

Interim comparatives

Paragraph 8.7 of the Listing Requirements states that no comparative results need to be shown, if the interim financial information has been prepared using accounting policies that are identical to those contained in the historical financial information.

The comparative results for the period ended 31 December 2019 has been prepared using the same accounting policies as those in the historical financial information for the years ended 30 June 2019, 30 June 2018, and 30 June 2017.

Hence, no comparative results need to be shown, as the accounting policies are not different, except for the adoption of IFRS 16 – Leases, as detailed below.

2. INTERNATIONAL FINANCIAL REPORTING STANDARDS THAT BECAME EFFECTIVE DURING THE PERIOD

2.1 IFRS 16 – Leases

IFRS 16 – Leases, applicable to the European Shipping Group in 2020, introduces a single lease accounting model that requires the European Shipping Group as a lessee to recognise assets and liabilities for all leases with a term longer than 12 months.

The European Shipping Group's previous accounting policy was to expense operating lease payments on a straight-line basis over the lease term. From 1 July 2019 the European Shipping Group recognised right-of-use assets and lease obligations, which represents the European Shipping Group's right to use the underlying leased assets and its obligations to make lease payments, on the statement of financial position. The right-of-use assets are amortised and interest on the lease liabilities are expensed, both in profit or loss. The operating lease payments previously expensed in profit or loss and classified as an operating cash flow are now accounted for as settlements of the lease obligations on the statement of financial position and interest expense in the statement of profit or loss.

The impact of the adoption of IFRS 16 resulted in the recognition of a right-of-use asset at €34 042 thousand, credit effect on debtors relating to leases of €1 093 thousand, lease obligations of €36 939 thousand and a net debit of €3 990 thousand in equity.

2.2 Other amendments and interpretations

There are various other amendments and interpretations which have been issued. None of these are expected to have a significant impact on the European Shipping Group.

3. GOODWILL AND INTANGIBLE ASSETS

	Goodwill €'000	Computer Software €'000	Other intangibles €'000	Total €'000
At 31 December 2019				
– Cost	60 155	2 808	12 633	75 596
– Accumulated amortisation and impairment	(2 782)	(2 352)	(12 420)	(17 554)
	57 373	456	213	58 042
Net carrying value at beginning of period	57 463	577	228	58 268
Disposal of businesses	(90)	(2)	–	(92)
Amortisation	–	(119)	(15)	(134)
Net carrying value at end of period	57 373	456	213	58 042

4. REVENUE

	Reviewed 31 December 2019 €'000
Revenue is derived from the rendering of services and is split as follows:	
Dry	90 833
Chemical	36 289
Gas	16 231
Total revenue	143 353

Dry entails the movement of bulk goods such as iron ore, coal & grain on behalf of clients between specified sources and destinations, via inland and short sea.

Chemicals entails the movement of inorganic/organic chemicals, slurry, sulfuric acid, hydrochloride acid & light chemicals on behalf of clients between specified sources and destinations, via inland and short sea.

Gas entails the movement of propylene, raffinates & LPG on behalf of clients between specified sources and destinations, via inland and short sea.

5. OTHER NON-OPERATING ITEMS

	Reviewed 31 December 2019 €'000
Capital items	
Loss on disposal of business	(13)
Group loans impaired	649
Total other non-operating items	636

6. FINANCIAL INSTRUMENTS

IFRS 9 – Financial instruments

Classification and measurement of financial instruments

The contractual terms of the European Shipping Group's financial assets give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Trade receivables, loan receivables and other receivables are held to collect contractual cash flows and are categorised as subsequently measured at amortised cost.

The European Shipping Group's financial liabilities are classified as subsequently measured at amortised cost.

Capital management

Imperial Group's objectives when managing capital is to safeguard its ability to continue as a going concern in order to provide returns and growth for shareholders and benefits for other stakeholders. The group maintains an appropriate mix of equity and debt in order to optimise the weighted average cost of capital (WACC) within an appropriate risk profile. Capital allocation is evaluated against the expected and forecast return on invested capital against the appropriate WACC for the group.

Imperial Group will have no responsibility regarding the European Shipping Group's capital management once sold.

Imperial Group monitors capital on the basis of its gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total external interest-bearing borrowings, net amounts owing to related parties less cash resources.

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.

7. SUBSEQUENT EVENTS

The COVID-19 pandemic has emerged during the end of 2019 in China and spread to Europe in the early weeks of 2020. In Germany and the Netherlands, the first infections have been registered in February 2020 with a substantial outbreak in March 2020. From mid-March 2020 the pandemic showed effects on the European Shipping Group, firstly through the introduction of additional safety measures and increased hygienic standards and procedures and secondly by volume reduction initiated by plant closures and production cuts in certain customer plants.

While the Dry Bulk business has seen substantial volume reductions especially in April 2020, the chemical and the gas business show only limited volume reductions.

Management has mitigated the impact by several measures like re-negotiation or cancellation of charter contracts, use of short-time work ("Kurzarbeit"), where possible, and reduction of temporary workers and consumption of unused vacation and accrued overtime.

The measures are managed by the directors of the European Shipping Group jointly with the Imperial crisis team and local crisis committees.

The effects of the reduced volumes in the Dry Bulk sector are partly mitigated by the current low water, which reduces effectively usable vessel capacity in the market. The negative impact on employment is therefore manageable and the impact on results is currently reasonable, especially as the counter-measures on capacity are effective.

A positive effect on the European Shipping Group derives from a better availability of crews as many river cruise companies have laid off staff. This could have a positive effect not only short term, but also in the long term.

It is currently unclear how the COVID-19 pandemic impacts the economic environment in the mid and long term. For Germany a reduction of GDP of 6-7% is forecast for 2020, of which a large part is owed to the plant closures in April and their aftermath. The governments of many European countries had introduced lock-down measures in April and have started to relax these measures towards the end of April or beginning of May. Since then infection rates have further reduced and it can be expected that relaxation of lock-down measures will continue. Hence it is expected that volumes start to increase again in the near future. If volume recovers to the pre-COVID-19 levels cannot be predicted.

A potential risk from the COVID-19 pandemic could arise from debtors failing. As the German government has introduced very generous liquidity aid measures, this risk seems limited. Nevertheless, management places focus on debtor management. So far, no material impact has been noted.

The European Shipping Group is funded through the Imperial Group cash pool system and to a small extent through the Imperial factoring system and through mortgage loans. As there is no reason to believe that Imperial will cease to provide funding and there is sufficient evidence that Imperial is able to provide funding, a liquidity risk is not foreseen. Management has prepared a high-level cash flow forecast using different scenarios and covering the months of March through June 2020 and the cash flow from operations after working capital movements, tax payments and interest payments would even in the low case scenario still be positive.

The European Shipping Group has not used any subsidies so far except for subsidized short time work.

8. GOING CONCERN

The European Shipping Group considered the impact of the COVID-19 pandemic experienced during March and April 2020. During these periods the European Shipping Group was able to operate, and perform and fulfil its contractual obligations to its clients and debt providers. Our staff continued to perform their duties despite the lockdown and other social distancing measures put in place by local authorities.

The financial performance during these two months was negatively impacted by the pandemic. The effects shown is firstly through the introduction of additional safety measures and increased hygienic standards, and secondly by volume reduction initiated by plant closures and production cuts in certain customer plants. During this period the steel industry suffered from lower demands. However, the impact was minor and largely offset by good performances in the chemical industry. It is expected that there will be some downturn in the chemical industry over the next few months as a result of lockdowns. These industries are however expected to recover during the 2020 calendar year.

With the first signs of a turn to normalisation already visible, we do not foresee any further significant operational disruptions or a severe decline in the markets in which we operate.

Taking this into account, in projecting the European Shipping Group's liquidity and working capital requirements, management assumed a worst case scenario of a three month lockdown period followed by a phased normalisation thereafter. The results indicated that the European Shipping Group remains profitable and cash positive. When an even worse assumption was tested, assuming that the lockdown will continue for another for three months into fiscal 2021, it yielded the same conclusion. This is aided by the European Shipping Group having a book of business consisting largely of low risk blue-chip customers, which the European Shipping Group assessed and expect to continue to be able to settle their accounts as they fall due. In the unlikely event that the European Shipping Group might require additional liquidity, it will be able draw down from ample existing borrowing facilities, which it expects to remain available. The European Shipping Group is not exposed to covenant requirements that would limit access to borrowing facilities in worst case stress scenarios.

As the outlook for the European Shipping Group remains profitable and cash generative the risk of asset impairment is low.

Based on the above management concluded that the European Shipping Group is a going concern, that its assets fairly valued exceeds its liabilities and that it will remain profitable and cash generative in the foreseeable future even when facing severe lockdown scenarios.

REPORT ON THE HISTORICAL COMBINED FINANCIAL INFORMATION OF THE EUROPEAN SHIPPING BUSINESS FOR THE YEARS ENDED 30 JUNE 2019, 2018, 2017

INTRODUCTION

The historical combined financial information ("HFI") was prepared on an aggregated basis, taking into account the principles of consolidation, however, neither the historical structure nor envisaged structure of the European Shipping Group on its own would result in consolidation under IFRS 10 Consolidated Financial Statements ("IFRS 10").

In particular, the following principles were included in the preparation of the aggregated financial information:

- intercompany transactions and balances between the entities within the European Shipping Group will be eliminated; and
- the share capital and pre-acquisition reserves of the entities were not eliminated and will therefore be aggregated within the European Shipping Group.

Collectively, the companies listed below are deemed to be material in the European Shipping Group. These companies are being disposed and form part of the historical combined financial information.

- De Grave-Antverpia N.V.
- Imperial Shipping Services GmbH
- Imperial Gas Barging GmbH
- Wijnhoff Van Gulpen and Larsen B.V.

In the historical financial statements, all amounts are disclosed in € thousand (€'000).

The report of the HFI is the responsibility of the directors.

COMMENTARY

- **Nature of business**

  Headquartered in Duisburg, Germany, the European Shipping Business operates inland waterway transportation in Europe providing services in the areas of dry bulk, liquid, chemicals and gaseous products.

- **Review of operations**

  The financial statements set out fully the financial position, financial performance and cash flows for the European Shipping Group for the reporting periods ended 30 June 2019, 30 June 2018 and 30 June 2017.

  Net profit for the period amounted to €12 174 thousand (2018: €11 827 thousand, 2017: €12 562 thousand).

  Total equity amounted to €84 552 thousand (2018: €90 941 thousand, 2017: €88 793 thousand).

  Total assets amounted to €207 695 thousand (2018: €226 741 thousand, 2017: €228 150 thousand).

  The business performance overall was stable during the reporting periods, although the financial years 2018 and 2019 have been influenced by an unusually long duration of low water periods with a negative effect on EBITDA, especially in 2018. Whilst the Dry Bulk has come under margins pressures during low water levels, the transportation of chemicals and gases has proven to be stable, with the companies' own fleet at high utilization levels.

  The transport fleet has been maintained on the necessary levels by acquisition of used vessels and new buildings and the disposal of new built vessels into leasing structures.

  The Retirement Benefit Obligation increased substantially from 2018 to 2019 following the market trend of reducing interest rates with a corresponding effect on the applicable discount rate.

  Interest bearing borrowings reduced through scheduled amortization

- **Businesses disposed**

  Provaart B.V. and Imperial Trans Lux S.à.r.l. were disposed of during the 2018 financial year.

- **Directors**

  The directors who held office during the reporting periods and were part of the key management personnel were:

  S. Bauer

  N. Meixner

  A. Bestmann

  W. Steinig – appointed 1 April 2019

  J. Kleiner – resigned 1 April 2019

- **Dividends**

  Dividends declared during the reporting periods are noted in the statement of changes in equity on page 43.

HISTORICAL COMBINED STATEMENT OF FINANCIAL POSITION

		Audited At 30 June 2019 €'000	Reviewed At 30 June 2018 €'000	Reviewed At 30 June 2017 €'000
ASSETS				
Goodwill and intangible assets	3	58 268	58 518	59 787
Property, plant and equipment	4	2 026	2 766	2 185
Transport fleet	5	71 199	66 685	74 715
Deferred tax asset	11	7 115	5 488	5 070
Investment in associates and joint ventures	6	2 275	2 270	2 598
Other financial assets	7	455	849	577
Amounts owing by related parties	25	14 302	35 927	19 652
Inventories	8	2 572	2 305	1 710
Trade and other receivables	9	45 534	48 547	57 415
Cash resources	10	3 949	3 386	4 441
TOTAL ASSETS		**207 695**	**226 741**	**228 150**
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital and share premium		19 514	19 491	19 503
Other reserves		(152)	–	–
Retained earnings		59 864	66 538	64 065
Equity attributable to the owners		79 226	86 029	83 568
Non-controlling interest		5 326	4 912	5 225
TOTAL EQUITY		**84 552**	**90 941**	**88 793**
Liabilities				
Retirement benefit obligations	12	31 536	28 270	27 859
Interest-bearing borrowings	13	3 105	6 003	8 771
Amounts owing to related parties	25	51 122	63 603	49 754
Provisions for liabilities and other charges	14	2 898	1 588	2 422
Trade and other payables	15	30 801	33 497	47 375
Current tax liability		685	717	930
Current portion of interest-bearing borrowings	13	2 996	2 122	2 246
TOTAL LIABILITIES		**123 143**	**135 800**	**139 357**
TOTAL EQUITY AND LIABILITIES		**207 695**	**226 741**	**228 150**

HISTORICAL COMBINED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June

		Audited 30 June 2019 €'000	Reviewed 30 June 2018 €'000	Reviewed 30 June 2017 €'000
Revenue	16	350 818	348 956	356 352
Net operating expenses	17	(321 723)	(321 444)	(326 050)
Profit from operations before depreciation, amortisation and recoupments		29 095	27 512	30 302
Depreciation, amortisation, impairments and recoupments	18	(9 577)	(9 634)	(9 323)
Operating profit		19 518	17 878	20 979
Other non-operating items	19	4	(103)	4
Profit before net financing costs		19 522	17 775	20 983
Finance costs	20	(2 219)	(2 621)	(2 620)
Finance income	20	85	80	83
Income from associates and joint ventures		460	569	302
Profit before tax		17 848	15 803	18 748
Income tax expense	21	(5 674)	(3 976)	(6 186)
Profit for the year		12 174	11 827	12 562
NET PROFIT ATTRIBUTABLE TO:				
– Owners		11 457	11 267	11 858
– Non-controlling interest		717	560	704
Profit for the year		12 174	11 827	12 562
OTHER COMPREHENSIVE (LOSS) PROFIT				
Items that may be reclassified subsequently to profit or loss				
Remeasurement of defined benefit obligations		(3 416)	(456)	2 861
Income tax on remeasurement of defined benefit obligations		1 402	82	(1 029)
Total other comprehensive (loss) profit		(2 014)	(374)	1 832
TOTAL COMPREHENSIVE PROFIT ATTRIBUTABLE TO:				
– Owners		9 316	10 877	13 690
– Non-controlling interest		844	576	704
		10 160	11 453	14 394

HEADLINE EARNINGS

	Audited 30 June 2019 €'000	Reviewed 30 June 2018 €'000	Reviewed 30 June 2017 €'000
Net profit after tax attributable to the owners – Earnings	11 457	11 267	11 858
IAS 16 – Recoupment on sale of property, plant and equipment, and transport fleet	(3)	(1 521)	(3 824)
IFRS 10 – Gain/loss on disposal of subsidiaries and businesses	–	(527)	–
IAS 28 – Gain/loss on sale of shares in subsidiaries and associates and joint ventures	9	443	–
Income tax effect of above	(1)	343	1 180
Non-controlling interests' share of above	11	(261)	–
Headline earnings	11 473	9 744	9 214

HISTORICAL COMBINED STATEMENT OF CHANGES IN EQUITY

	Share capital and share premium €'000	Share-based payment reserve €'000	Other reserves €'000	Retained earnings €'000	Attributable to the owners €'000	Non-controlling interest €'000	Total equity €'000
Balance as at 30 June 2016	19 503	–	(276)	64 050	83 277	5 265	88 542
Currency adjustments	–	–	26	–	26	(26)	–
Share of other reserve movements	–	–	250	(250)	–	–	–
Dividends paid	–	–	–	(13 425)	(13 425)	(718)	(14 143)
Total comprehensive income for the year	–	–	–	13 690	13 690	704	14 394
Balance as at 30 June 2017	19 503	–	–	64 065	83 568	5 225	88 793
Share of other reserve movements	(12)	–	–	(174)	(186)	(398)	(584)
Dividends paid	–	–	–	(8 230)	(8 230)	(491)	(8 721)
Total comprehensive income for the year	–	–	–	10 877	10 877	576	11 453
Balance as at 30 June 2018	19 491	–	–	66 538	86 029	4 912	90 941
Share-based payment cost charged to profit or loss	–	34	–	–	34	–	34
Hedge premium paid	–	(186)	–	–	(186)	–	(186)
Share issues	23	–	–	–	23	–	23
Dividends paid	–	–	–	(15 990)	(15 990)	(430)	(16 420)
Total comprehensive income for the year	–	–	–	9 316	9 316	844	10 160
Balance as at 30 June 2019	19 514	(152)	–	59 864	79 226	5 326	84 552

HISTORICAL COMBINED STATEMENT OF CASH FLOWS

		Audited 30 June 2019 €'000	Reviewed 30 June 2018 €'000	Reviewed 30 June 2017 €'000
CASH FLOW FROM OPERATING ACTIVITIES				
Cash receipts from customers		356 275	357 502	351 603
Cash paid to suppliers and employees		(326 056)	(338 180)	(309 912)
Cash generated by operations	22a.	30 219	19 322	41 691
Interest paid		(2 219)	(2 621)	(2 620)
Interest received		85	80	83
Tax paid		(3 619)	(4 495)	(7 136)
Net cash flows from operating activities		24 466	12 286	32 018
CASH FLOWS FROM INVESTING ACTIVITIES				
Disposal of business	22b.	–	234	–
Purchase of intangible assets		(54)	(25)	(796)
Purchase of property, plant and equipment		(462)	(1 239)	(365)
Purchase of transport fleet		(13 499)	(3 537)	(5 790)
Proceeds from sale of property, plant and equipment		755	38	103
Proceeds from sale of transport fleet		159	3 798	6 728
Net movement in loans and other financial instruments		558	1 068	404
Net cash flows (used in) from investing activities		(12 543)	337	284
CASH FLOWS FROM FINANCING ACTIVITIES				
Share issues and share issue costs		23	–	–
Hedge cost premium paid		(186)	–	–
Dividends paid		(16 420)	(8 721)	(14 143)
Net movements of amounts owing by/to related parties		7 247	(2 661)	(15 353)
Settlement of other long-term borrowings		(2 024)	(2 296)	(2 906)
Net cash flows used in financing activities		(11 360)	(13 678)	(32 402)
Net increase (decrease) in cash resources		563	(1 055)	(100)
Cash resources at beginning of year		3 386	4 441	4 541
Cash resources at end of year		3 949	3 386	4 441

NOTES TO THE HISTORICAL COMBINED ANNUAL FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The principal accounting policies adopted and the methods of computation used in the preparation of these historical combined annual financial statements are set out below and are consistent in all material respects with those applied during the previous years.

1.1 Basis of preparation of the historical combined financial information

The historical combined financial information, being the European Shipping Group recorded historical information, has been prepared in accordance with section 8.1 to 8.13 of the Listings Requirements. This basis of preparation describes how the financial information has been prepared in accordance with IFRS, except for the material departures from IFRS noted below.

IFRS does not provide for the preparation of historical combined financial information, and accordingly in preparing the historical combined financial information certain accounting conventions commonly used in the preparation of historical combined financial information for inclusion in circulars have been applied and consequently some material departures from IFRS have been required, which are discussed in more detail below and in 1.2. In all other respects, IFRS has been applied.

Notes excluded from the HFI are as follows:

Share capital

The European Shipping Group does not constitute a separate legal entity, and therefore, it is not meaningful to disclose a historical analysis of share capital. The total equity attributable to owners of the European Shipping Group as disclosed in the historical combined financial information, represents the cumulative investment of Imperial in the European Shipping Group.

New Standards adopted

The IFRS standards effective for the European Shipping Group at the respective reporting dates have been applied in the preparation of the HFI. The accounts for 30 June 2018 and 30 June 2017 have been prepared prior to the implementation of IFRS 9 Financial Instruments ("IFRS 9"), IFRS 15 Revenue from Contracts with Customers ("IFRS 15") and the accounts have also been prepared prior to the implementation of IFRS 16 Leases ("IFRS 16") and as such these IFRS standards have not been applied to the HFI information.

The adoption of IFRS 9 and IFRS 15 did not have any material impact on the HFI presented.

Segmental information

None of the European Shipping Group entities are a listed entity and therefore no segmental analysis is required in terms of IFRS.

1.2 Historical combined financial information

The historical combined financial information of the European Shipping Group for the years ended 30 June 2019, 2018, and 2017 ("the Reporting Period") has been prepared by aggregating the historical financial information relating to the statutory entities and divisions that will be disposed of and is not directly comparable to previously published information.

This historical combined financial information has previously been reported as part of the consolidated annual financial statements of Imperial for the Reporting Period, which was prepared in accordance with IFRS.

The principle of control in IFRS 10 is not applicable to the European Shipping Group as a result of the historical legal structure.

The historical combined financial information is therefore aggregated information prepared using the principles of consolidation under IFRS 10 as if control of the entities within the European Shipping Group existed. This includes the elimination of intercompany transactions and balances within the European Shipping Group.

Consolidated HFI (IFRS 10)

The historical combined financial information has been prepared using the principles of consolidation under IFRS 10 as if control existed in order to present to the shareholders the envisaged structure of the European Shipping Group.

The following principles have been applied in the preparation of the historical combined financial information:

- intercompany transactions and balances between the entities within the European Shipping Group have been eliminated;
- the share capital and pre-acquisition reserves of the entities that are not directly held by the European Shipping Group cannot be eliminated and will therefore be aggregated within the HFI; and
- the investments in associates and joint ventures have been equity accounted.

The historical combined financial information has been prepared with the objective of presenting the results and net assets of the European Shipping Group for the Reporting Period. The European Shipping Group has, for the periods presented, been under the control of Imperial. Consequently, this historical combined financial information may not necessarily be indicative of the financial performance that would have been achieved, had the European Shipping Group operated independently for the Reporting Period. Furthermore, it may not be indicative of the financial results in future periods.

The historical combined financial information has been audited for the year ended 30 June 2019, and reviewed for the years ended 30 June 2018 and 30 June 2017, by Deloitte & Touche. Refer to **Annexure 5** for the Independent Reporting Accountant's report on historical combined financial information of the European Shipping Group.

The historical combined financial information is presented in Euro (€`000s) which is the functional currency of the European Shipping Group.

1.3 **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.

1.4 **Investment in associates and joint ventures**

The results, assets and liabilities of entities over which the European Shipping Group exercises significant influence (associates) are incorporated in these historical combined financial statements using the equity method of accounting.

Dividends received from associates are accounted as a deduction to the carrying value of the associate.

Under the equity method, an investment in associate is initially recognised at cost and adjusted thereafter to recognise the European Shipping Group's share of the profit or loss and other comprehensive income of the associate.

The European Shipping Group's share of associates' net income, presented net of tax, is based on financial statements drawn up to reporting dates that are coterminous with that of the European Shipping Group.

Where reporting dates are not coterminous, adjustments are made to the associate's net income for the effects of significant transactions or events that occur after the associate's reporting date and up to the reporting date of the European Shipping Group.

When the European Shipping Group's share of losses of the associate exceeds the European Shipping Group's interest in that associate, the European Shipping Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the European Shipping Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the European Shipping Group resumes recognising its share of those profits only after its share of profits exceeds the share of losses not recognised previously.

Any excess of the cost of acquisition over the European Shipping Group's share of the fair value of the net identifiable assets of an associate at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the associate.

The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the European Shipping Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When a European Shipping Group entity transacts with an associate of the European Shipping Group, unrealised profits and losses are eliminated to the extent of the European Shipping Group's interest in the relevant associate.

Loans granted to associates are accounted for at amortised cost net of impairments.

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. Goodwill is not amortised.

Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss for goodwill is not reversed in subsequent periods.

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.

The European Shipping Group's policy for goodwill arising on the acquisition of an associate or joint venture is described under investment in associates.

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.

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 European Shipping Group 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 European Shipping Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indeterminate useful lives and intangible assets not ready for their intended use are tested for impairment at least combined 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.

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 (or 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 (or 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 (or 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 and transport fleet

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.

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 Imperial Group'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 and is recognised in profit or loss.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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.

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:

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 European Shipping Group as lessee

Assets held under finance leases are initially recognised as assets of the European Shipping Group 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.

Finance lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest of the remaining balance of the liability.

Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets in which case, they are capitalised in accordance with Imperial Group's policy on borrowing costs.

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.

1.11 Incentive schemes

The European Shipping Group 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 European Shipping Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

1.12 Retirement benefit obligations

Defined benefit plans

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations carried out at the end of each reporting period.

Past-service costs are recognised immediately to the extent that the benefits are vested, otherwise it is amortised on a straight-line basis over the average period until the benefits become vested.

Actuarial gains and losses are recognised immediately in other comprehensive income and accumulated in retained earnings so that the retirement benefit obligation reflects its full value.

1.13 Provisions

Provisions are recognised when the European Shipping Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the European Shipping Group 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.

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 because 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 European Shipping Group'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 European Shipping Group'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 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 European Shipping Group 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.

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

1.15 Revenue recognition

Included in revenue are net invoiced sales to customers for services rendered and commissions. Where the European Shipping Group acts as an agent and is remunerated on a commission basis, the commission is included in revenue. Where the European Shipping Group acts as principal, the total value of business handled is included in revenue.

Revenue is measured based on the fair value of the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The European Shipping Group recognises revenue when it transfers control over a product or service to a customer.

Cash and settlement discounts, rebates, value added tax and other indirect taxes are excluded from revenue.

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.

Transaction price is the amount of consideration to which an entity expects to be entitled to in exchange for transferring the promised goods or services to a customer, excluding amounts collected on behalf of third parties, e.g. VAT. Transaction price is determined after taking into account the impact of the following:

- Variable consideration.
- The existence of significant financing component.
- Non-cash consideration.
- Consideration payable to a customer.

When determining the transaction price, it is assumed that the goods or services will be transferred to the customer as promised in the existing contract and that the contract will not be cancelled, renewed or modified.

1.16 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.

1.17 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.

1.18 Dividend payments to owners of the European Shipping Group

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

1.19 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.

1.20 Financial instruments

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

Classification

The European Shipping Group classifies financial assets and financial liabilities into the following categories:

- amortised cost, or
- fair value through profit or loss.

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

Trade receivables, contract assets and lease receivables are measured at an amount of the consideration to which the European Shipping Group expects to be entitled to in exchange for transferring goods or services to a customer. These assets do not contain a significant financing component.

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

Investments are subsequently remeasured to fair value. Any unrealised gain and loss are recognised in profit or loss.

Cash resources are carried at amortised cost.

Subsequent measurement of financial liabilities

Interest-bearing borrowings and trade payables are subsequently measured at amortised cost using the effective interest method.

Impairment of financial assets not carried at fair value

The European Shipping Group recognises an allowance for expected credit losses for trade receivables, and loans receivables. Expected credit losses is the difference between the contractual cash flows due to the European Shipping Group and all the cash flows the European Shipping Group expects to recover from the assets.

A loss allowance is recognised for credit losses expected over the remaining life of credit risk exposure in instances where there has been a significant increase in credit risk since initial recognition of the asset. For exposures for which there has not been a significant increase in risk since initial recognition the allowance is based on credit losses that could result from default events over the subsequent 12-month period.

For trade receivables the European Shipping Group applies a simplified approach in calculating the expected credit losses. This is aided by a provision matrix that is based on historical credit loss experiences for each past due ageing category, adjusted for forward looking information.

The European Shipping Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due and that a financial asset is in default when contractual payments are 90 days past due. However, in certain instances, the European Shipping Group may also consider a significant increase in risk or default where internal or external information indicates that the European Shipping Group is unlikely to recover the outstanding contractual amounts in full, before taking collateral or credit enhancements into account.

Expected credit losses are recognised in a loss allowance account which is separate from the gross contractual amounts' receivable.

Changes to the loss allowance due to changes in credit risk is recognised in profit or loss. Expected credit losses that materialise are written off against the gross contractual amounts. Gross contractual amounts that were previously written off and subsequently recovered are credited to profit or loss. Receivables are presented on the statement of financial position net of the loss allowance.

Derecognition

Financial assets are written off when there is no reasonable expectation of recovering the contractual cash flows.

Cash resources

Cash resources comprise cash on hand and on-demand deposits, 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 combined statement of financial position.

1.21 **Significant accounting judgements, estimates and assumptions**

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 European Shipping Group'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 European Shipping Group combined annual financial statements.

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

Assets

Assets that the European Shipping Group 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 12 months.

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 European Shipping Group 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.

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 European Shipping Group based its assumptions and estimates on parameters available when the European Shipping Group 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 European Shipping Group. Such changes are reflected in the assumptions when they occur.

Residual values of assets

The European Shipping Group 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 European Shipping Group 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 European Shipping Group 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. Estimations of future taxable profits are based on forecasted cash flows from operations. Refer to note 21 for the current year income tax expense.

Revenue recognition

Performance obligations regarding the European Shipping Group's revenue from freight management and contract logistics are satisfied over time, as the performance obligations are being fulfilled. Where goods are being transported, revenue is recognised based on the distance covered at the date of cut-off as a proportion of the total distance to the destination multiplied by the contract revenue amounts.

Significant judgements made to determine the stage of completion of contracts include:

- fuel cost inflation where fuel costs are part of the contract price; and
- minimum volume level specifications

Impairment of non-financial assets

Impairment exist when the carrying amount of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less cost to sell and its value in use. The European Shipping Group 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 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 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 European Shipping Group. The key assumptions used to determine the value in use for the different CGU's are disclosed and further explained in note 3.

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 European Shipping Group uses the Black-Scholes pricing model for both the share appreciation rights and deferred bonus plan schemes.

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 these assumptions. All assumptions are reviewed annually. See note 12.

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 expected credit losses

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 immediately.

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

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

The following new and revised International Financial Reporting Standards that could have an impact on the European Shipping Group's future financial statements. The European Shipping Group is in the process of considering the impact of the new and revised International Financial Reporting Standards on its financial statements.

2.1 IFRS standards that became effective during the year – IFRS 9 – Financial Instruments and IFRS 15 – Revenue from Contracts with Customers

IFRS 9 – Financial Instruments and IFRS 15 – Revenue from Contracts with Customers became effective to the European Shipping Group during the 30 June 2019 financial year.

IFRS 15 did not have any effect on the financial statements.

IFRS 9 did not have any material effect on the financial statements.

2.2 New and revised IFRS in issue but not yet effective – IFRS 16 – Leases

IFRS 16 — Leases, applicable to the European Shipping Group for the 2020 year-end, introduces a single lease accounting model that requires the European Shipping Group as a lessee to recognise assets and liabilities for all leases with a term longer than 12 months.

The European Shipping Group's existing accounting policy is to expense operating lease payments on a straight-line basis over the lease term. From 2020 the European Shipping Group will recognise right-of-use assets and lease liabilities, which represent the right to use the underlying leased asset and the obligation to make lease payments, on the statement of financial position. The right-of-use assets will be amortised and interest on the lease liability will be expensed, in profit or loss. The operating lease payments will be accounted for as settlement of the lease liabilities and will be reclassified from operating activities to financing activities in the statement of cash flows.

The impact of the adoption of IFRS 16 on 1 July 2019 is expected to result in the recognition of a right-of-use asset at €34 042 thousand, credit effect on debtors relating to leases of €1 093 thousand, lease obligations of €36 939 thousand and a net debit of €3 990 thousand in equity.

2.3 Other amendments and interpretations

There are various other amendments and interpretations which have been issued. None of these are expected to have a significant impact on the European Shipping Group.

3. GOODWILL AND INTANGIBLE ASSETS

	Goodwill €'000	Computer Software €'000	Other intangibles €'000	Total €'000
At 30 June 2019 (audited)				
– Cost	60 245	2 812	12 633	75 690
– Accumulated amortisation and impairment	(2 782)	(2 235)	(12 405)	(17 422)
	57 463	577	228	58 268
Net carrying value at beginning of year	57 463	797	258	58 518
Additions	–	54	–	54
Amortisation	–	(274)	(30)	(304)
Net carrying value at end of year	57 463	577	228	58 268
At 30 June 2018 (reviewed)				
– Cost	60 245	2 933	12 633	75 811
– Accumulated amortisation and impairment	(2 782)	(2 136)	(12 375)	(17 293)
	57 463	797	258	58 518
Net carrying value at beginning of year	57 463	1 053	1 271	59 787
Additions	–	24	1	25
Amortisation	–	(280)	(1 014)	(1 294)
Net carrying value at end of year	57 463	797	258	58 518
At 30 June 2017 (reviewed)				
– Cost	60 245	2 935	12 632	75 812
– Accumulated amortisation and impairment	(2 782)	(1 882)	(11 361)	(16 025)
	57 463	1 053	1 271	59 787
Net carrying value at beginning of year	57 463	778	2 923	61 164
Additions	–	468	328	796
Amortisation	–	(193)	(1 980)	(2 173)
Net carrying value at end of year	57 463	1 053	1 271	59 787

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 it is tested for impairment annually.

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

Cash generating unit (CGU)	After-tax discount rate %	Goodwill carrying amount €'000	Terminal growth rate %
30 June 2019			
Dry Bulk	6.8%	32 714	0.75%
Liquid Bulk	6.8%	15 655	0.75%
International	6.8%	8 310	0.75%
Other goodwill	6.8%	784	0.75%
Shipping	6.8%	57 463	0.75%
30 June 2018			
Dry Bulk	6.8%	32 714	0.75%
Liquid Bulk	6.8%	15 655	0.75%
International	6.8%	8 310	0.75%
Other goodwill	6.8%	784	0.75%
Shipping	6.8%	57 463	0.75%
30 June 2017			
Dry Bulk	6.8%	32 714	0.75%
Liquid Bulk	6.8%	15 655	0.75%
International	6.8%	8 310	0.75%
Other goodwill	6.8%	784	0.75%
Shipping	6.8%	57 463	0.75%

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.

The value in use method was 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. Volume growth was based on average growth experienced in recent years. No significant change in market share was assumed in the forecasted period and is based on the average market share immediately before the forecast period.

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, operating margins and the impact of foreign exchange rates on aftermarket parts.

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 European Shipping Group 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 GCU operates.

Discount rates applied

The discount rate represents 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 calculates are derived from the CGU's weighted average cost of capital and takes into account both the cost of debt and 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

For each of the remaining goodwill, a sensitivity analysis was performed on the discount rates and terminal growth rates. The results indicated that sufficient headroom (value in use over the carrying value) for each of the CGUs existed to absorb a reasonable change in either the discount rate or the terminal growth rate or a combination thereof except in the case of the CGUs below.

	Pre-tax discount rate		Terminal growth rate	
Carrying Amount	**Existing**	**Break-even**	**Existing**	**Break-even**
57 463	9,2%	14,4%	0,75%	(15,45%)

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.

COVID-19 would have an impact on the value in use, but the directors believe that the value in use should still exceed the carrying value.

4. PROPERTY, PLANT AND EQUIPMENT

	Land, buildings and leasehold improvements €'000	Equipment and furniture €'000	Motor vehicles €'000	Total €'000
At 30 June 2019 (audited)				
– Cost	4 626	6 576	–	11 202
– Accumulated depreciation and impairment	(3 615)	(5 561)	–	(9 176)
	1 011	1 015	–	2 026
Net carrying value at beginning of year	1 145	876	745	2 766
Additions	3	459	–	462
Proceeds on sale	–	(10)	(745)	(755)
Loss on disposal	–	(3)	–	(3)
Depreciation	(137)	(307)	–	(444)
Net carrying value at end of year	1 011	1 015	–	2 026
At 30 June 2018 (reviewed)				
– Cost	4 633	6 930	827	12 390
– Accumulated depreciation and impairment	(3 488)	(6 054)	(82)	(9 624)
	1 145	876	745	2 766
Net carrying value at beginning of year	1 317	737	131	2 185
Disposal of businesses	–	(4)	(45)	(49)
Additions	–	558	681	1 239
Proceeds on sale	–	(12)	(26)	(38)
Profit on disposal	–	4	26	30
Depreciation	(172)	(407)	(22)	(601)
Net carrying value at end of year	1 145	876	745	2 766
At 30 June 2017 (reviewed)				
– Cost	4 795	3 756	281	8 832
– Accumulated depreciation and impairment	(3 478)	(3 019)	(150)	(6 647)
	1 317	737	131	2 185
Net carrying value at beginning of year	1 513	870	67	2 450
Additions	32	213	120	365
Proceeds on sale	(57)	(10)	(36)	(103)
(Loss) profit on disposal	–	(1)	13	12
Depreciation	(171)	(335)	(33)	(539)
Net carrying value at end of year	1 317	737	131	2 185

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

5. TRANSPORT FLEET

	Audited 30 June 2019 €'000	Reviewed 30 June 2018 €'000	Reviewed 30 June 2017 €'000
– Cost	217 819	207 087	221 686
– Accumulated depreciation and impairment	(146 620)	(140 402)	(146 971)
	71 199	66 685	74 715
Net carrying value at beginning of year	66 685	74 715	82 276
Additions	13 499	3 537	5 790
Proceeds on sale	(159)	(3 798)	(6 728)
Profit on disposal	6	1 491	3 812
Depreciation	(8 832)	(9 260)	(10 435)
Net carrying value at end of year	71 199	66 685	74 715

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. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

	Audited 30 June 2019 €'000	Reviewed 30 June 2018 €'000	Reviewed 30 June 2017 €'000
Investment in associates and joint ventures			
Investment in associates and joint ventures	2 139	2 121	2 437
Loans to associates and joint ventures	136	149	161
	2 275	2 270	2 598
Maturity analysis of loans to associates and joint ventures:			
Maturing after one year but within five years	136	–	161
Maturing after five years	–	149	–
	136	149	161

7. OTHER FINANCIAL ASSETS

	Audited 30 June 2019 €'000	Reviewed 30 June 2018 €'000	Reviewed 30 June 2017 €'000
Other loans – at amortised cost	455	849	577
Maturity analysis of loans:			
Maturing within one year	455	76	577
Maturing after one year but within five years	–	603	–
Maturing after five years	–	170	–
	455	849	577
Effective interest rates:	4.5% – 6.0%	3.2% – 3.5%	6.0% – 6.75%

For further disclosures refer to note 24.

8. INVENTORIES

	Audited 30 June 2019 €'000	Reviewed 30 June 2018 €'000	Reviewed 30 June 2017 €'000
Spares, accessories and finished goods	620	159	120
Fuel and oils	1 946	2 141	1 590
Work in progress	6	5	–
	2 572	2 305	1 710

9. TRADE AND OTHER RECEIVABLES

	Audited 30 June 2019 €'000	Reviewed 30 June 2018 €'000	Reviewed 30 June 2017 €'000
Trade receivables	38 441	42 025	48 435
– Gross receivables	40 158	43 525	51 059
– Expected credit loss allowance	(1 717)	–	–
– Provision for doubtful debts	–	(1 500)	(2 624)
Prepayments and other receivables	7 093	6 522	8 980
	45 534	48 547	57 415

Included in other receivables at 30 June 2019 is a contract asset relating to unbilled revenue of €1 547 thousand.

For further disclosures refer to note 24.

10. CASH RESOURCES

	Audited 30 June 2019 €'000	Reviewed 30 June 2018 €'000	Reviewed 30 June 2017 €'000
Cash on hand and at bank	3 949	3 386	4 441

For further disclosures refer to note 24.

11. DEFERRED TAX ASSET

	Audited 30 June 2019 €'000	Reviewed 30 June 2018 €'000	Reviewed 30 June 2017 €'000
Movement of deferred tax	–	–	
Carrying value at beginning of the year	(5 488)	(5 070)	(4 428)
Charged to other comprehensive income or loss	(226)	(441)	(1 672)
Prior year under provision	–	158	–
Recognised directly in equity	(1 401)	(135)	1 030
Carrying value at end of year	(7 115)	(5 488)	(5 070)

	Audited 30 June 2019 €'000	Reviewed 30 June 2018 €'000	Reviewed 30 June 2017 €'000
Analysis of deferred tax asset			
– Property, plant and equipment	567	3 214	612
– Transport fleet	2 642	1 784	5 349
– Retirement benefit obligations	(8 830)	(7 916)	(7 801)
– Provisions and other payables	(1 517)	(1 169)	(1 465)
– Other	23	(1 401)	(1 765)
	(7 115)	(5 488)	(5 070)

12. RETIREMENT BENEFIT OBLIGATIONS

The European Shipping Group operates a number of defined benefit plans for its employees in Europe with a majority of the plans being unfunded. Under the plans the employees are entitled to retirement benefits which are dependent on seniority, length of service and level of pay. The defined benefit plans are governed by the "Betriebsrentengesetz (BetrAVG)" (company pension act), which is a federal law implemented in 1974.

The benefit obligations in Europe are provided for based on actuarial valuations prepared using the projected unit credit method, with the following assumptions:

	Audited 30 June 2019 €'000	Reviewed 30 June 2018 €'000	Reviewed 30 June 2017 €'000
Discount rate (%)	1.70	1.70	2.00
Projected pension payment increase (%)	1.75	1.75	1.75
Projected salary and other contribution increase (%)	2.00	2.00	2.00
Fluctuation rate (depends on the age of male or female) (%)	0.00 – 8.00	0.00 – 8.00	0.00 – 8.00

The latest actuarial valuation was performed in June 2019. In the opinion of the actuary, Willis Towers Watson GmbH, the provision for the defined benefit obligations is adequate. The next valuation will be conducted in June 2020. The change in actuarial assumptions since the previous year have occurred due to changes in the economic environment where the plans operate.

The amounts, included in staff costs, recognised in profit or loss in respect of the defined benefit plans are as follows:

	Audited 30 June 2019 €'000	Reviewed 30 June 2018 €'000	Reviewed 30 June 2017 €'000
Current service costs	446	496	556
Interest cost	472	492	564
Return on assets	(8)	(9)	(8)
	910	979	1 112

	Audited 30 June 2019 €'000	Reviewed 30 June 2018 €'000	Reviewed 30 June 2017 €'000
Carrying value at beginning of year	28 270	27 859	30 451
Charged to profit or loss	910	979	1 112
Contributions paid	(1 060)	(1 053)	(843)
Remeasurement of retirement benefit obligation	3 416	456	(2 861)
Plan assets transferred	–	29	–
Closing balance	31 536	28 270	27 859

The expected payments to retired employees for the next financial year is €864 thousand and the average duration of the retirement plans varies from 9 to 31 years with a median of 18 years.

A quantitative sensitivity analysis for significant assumptions as at 30 June 2019 is shown below:

Assumption	Discount rate		Future pension cost	
Sensitivity level	1% increase	1% decrease	1% increase	1% decrease
Increase (decrease) in defined benefit obligation – € thousand	6 677	(4 005)	(2 773)	4 645

Based on past experience life expectancy is assumed to remain unchanged.

The sensitivity analyses have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in the key assumptions occurring at the end of the reporting period.

13. INTEREST-BEARING BORROWINGS

	Audited 30 June 2019 €'000	Reviewed 30 June 2018 €'000	Reviewed 30 June 2017 €'000
Long-term borrowings			
– Capitalised finance leases	2 149	3 595	5 088
– Other loans	3 833	4 330	5 929
	5 982	7 925	11 017
Short-term borrowings			
– Call borrowings, bank overdrafts and floorplans	119	200	–
	119	200	–
Total borrowings	6 101	8 125	11 017
Less: Current portion of interest-bearing borrowings	(2 996)	(2 122)	(2 246)
Long-term borrowings	3 105	6 003	8 771

All interest-bearing borrowings are held at amortised cost.

Interest rate analysis – Variable linked

		Audited 30 June 2019 €'000	Reviewed 30 June 2018 €'000	Reviewed 30 June 2017 €'000
– Capitalised finance leases	3,15%-4,46%	2 149	3 595	5 088
– Mortgage loans	2,29%-4,85%	3 833	4 330	4 805
– Notice loans		–	–	1 124
– Bank overdrafts		119	200	–
		6 101	8 125	11 017

For further disclosures refer to note 24.

Summary of interest-bearing borrowings by year of redemption or repayment

	Audited 30 June 2019 €'000	Reviewed 30 June 2018 €'000	Reviewed 30 June 2017 €'000
Less than 12 months	2 996	2 122	2 246
1 to 5 years	2 441	4 053	6 345
More than 5 years	664	1 950	2 426
	6 101	8 125	11 017
Details of encumbered assets			
Carrying value of transport fleet encumbered	5 084	8 409	12 033
Carrying value of debt secured	5 982	8 125	11 017

Borrowing facilities

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

	Audited 30 June 2019 €'000	Reviewed 30 June 2018 €'000	Reviewed 30 June 2017 €'000
Total facilities established	8 632	10 575	13 667
Less: Total borrowings	(6 101)	(8 125)	(11 017)
Unutilised borrowing capacity	2 531	2 450	2 650

14. PROVISIONS FOR LIABILITIES AND OTHER CHARGES

	Audited 30 June 2019 €'000	Reviewed 30 June 2018 €'000	Reviewed 30 June 2017 €'000
Carrying value at beginning of the year	1 588	2 422	3 101
Disposal of business	–	(1)	–
Amounts utilised	1 220	(1 161)	(1 119)
Charged to profit or loss	90	328	440
Carrying value at end of the year	2 898	1 588	2 422
Ageing of provisions for liabilities and charges			
Maturing in less than one year	2 512	1 352	2 422
Maturing in one to five years	281	124	–
Maturing in more than five years	105	112	–
	2 898	1 588	2 422

Provisions comprise of provisions for archival costs, reinstatement obligations and severance payments.

The ageing fairly reflects the timing and amounts of the estimated payments to be made.

15. TRADE AND OTHER PAYABLES

	Audited 30 June 2019 €'000	Reviewed 30 June 2018 €'000	Reviewed 30 June 2017 €'000
Trade payables	13 132	24 159	34 156
Other payables and accruals	17 669	9 338	13 219
	30 801	33 497	47 375

For further disclosures refer to note 24.

16. REVENUE

	Audited 30 June 2019 €'000	Reviewed 30 June 2018 €'000	Reviewed 30 June 2017 €'000
An analysis of the company's revenue is as follows:			
Rendering of services	350 769	348 912	356 352
Other revenue	49	44	–
Total revenue	350 818	348 956	356 352

	Audited 30 June 2019 €'000
Revenue is split as follows:	
Dry	247,798
Chemical	71,202
Gas	31,818
Total revenue	350,818

Dry entails the movement of bulk goods such as iron ore, coal & grain on behalf of clients between specified sources and destinations, via inland and short sea.

Chemicals entails the movement of inorganic/organic chemicals, slurry, sulfuric acid, hydrochloride acid & light chemicals on behalf of clients between specified sources and destinations, via inland and short sea.

Gas entails the movement of propylene, raffinates & LPG on behalf of clients between specified sources and destinations, via inland and short sea.

17. NET OPERATING EXPENSES

	Audited 30 June 2019 €'000	Reviewed 30 June 2018 €'000	Reviewed 30 June 2017 €'000
Cost of outside services	193 114	196 677	215 640
Staff cost	51 077	48 762	52 012
Equity-settled staff share-based payment cost	34	–	–
Operating income	(1 773)	(1 907)	(3 660)
Other operating costs	79 271	77 912	62 058
	321 723	321 444	326 050

Rental and operating lease charges

	Audited 30 June 2019 €'000	Reviewed 30 June 2018 €'000	Reviewed 30 June 2017 €'000
– Plant and equipment	22 120	24 607	9 140
– Properties	1 277	1 220	1 543
– Vehicles	34	–	–
	23 431	25 827	10 683
Consultancy and other technical fees	1 193	957	970

18. DEPRECIATION, AMORTISATION, IMPAIRMENTS AND RECOUPMENTS

	Audited 30 June 2019 €'000	Reviewed 30 June 2018 €'000	Reviewed 30 June 2017 €'000
Depreciation and amortisation			
Intangible assets	304	1 294	2 173
Property, plant and equipment	444	601	539
Transport fleet	8 832	9 260	10 435
	9 580	11 155	13 147
Recoupments			
Loss (profit) on disposal of plant and equipment	3	(30)	(12)
Profit on disposal of transport fleet	(6)	(1 491)	(3 812)
	(3)	(1 521)	(3 824)
	9 577	9 634	9 323

19. OTHER NON-OPERATING ITEMS

	Audited 30 June 2019 €'000	Reviewed 30 June 2018 €'000	Reviewed 30 June 2017 €'000
Foreign exchange (losses) gains	(5)	(19)	4
Profit on sale of shares in subsidiaries and associates and joint ventures	9	443	–
Capital item – loss on disposal of business	–	(527)	–
Total other non-operating items	4	(103)	4

20. FINANCING COSTS

	Audited 30 June 2019 €'000	Reviewed 30 June 2018 €'000	Reviewed 30 June 2017 €'000
Interest paid	2 219	2 621	2 620
Finance income	(85)	(80)	(83)
Net finance cost	2 134	2 541	2 537

21. INCOME TAX EXPENSE

	Audited 30 June 2019 €'000	Reviewed 30 June 2018 €'000	Reviewed 30 June 2017 €'000
Tax charge			
– Current year	5 891	2 833	7 858
– Prior year (under) over provision	9	1 426	–
	5 900	4 259	7 858
Deferred tax			
– Current year	(226)	(441)	(1 672)
– Prior year over provision	–	158	–
	(226)	(283)	(1 672)
	5 674	3 976	6 186

Reconciliation of tax rates:

	Audited 30 June 2019 %	Reviewed 30 June 2018 %	Reviewed 30 June 2017 %
Profit before taxation – effective rate	27.8	28.2	28.7
Tax effect of:			
– Income exempt from tax	(3.0)	(6.5)	(2.6)
– Other disallowable expenses	7.5	5.8	4.7
– Tax rate adjustment	0.3	0.6	0.2
– Prior year under provision	–	(0.2)	0.7
	32.6	27.9	31.7

Disallowable expenses and exempt income include charitable donations, gifts, entertainment expenses and leases

22. NOTES TO THE CASH FLOW STATEMENT

a. Cash generated by operations

	Audited 30 June 2019 €'000	Reviewed 30 June 2018 €'000	Reviewed 30 June 2017 €'000
Profit before net financing costs	19 522	17 775	20 983
Adjustments for non-cash movements			
– Amortisation of intangible assets, net of recoupments	304	1 294	2 173
– Depreciation of property, plant and equipment	444	601	539
– Depreciation of transport fleet net of recoupments	8 826	7 769	6 624
– Profit on disposal of property, plant and equipment	3	(30)	(12)
– Recognition of share-based payments	34	–	–
– Recognition of retirement benefit obligation charge	(150)	(74)	269
– Capital items	(9)	84	–
– Foreign exchange losses	–	9	5
Cash generated by operations before changes in working capital	28 974	27 428	30 581
Working capital movements			
– (Increase) decrease in inventories	(266)	(595)	4 134
– Decrease (increase) in trade and other receivables	5 458	8 545	(4 749)
– (Decrease) increase in trade and other payables and provisions	(3 947)	(16 056)	11 725
	30 219	19 322	41 691

b. Proceeds on sale of business

	Audited 30 June 2019 €'000	Reviewed 30 June 2018 €'000	Reviewed 30 June 2017 €'000
Property, plant and equipment	–	49	–
Trade and other receivables	–	1 279	–
Cash resources	–	313	–
Due to group entities	–	(14)	–
Trade and other payables	–	(527)	–
Provisions for liabilities and charges	–	(1)	–
Current tax liability	–	(25)	–
Net asset value	–	1 074	–
Less: Cash resources disposed of	–	(313)	–
Plus: Profit on sale of business	–	(527)	–
Cash flow on disposal	–	234	–

23. COMMITMENTS

	Audited 30 June 2019 €'000	Reviewed 30 June 2018 €'000	Reviewed 30 June 2017 €'000
Capital commitments to be incurred			
Contracted	–	117	–

The commitments are substantially for the acquisition of vehicle 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 €'000	One to five years €'000	Less than one year €'000	Total €'000
30 June 2019				
Property	–	394	301	695
Vehicles	7 300	17 069	9 513	33 882
Plant and equipment	5 036	33 096	13 700	51 832
	12 336	50 559	23 514	86 409
30 June 2018				
Property	3 161	3 124	1 011	7 296
Vehicles	12 504	42 397	28 607	83 508
Plant and equipment	–	37	59	96
	15 665	45 558	29 677	90 900

24. FINANCIAL INSTRUMENTS

Financial risk factors

The Imperial Group's treasury activities are aligned to the European Shipping Group's business model and the asset and liability committee's (Alco) strategies. The Alco is a board sub-committee 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 European Shipping Group through internal risk reports which analyse exposures by degree and magnitude of risks.

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 European Shipping Group's hedging policies and risk management guidelines.

The European Shipping Group 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 the foreign exchange and interest rate risk exposures.

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

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

Interest rate risk

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

The European Shipping Group 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 the Alco directives. Use is made of interest rate derivatives. The European Shipping Group 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 European Shipping Group'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 Imperial Group's offshore cash management is managed by the treasuries in Germany, the United Kingdom and the Netherlands. The rest of Africa cash management requirements is managed through a treasury management committee set up to focus on monthly risk management.

The interest rate profile of total borrowings is reflected in note 13.

The impact of a 50 basis points increase in interest rates will have an annualised (2018: €41 thousand, 2017: €55 thousand) effect on the European Shipping Group's after tax profit and equity. The 50 basis points increase or decrease in interest rates represents management's assessment of the reasonably possible changes in interest risk.

The European Shipping Group has entered into interest rate derivative contracts that entitle it to receive interest at floating rates on notional principal amounts and oblige it to pay interest at fixed rates on the same amounts. These instruments are considered to be highly effective.

Cash flows of the interest rate swaps are aligned to the cash flows of the underlying debt instruments.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the European Shipping Group. At 30 June 2019 the European Shipping Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, arises from the carrying amount financial assets as stated in the statement of financial position and the maximum amount the European Shipping Group will have to pay if the financial guarantees are called upon.

To minimise credit risk companies within the Imperial Group 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 collateral and other credit enhancements.

Credit risk is controlled by the application of credit approvals, limits and monitoring procedures. Where needed, the Imperial Group 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 2019. Some of the financial assets below were given as collateral for any security provided. Refer to note 13 for further details.

The European Shipping Group only enters into financial deposits with authorised financial institutions of high credit ratings assigned by international or recognised credit rating agencies.

The European Shipping Group's maximum exposure to credit risk is represented by the carrying value as disclosed on the face of the balance of the financial and contract assets that are exposed to risk.

Cash resources

The European Shipping Group deposits 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.

Trade accounts receivable

Included in trade receivables are trade accounts and lease debtors.

Trade accounts receivable consist of a large, widespread customer base. The European Shipping Group companies monitor 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.

Management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which its customers operate.

Customer credit risk is managed by each business unit subject to the European Shipping Group's established policy, procedures and control relating to customer credit risk management.

Outstanding receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions.

The European Shipping Group's credit risk grading framework comprises the following categories:

Category	**Description**	**Basis for recognising expected credit losses (ECL)**
Performing	The counterparty has a low risk of default and does not have any past-due amounts	Life-time ECL – not credit impaired
Non-performing	Amount is more than 30 days past due and/or there has been a significant increase in credit risk since initial recognition	Life-time ECL – not credit impaired
In default	Amount is more than 90 days past due and or there is evidence indicating the asset is credit impaired	Life-time ECL – credit impaired
Write-off	There is evidence indicating that the European Shipping Group has no realistic prospect of recovery	Amount is written off

The table below details the credit quality of the European Shipping Group's financial assets as well as maximum exposure to credit risk:

Receivables	**Expected loss model**	**Gross amount**	**Loss allowance**	**Net carrying amount**
30 June 2019				
Trade receivables	Lifetime ECL simplified approach	40 158	(1 717)	38 441

For trade receivables the European Shipping Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime expected credit losses. The European Shipping Group determines the expected losses on these assets by using a provision matrix, estimated based on historical credit loss experience based on past due status of the financial assets, adjusted as appropriate to reflect current condition and estimates of future economic conditions.

Assets more than 90 days past due are considered in default unless reasonable and supportable information demonstrate that a more lagging default criterion is more appropriate, for example in the case of billing disputes that take time to resolve and administrative oversight by a customer to perform. The expected credit loss based on past due status in terms of the provision matrix is detailed below.

	Not past due €'000	**<30 days €'000**	**>30 days €'000**	**>60 days €'000**	**>90 days €'000**	**>120 days €'000**	**Total €'000**
30 June 2019							
Expected credit loss rate	1.3%	8.7%	13.0%	17.8%	52.2%	100.0%	4.3%
Gross amount outstanding	33 339	5 632	330	107	23	727	40 158
Lifetime ECL allowance	(427)	(489)	(43)	(19)	(12)	(727)	(1 717)
	32 912	5 143	287	88	11	–	38 441

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

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 European Shipping Group's revenue.

The movement in expected credit loss allowance is detailed below.

	Audited 30 June 2019 €'000	**Reviewed 30 June 2018 €'000**	**Reviewed 30 June 2017 €'000**
Carrying value at beginning of the year	1 500	2 624	2 340
Amounts reversed to profit or loss	(47)	–	(98)
Charged to profit or loss	326	(653)	1 425
Amounts utilised during the year	(62)	(471)	(1 043)
Carrying value at end of the year	1 717	1 500	2 624

The effect of modifications to contractual cash flows during the year was nil.

Liquidity risk

Liquidity risk is the risk that the European Shipping Group will not be able to meet its financial obligations as they fall due. The European Shipping Group'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 European Shipping Group'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 European Shipping Group's short, medium and long-term funding requirements.

The European Shipping Group 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 13.

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.

During the year trade receivables with a value of € 8,362, thousand (2018: € 5,349 thousand, 2017: € 6,986 thousand) were sold as part of a factoring arrangement. The European Shipping Group retains no continuing involvement with these trade receivables.

	Carrying amount €'000	Total contractual cash flow €'000	Less than one year €'000	One to five years €'000	More than five years €'000
Interest-bearing borrowings	6 101	6 432	3 174	2 559	699
Trade and other payables	13 132	13 132	13 132	–	–
30 June 2019	19 233	19 564	16 306	2 559	699
Interest-bearing borrowings	8 125	9 073	2 444	5 633	996
Trade and other payables	24 159	24 159	24 159	–	–
30 June 2018	32 284	33 232	26 603	5 633	996
Interest-bearing borrowings	11 017	12 714	2 683	7 272	2 759
Trade and other payables	34 156	34 156	34 156	–	–
30 June 2017	45 173	46 870	36 839	7 272	2 759

Amortised cost

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

	Audited 30 June 2019 €'000	Reviewed 30 June 2018 €'000	Reviewed 30 June 2017 €'000
Financial assets			
Loans receivable	455	849	577
Amounts owing by related parties	14 302	35 927	19 652
Trade receivables and other receivables	38 441	42 025	48 435
Cash resources	3 949	3 386	4 441
	57 147	82 187	73 105
Financial liabilities			
Interest-bearing borrowings	6 101	8 125	11 017
Amounts owing to related parties	51 122	63 603	49 754
Trade payables and other accruals	30 801	33 496	47 375
	88 024	105 224	108 146

IFRS 9 – Financial instruments

Classification and measurement of financial instruments

The contractual terms of the European Shipping Group's financial assets give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Trade receivables, loan receivables and other receivables are held to collect contractual cash flows and are categorised as subsequently measured at amortised cost.

The European Shipping Group's financial liabilities are classified as subsequently measured at amortised cost.

Transfers between hierarchy levels

There are no instruments that are held at fair value.

Capital management

The European Shipping Group's objectives when managing capital is to safeguard its ability to continue as a going concern in order to provide returns and growth for shareholders and benefits for other stakeholders. The European Shipping Group maintains an appropriate mix of equity and debt in order to optimise the weighted average cost of capital (WACC) within an appropriate risk profile. Capital allocation is evaluated against the expected and forecast return on invested capital against the appropriate WACC for the European Shipping Group.

Imperial Group will have no responsibility regarding the European Shipping Group's capital management once sold.

The European Shipping Group monitors capital on the basis of its gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total external interest-bearing borrowings, net amounts owing to related parties less cash resources.

	Audited 30 June 2019 €'000	**Reviewed 30 June 2018 €'000**	**Reviewed 30 June 2017 €'000**
Interest-bearing borrowings	6 101	8 125	11 017
Amounts owing to related parties	51 122	63 603	49 754
Less: Amounts owing by related parties	(14 302)	(35 927)	(19 652)
Less: Cash resources	(3 949)	(3 386)	(4 441)
Net debt	38 972	32 415	36 678
Total equity	84 552	90 941	88 793
Gearing ratio	46.1%	35.6%	41.3%

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.

25. RELATED PARTY TRANSACTIONS

The European Shipping Group has been part of the Imperial Group during the reporting periods and the subsidiaries, associates, joint-ventures as well as the key management personnel of the European Shipping Group are considered to be related parties. During the year the European Shipping Group, in the ordinary course of business, entered into various sale and purchase transactions with related parties. These transactions occurred under terms that are no less favourable than those arranged with third parties.

Interest of key management in contracts

The key management have confirmed that they were not interested in any transaction of significance with the European Shipping Group or any other Imperial Logistics company.

	Audited 30 June 2019 €'000	**Reviewed 30 June 2018 €'000**	**Reviewed 30 June 2017 €'000**
Outstanding balances with related parties			
Amounts owing to related parties	(51 122)	(63 603)	(49 754)
Amounts owing by related parties	14 302	35 927	19 652
Included in:			
Trade payables owing to European Shipping Group's subsidiaries	732	(1 032)	(2 587)
Trade receivables from European Shipping Group's subsidiaries	1 623	1 889	1 563

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

	Audited 30 June 2019 €'000	**Reviewed 30 June 2018 €'000**	**Reviewed 30 June 2017 €'000**
Interest received from European Shipping Group's subsidiaries, associates and joint ventures	18	11	5
Interest paid by European Shipping Group's subsidiaries, associates and joint ventures	(1 282)	(1 449)	(1 436)
	(1 264)	(1 438)	(1 431)

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 European Shipping Group has many different operations, retail outlets and service centres where European Shipping Group staff may be transacting. Key management have to report any transactions with the company in excess of €6 000.

	Audited 30 June 2019 €'000	Reviewed 30 June 2018 €'000	Reviewed 30 June 2017 €'000
Key management personnel remuneration comprises:			
Short-term employee benefits	1 205	952	805
Long-term employee benefits	35	31	28
Termination benefits	52	51	43
	1 292	1 034	876
Number of key management personnel	5	4	4

26. **SUBSEQUENT EVENTS**

The COVID-19 pandemic has emerged during the end of 2019 in China and spread to Europe in the early weeks of 2020. In Germany and the Netherlands, the first infections have been registered in February 2020 with a substantial outbreak in March 2020. From mid-March 2020 the pandemic showed effects on the European Shipping Group, firstly through the introduction of additional safety measures and increased hygienic standards and procedures and secondly by volume reduction initiated by plant closures and production cuts in certain customer plants.

While the Dry Bulk business has seen substantial volume reductions especially in April 2020, the chemical and the gas business show only limited volume reductions.

Management has mitigated the impact by several measures like re-negotiation or cancellation of charter contracts, use of short-time work ("Kurzarbeit"), where possible, and reduction of temporary workers and consumption of unused vacation and accrued overtime.

The measures are managed by the directors of the European Shipping Group jointly with the Imperial crisis team and local crisis committees.

The effects of the reduced volumes in the Dry Bulk sector are partly mitigated by the current low water, which reduces effectively usable vessel capacity in the market. The negative impact on employment is therefore manageable and the impact on results is currently reasonable, especially as the counter-measures on capacity are effective.

A positive effect on the group derives from a better availability of crews as many river cruise companies have laid off staff. This could have a positive effect not only short term, but also in the long term.

It is currently unclear how the COVID-19 pandemic impacts the economic environment in the mid and long term. For Germany a reduction of GDP of 6-7% is forecast for 2020, of which a large part is owed to the plant closures in April and their aftermath. The governments of many European countries had introduced lock-down measures in April and have started to relax these measures towards the end of April or beginning of May. Since then infection rates have further reduced and it can be expected that relaxation of lock-down measures will continue. Hence it is expected that volumes start to increase again in the near future. If volume recovers to the pre-COVID-19 levels cannot be predicted.

A potential risk from the COVID-19 pandemic could arise from debtors failing. As the German government has introduced very generous liquidity aid measures, this risk seems limited. Nevertheless, management places focus on debtor management. So far, no material impact has been noted.

The European Shipping Group is funded through the Imperial Group cash pool system and to a small extent through the Imperial factoring system and through mortgage loans. As there is no reason to believe that Imperial will cease to provide funding and there is sufficient evidence that Imperial is able to provide funding, a liquidity risk is not foreseen. Management has prepared a high-level cash flow forecast using different scenarios and covering the months of March through June 2020 and the cash flow from operations after working capital movements, tax payments and interest payments would even in the low case scenario still be positive.

The European Shipping Group has not used any subsidies so far except for subsidized short time work.

27. **GOING CONCERN**

The European Shipping Group considered the impact of the COVID-19 pandemic experienced during March and April 2020. During these periods the European Shipping Group was able to operate, and perform and fulfil its contractual obligations to its clients and debt providers. Our staff continued to perform their duties despite the lockdown and other social distancing measures put in place by local authorities.

The financial performance during these two months was negatively impacted by the pandemic. The effects shown is firstly through the introduction of additional safety measures and increased hygienic standards, and secondly by volume reduction initiated by plant closures and production cuts in certain customer plants. During this period the steel industry suffered from lower demands. However, the impact was minor and largely offset by good performances in the chemical industry. It is expected that there will be some downturn in the chemical industry over the next few months as a result of lockdowns. These industries are however expected to recover during the 2020 calendar year.

With the first signs of a turn to normalisation already visible, we do not foresee any further significant operational disruptions or a severe decline in the markets in which we operate.

Taking this into account, in projecting the European Shipping Group's liquidity and working capital requirements, management assumed a worst case scenario of a three month lockdown period followed by a phased normalisation thereafter. The results indicated that the European Shipping Group remains profitable and cash positive. When an even worse assumption was tested, assuming that the lockdown will continue for another for three months into fiscal 2021, it yielded the same conclusion. This is aided by the European Shipping Group having a book of business consisting largely of low risk blue-chip customers, which the European Shipping Group assessed and expect to continue to be able to settle their accounts as they fall due. In the unlikely event that the European Shipping Group might require additional liquidity, it will be able draw down from ample existing borrowing facilities, which it expects to remain available. The European Shipping Group is not exposed to covenant requirements that would limit access to borrowing facilities in worst case stress scenarios.

As the outlook for the European Shipping Group remains profitable and cash generative the risk of asset impairment is low.

Based on the above management concluded that the European Shipping Group is a going concern, that its assets fairly valued exceeds its liabilities and that it will remain profitable and cash generative in the foreseeable future even when facing severe lockdown scenarios.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE HISTORICAL COMBINED FINANCIAL INFORMATION OF THE EUROPEAN SHIPPING BUSINESS

The Directors of Imperial Logistics Limited

Imperial Place
Jeppe Quondam
79 Boeing Road East
Bedfordview
2008

Dear Sirs/Mesdames

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE HISTORICAL COMBINED FINANCIAL INFORMATION AND THE HISTORICAL COMBINED INTERIM FINANCIAL INFORMATION INCLUDED IN THE CIRCULAR

Introduction

We have:

- audited the historical combined financial information of the European Shipping Business in respect of the year ended 30 June 2019 as presented in **Annexure 4** to the circular to be dated on or about 19 May 2020 ("the Circular");
- reviewed the historical combined financial information of the European Shipping Business in respect of the years ended 30 June 2018 and 30 June 2017 as presented in **Annexure 4** to the Circular; and
- reviewed the interim historical combined financial information of the European Shipping Business for the six months period ended 31 December 2019 as presented in **Annexure 3** to the Circular.

Historical Financial Information for the year ended 30 June 2019

Opinion

The historical combined financial information in respect of the year ended 30 June 2019 as presented in **Annexure 4** to the Circular comprises the combined statement of financial position as at 30 June 2019, and the combined statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the historical combined financial information, including a summary of significant accounting policies.

In our opinion, the historical combined financial information presents fairly, in all material respects, the combined statement of financial position of the European Shipping Business as at 30 June 2019, and its combined statements of comprehensive income, changes in equity and cash flows for the year then ended in accordance with the basis of preparation paragraph in note 1.1 and note 1.2 of the accounting policies.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Historical Combined Financial Information* for the year ended 30 June 2019 section of our report. We are independent of the Company and the European Shipping Business in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018),* parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Preparation

We draw attention to note 1.1 and note 1.2 to the historical combined financial information for the year ended 30 June 2019, which describes the basis of preparation of the historical combined financial information and further describes that the European Shipping Business has not operated as a separate entity. As a result the historical combined financial information is not necessarily indicative of results that would have occurred if the European Shipping Business had been a stand-alone entity during the periods presented, and may not be suitable for a purpose other than the Circular. Our opinion is not modified in respect of this matter.

Directors' Responsibility for the Historical Combined Financial Information

The Company's directors are responsible for the preparation and fair presentation of the historical combined financial information for the year ended 30 June 2019 in accordance with the basis of preparation and for such internal control as the directors determine is necessary to enable the preparation of historical combined financial information that is free from material misstatement, whether due to fraud or error.

In preparing the historical combined financial information, the directors are responsible for assessing the European Shipping Business's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the European Shipping Business or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Historical Combined Financial Information for the year ended 30 June 2019

Our objectives are to obtain reasonable assurance about whether the historical combined financial information for the year ended 30 June 2019 as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the historical combined financial information.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the historical combined financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 European Shipping Business's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the European Shipping Business's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the historical combined financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the European Shipping Business to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the European Shipping Business to express an opinion on the historical combined financial information. We are responsible for the direction, supervision and performance of the European Shipping Business audit. We remain solely responsible for our audit opinion.
- Evaluate the overall presentation, structure and content of the historical combined financial information, including the disclosures, and whether the historical combined financial information represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Historical Combined Financial Information for the years ended 30 June 2018 and 30 June 2017

We have reviewed the historical combined financial information of the European Shipping Business in respect of the years ended 30 June 2018 and 30 June 2017 set out in **Annexure 4** to the Circular, comprising the combined statements of financial position, and the combined statements of comprehensive income, changes in equity and cash flows, including a summary of significant accounting policies and selected explanatory notes.

Directors' Responsibility for the Historical Combined Financial Information

The directors are responsible for the preparation and fair presentation of the historical combined financial information in accordance with the basis of preparation and for such internal control as the directors determine is necessary to enable the preparation of historical combined financial information that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Reviews of the Historical Combined Financial Information for the years ended 30 June 2018 and 30 June 2017

Our responsibility is to express conclusions on the historical combined financial information for the years ended 30 June 2018 and 30 June 2017. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity (ISRE 2410), which applies to a review of historical financial information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the historical combined financial information is not prepared, in all material respects, in accordance with the basis of preparation paragraph in note 1.1 and note 1.2 of the accounting policies. This standard also requires us to comply with relevant ethical requirements.

A review of the historical financial information in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of the directors and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the historical combined financial information.

Conclusion on the Historical Combined Financial Information

Based on our review, nothing has come to our attention that causes us to believe that the historical combined financial information of the European Shipping Business for the years ended 30 June 2018 and 30 June 2017 do not present fairly, in all material respects, the combined financial position of the European Shipping Business as at 30 June 2018 and 30 June 2017, and its combined financial performance and combined cash flows for the years then ended, in accordance with the basis of preparation paragraph in note 1.1 and note 1.2 of the accounting policies.

Emphasis of Matter – Basis of Preparation

We draw attention to note 1.1 and note 1.2 to the historical combined financial information for the years ended 30 June 2018 and 30 June 2017, which describes the basis of preparation of the historical combined financial information and further describes that the European Shipping Business has not operated as a separate entity. As a result the historical combined financial information is not necessarily indicative of results that would have occurred if the European Shipping Business had been a stand-alone entity during the periods presented, and may not be suitable for a purpose other than the Circular. Our opinion is not modified in respect of this matter.

Interim Historical Combined Financial Information for the six months period ended 31 December 2019

We have reviewed the condensed interim historical combined financial information of the European Shipping Business, as presented in **Annexure 3** to the Circular, which comprise the condensed combined statement of financial position as at 31 December 2019 and the condensed combined statements of comprehensive income, changes in equity and cash flows for the six months period then ended, including a summary of significant accounting policies and selected explanatory notes.

Directors' Responsibility for the Interim Historical Combined Financial Information

The directors are responsible for the preparation and presentation of this interim historical combined financial information in accordance with the basis of preparation, (IAS) 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council 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 interim historical combined financial information that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Interim Historical Combined Financial Information for the six months period ended 31 December 2019

Our responsibility is to express a conclusion on the interim historical combined financial information. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim historical combined financial information are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of interim financial information in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the interim historical combined financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim historical combined financial information of the European Shipping Business for the six months period ended 31 December 2019 is not prepared, in all material respects, in accordance with the basis of preparation, (IAS) 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

Emphasis of Matter – Basis of Preparation

We draw attention to note 1.1 and note 1.2 to the interim historical combined financial information for the six months period ended 31 December 2019, which describes the basis of preparation of the interim historical combined financial information and further describes that the European Shipping Business has not operated as a separate entity. As a result the interim historical combined financial information is not necessarily indicative of results that would have occurred if the European Shipping Business had been a stand-alone entity during the periods presented, and may not be suitable for a purpose other than the Circular. Our opinion is not modified in respect of this matter.

Emphasis of Matter – Comparative Financial Information

We draw attention to note 1.2 to the interim historical combined financial information for the six months period ended 31 December 2019, which details that no comparative information has been presented in accordance with paragraph 8.7 of the JSE Listings Requirements. Our opinion is not modified in respect of this matter.

Purpose of the report

The purpose of our report is for the Circular of the Company and is not to be used for any other purpose.

Deloitte & Touche

Registered Auditor
Per: MLE Tshabalala
Partner
14 May 2020

Deloitte & Touche
5 Magwa Crescent
2066
Midrand
South Africa

MATERIAL LOANS

Description	Reason for the loan & Lender	Effective date and Amount outstanding	Secured/ unsecured & Security provided	Amount, repayment/ renewal terms and conditions*	Interest rate	Borrowing Period
Common Terms Agreement Facility A: Long Term Loans R1bln Facility B: Long Term Revolving Credit Facilities R1bln Facility C: Long Term Revolving Credit Facilities R1bln Facility D: Long Term Revolving Credit Facilities R500mln	General corporate purposes and working capital purposes of the Imperial Group, including any acquisitions permitted under the terms of the Common Terms Agreement. 1. Nedbank Limited (acting through its Corporate and Investment Banking division); and The Standard Bank of South Africa Limited, acting through its Corporate and Investment Banking division) STANLIB Asset Management Proprietary Limited (Facility A only)	12 November 2018 Outstanding amount: Facility A: R1bln Facility B: R550mln Facility C: Unutilised Facility D: Unutilised	Secured Secured Secured Secured	Repayment of the Loan in full on the Final Maturity Date RCF settlement of outstanding amount due in full on the Final Maturity Date RCF settlement of outstanding amount due in full on the Final Maturity Date RCF settlement of outstanding amount due in full on the Final Maturity Date	3m JIBAR + 1.55% 3m JIBAR + 1.27% 3m JIBAR + 1.47% 3m JIBAR + 1.42%	5 years (12 November 2023) 3 years (12 November 2021) 5 years (12 November 2023) 5 years (12 November 2023)

Description	Reason for the loan & Lender	Effective date and Amount outstanding	Secured/ unsecured & Security provided	Amount, repayment/ renewal terms and conditions*	Interest rate	Borrowing Period
BWP Term Loan Facility Agreement	Funding required for Working Capital purposes for one of Imperial's African subsidiaries. The Standard Bank of South Africa Limited, acting through its Corporate and Investment Banking division)	2 December 2019 BWP 38,044,892	Secured -intercompany cross guarantees	Repayment of the Loan in full on the Final Maturity Date	Linked to Botswana Prime Rate (currently 6.25%)	3 Years (31 December 2022)
USD65,000,000 Multicurrency Revolving Facility Agreement	Provides funding to Imperial's operating entities including acquisitions. 1. AfrAsia Bank Limited; 2. Citibank N.A., London Branch; 3. Mizuho Bank, Ltd; 4. Citibank, N.A., South Africa Branch; 5. Mizuho Bank Europe N.V.; and 6. Citibank Europe PLC, UK Branch	2 December 2019 USD22mln	Secured – intercompany cross guarantees	Revolving Credit Facility, settlement of outstanding amount due in full on the Final Maturity Date	US LIBOR + 1.3%	3 Years (subject to extension option)

Description	Reason for the loan & Lender	Effective date and Amount outstanding	Secured/ unsecured & Security provided	Amount, repayment/ renewal terms and conditions*	Interest rate	Borrowing Period
EUR 500,000,000 Multi-currency Revolving Facility Agreement	Provides funding to Imperial's operating entities including acquisitions. General Corporate Purposes 1. Commerzbank 2. JPMorgan 3. ING Bank 4. SMBC 5. BNP Paribas 6. DZ Bank AG 7. Mizuho Bank 8. Citibank 9. Intesa Sanpaolo 10. MUFG Bank 11. Stadsparkasse Duesseldorf 12. Societe Generale 13. Barclays	25 October 2018 EUR-217.500.000,00 GBP-80.000.000,00 USD-107.000.000,00	Secured – intercompany cross guarantees	Revolving Credit Facility, settlement of outstanding amount due in full on the Final Maturity Date	EURIBOR OR LIBOR+ 1,45%	3 Years (subject to extension option of two times for one year each)

* *Neither the long term loans nor the revolving credit facilities (RCF) in this* ***Annexure 6*** *are due for final settlement within the next 12 months.*

SHIPPING GROUP

The "**European Shipping Group**" comprises the following companies:

1.1 **Target Companies**

(1) Imperial Shipping Rotterdam B.V.

Imperial Shipping Rotterdam B.V. is a limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) with its seat in Rotterdam, the Netherlands, incorporated under the laws of the Netherlands, registered with the Dutch Chamber of Commerce (*Kamer van Koophandel*) under KvK-no. 24083355 ("**ISR**"). The issued and paid-up share capital of ISR amounts to EUR 1,140,000.00 (Euro: one million one hundred forty thousand) and is divided into 5,000 (five thousand) shares with a nominal amount of EUR 228.00 (Euro: two hundred twenty-eight) each with the consecutive nos. 1 through 5,000 (the "**ISR Shares**"). The ISR Shares are solely held by the Local Seller 1 (100%).

(2) Wijnhoff & Van Gulpen & Larsen B.V.

Wijnhoff & Van Gulpen & Larsen B.V. is a limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) with its seat in Druten, the Netherlands, incorporated under the laws of the Netherlands, registered with the Dutch Chamber of Commerce (*Kamer van Koophandel*) under KvK-no. 10026153 ("**WGL**"). The issued and paid-up share capital of WGL amounts to EUR 36,720.00 (Euro: thirty-six thousand seven hundred twenty) and is divided into 36,720 (thirty-six thousand seven hundred twenty) class A shares, having a nominal value of EUR 0.50 (Eurocent: fifty) each and numbered A1 up to and including A36,720, and 36,720 (thirty-six thousand seven hundred twenty) class B shares, having a nominal value of EUR 0.50 (Eurocent: fifty) each and numbered B1 up to and including B36,720 shares with a nominal amount of EUR 1.00 (Euro: one) each with the consecutive nos. 1 through 36,720 (the "**WGL Shares**"). The WGL Shares are solely held by the Local Seller 1 (100%).

(3) Imperial Gas Barging GmbH

Imperial Gas Barging GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) with its registered seat in Duisburg, Germany, incorporated under the laws of Germany, registered with the commercial register of the local court (*Amtsgericht*) of Duisburg, Germany, under HRB 6344 ("**IGB**"). The registered share capital of IGB amounts to EUR 4,100.000.00 (Euro: four million one hundred thousand) and is divided into one (1) share with a nominal amount of EUR 4,100.000.00 (Euro: four million one hundred thousand) with the consecutive no. 1 (the "**IGB Share**"). The IGB Share is solely held by the Local Seller 2 (100%).

(4) Imperial Shipping Holding GmbH

Imperial Shipping Holding GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) with its registered seat in Duisburg, Germany, incorporated under the laws of Germany, registered with the commercial register of the local court (*Amtsgericht*) of Duisburg, Germany, under HRB 6427 ("**ISH**"). The registered share capital of ISH amounts to EUR 4,100.000.00 (Euro: four million one hundred thousand) and is divided into two shares, one (1) share with a nominal amount of EUR 4,095,000.00 (Euro: four million ninety-five thousand) with the consecutive no. 1 and one (1) share with a nominal amount of EUR 5,000.00 (Euro: five thousand) the consecutive no. 2 (the "**ISH Shares**"). The ISH Shares are solely held by the Local Seller 3 (100%).

(5) Imperial Logistics SARL

Imperial Logistics SARL is a limited liability company (*Société à responsabilité limitée*) with its seat in Thionville, France, incorporated under the laws of France, registered with the Trade and Companies Register (*Registre du Commerce et des Societes*) of Thionville, France, under no. 413 570 110 ("**ILF**"). The registered share capital of ILF amounts to EUR 15,244.90 (Euro: fifteen thousand two hundred forty-four and ninety cents) and is divided into 1,000 (one thousand) shares with a nominal amount of EUR 15.25 (Euro: fifteen and twenty-five cents) each with the consecutive nos. 1 through 1,000 (the "**ILF Shares**"). The ILF Shares are solely held by the Local Seller 4 (100%).

1.2 **European Shipping Group Subsidiaries**

(1) Navitank N.V.

Navitank N.V. is a public limited company (*naamloze vennootschap/s ociété anonyme*) with its seats in Antwerp, Belgium, incorporated under the laws of Belgium, registered with the Crossroads Bank for Enterprises (*Kruispuntbank van Ondernemingen/Banque Carrefour des Entreprises*) under No. 0400.048.685 ("**Navitank**"). The share capital of Navitank amounts to EUR 62,000.00 (Euro: sixty-two thousand) and is divided into 200 (two hundred) shares without nominal value (the "**Navitank Shares**"). The Navitank Shares are solely held by WGL (100%).

(2) Lehnkering Shipping Lux S.A.

Lehnkering Shipping Lux S.A. is a limited liability company (*société anonyme*) with its seat in Wasserbillig, Luxembourg, incorporated under the laws of Luxembourg, registered with the commercial register of Luxembourg (*Registre de Commerce et des Sociétés*) under No. B67246 ("**LSL**"). The share capital of LSL amounts to EUR 48,800.00 (Euro: forty-eight thousand eight hundred) and is divided into 400 (four hundred) shares with a nominal amount of EUR 122.00 (Euro: one hundred twenty-two) each with the consecutive nos. 1 through 400 (the "**LSL Shares**"). The LSL Shares are solely held by IGB (100%).

(3) AMADEUS Schiffahrts– und Speditions GmbH

AMADEUS Schiffahrts– und Speditions GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) with its registered seat in Duisburg, Germany, incorporated under the laws of Germany, registered with the commercial register of the local court (*Amtsgericht*) of Duisburg, Germany, under HRB 7725 ("**Amadeus**"). The registered share capital of Amadeus amounts to EUR 26,000.00 (Euro: twenty-six thousand) and is divided into four (4) shares with the nominal amounts of EUR 19,500.00 (Euro: nineteen thousand five hundred), EUR 1,300.00 (Euro: one thousand three hundred), EUR 2,600.00 (Euro: two thousand six hundred), and EUR 2,600.00 (Euro: two thousand six hundred) (the "**Amadeus Shares**"). The Amadeus Shares are held as follows:

a) ISH holds one (1) share with a nominal amount of EUR 19,500.00 (Euro: nineteen thousand five hundred) with the consecutive no. 1, representing 75% equity interest in Amadeus,

b) ISH holds one (1) share with a nominal amount of EUR 1,300.00 (Euro: one thousand three hundred) with the consecutive no. 2, representing 5% equity interest in Amadeus,

c) ISH holds one (1) share with a nominal amount of EUR 2,600.00 (Euro: two thousand six hundred) with the consecutive no. 3, representing 10% equity interest in Amadeus, (the Amadeus Shares set forth in Section a), Section b), and Section c) together, the "**Imperial Amadeus Shares**") and

d) Mr. Wolfgang Nowak holds one (1) share with a nominal amount of EUR 2,600.00 (Euro: two thousand six hundred) with the consecutive no. 4, representing 10% equity interest in Amadeus.

(4) Imperial Shipping GmbH

Imperial Shipping GmbH is a limited liability company (*Société à responsabilité limitée*) with its seat in Wasserbillig, Luxembourg, incorporated under the laws of Luxembourg, registered with the commercial register of Luxembourg (*Registre de Commerce et des Sociétés*) under No. B59931 ("**ISG**"). The share capital of ISG amounts to EUR 12,500.00 (Euro: twelve thousand five hundred) and is divided into 500 (five hundred) shares with a nominal amount of EUR 25.00 (Euro: twenty-five) each with the consecutive nos. 1 through 200 (the "**ISG Shares**"). The ISG Shares are solely held by ISH (100%).

(5) Imperial Pushbarging Lux S.à.r.l.

Imperial Pushbarging Lux S.à.r.l. is a limited liability company (*Société à responsabilité limitée*) with its seat in Wasserbillig, Luxembourg, incorporated under the laws of Luxembourg, registered with the commercial register of Luxembourg (*Registre de Commerce et des Sociétés*) under No. B172325 ("**IPB**"). The share capital of IPB amounts to EUR 25,000.00 (Euro: twenty-five thousand) and is divided into 200 (two hundred) shares with a nominal amount of EUR 125.00 (Euro: one hundred twenty-five) each with the consecutive nos. 1 through 200 (the "**IPB Shares**"). The IPB Shares are solely held by ISG (100%).

(6) Imperial Dry Bulk Shipping Lux S.à r.l.

Imperial Dry Bulk Shipping Lux S.à r.l. is a limited liability company (*Société à responsabilité limitée*) with its seat in Wasserbillig, Luxembourg, incorporated under the laws of Luxembourg, registered with the commercial register of Luxembourg (*Registre de Commerce et des Sociétés*) under No. B172313 ("**IDB**"). The share capital of IDB amounts to EUR 25,000.00 (Euro: twenty-five thousand) and is divided into 200 (two hundred) shares with a nominal amount of EUR 125.00 (Euro: one hundred twenty-five) each with the consecutive nos. 1 through 200 (the "**IDB Shares**"). The IDB Shares are solely held by ISG (100%).

(7) Imperial Liquid Shipping Lux S.à r.l.

Imperial Liquid Shipping Lux S.à r.l. is a limited liability company (*Société à responsabilité limitée*) with its seat in Wasserbillig, Luxembourg, incorporated under the laws of Luxembourg, registered with the commercial register of Luxembourg (*Registre de Commerce et des Sociétés*) under No. B172314 ("**ILS**"). The share capital of ILS amounts to EUR 25,000.00 (Euro: twenty-five thousand) and is divided into 200 (two hundred) shares with a nominal amount of EUR 125.00 (Euro: one hundred twenty-five) each with the consecutive nos. 1 through 200 (the "**ILS Shares**"). The ILS Shares are solely held by ISG (100%).

(8) Scheepsexploitatie Maatschappij Nijmegen B.V.

Scheepsexploitatie Maatschappij Nijmegen B.V. is a limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) company with its seat in Nijmegen, the Netherlands, incorporated under the laws of the Netherlands, registered with the Dutch Chamber of Commerce (*Kamer van Koophandel*) under KvK-no. 23088540 ("**SMN**"). The issued and paid-up share capital of SMN amounts to EUR 18,160.00 (Euro: eighteen thousand one hundred sixty) and is divided into 18,160 (eighteen thousand one hundred sixty) shares with a nominal amount of EUR 1.00 (Euro: one) each (the "**SMN Shares**"). The SMN Shares are held as follows:

a) B.V. Participatiemaatschappij Damen, registered with the Dutch Chamber of Commerce (*Kamer van Koophandel*) under KvK-no. 23050961, holds 5,992 (five thousand nine hundred ninety-two) SMN Shares with a nominal amount of EUR 1.00 (Euro: one) each with the consecutive nos. 1 through 5,992, representing 33% equity interest in SMN,

b) ISG holds 5,992 (five thousand nine hundred ninety-two) SMN Shares with a nominal amount of EUR 1.00 (Euro: one) each with the consecutive nos. 5,993 through 11,984, representing 33% equity interest in SMN, (the "**Imperial SMN Shares**")

c) NESEC Financieringen B.V., registered with the Dutch Chamber of Commerce (*Kamer van Koophandel*) under Kvk-no. 27148859, holds 5,992 (five thousand nine hundred ninety-two) SMN Shares with a nominal amount of EUR 1.00 (Euro: one) each with the consecutive nos. 11,985 through 17,976, representing 33% equity interest in SMN, and

d) Coöperatieve Rabobank U.A., registered with the Dutch Chamber of Commerce (*Kamer van Koophandel*) under KvK-no. 30046259, holds 184 (one hundred eighty-four) SMN Shares with a nominal amount of EUR 1.00 (Euro: one) each with the consecutive nos. 17,977 through 18,160, representing 1% equity interest in SMN.

(9) Scheepsexploitatie Maatschappij Arnhem B.V.

Scheepsexploitatie Maatschappij Arnhem B.V. is a limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) company with its seat in Nijmegen, the Netherlands, registered with the Dutch Chamber of Commerce (*Kamer van Koophandel*) under KvK-no. 09136537 ("**SMA**"). The issued and paid-up share capital of SMA amounts to EUR 20,000.00 (Euro: twenty thousand) and is divided into 20,000 (twenty thousand) shares with a nominal amount of EUR 1.00 (Euro: one) each (the "**SMA Shares**"). The SMA Shares are held as follows:

a) ISG holds 6,600 (six thousand six hundred) SMA Shares with a nominal amount of EUR 1.00 (Euro: one) each with the consecutive nos. 1 through 6,600, representing 33% equity interest in SMA, (the "Imperial SMA Shares")

b) Mercurius Shipping Group B.V., registered with the Dutch Chamber of Commerce (*Kamer van Koophandel*) under KvK-no. 24299242, holds 200 (two hundred) SMA Shares with a nominal amount of EUR 1.00 (Euro: one) each with the consecutive nos. 6,601 through 6,800, representing 1% equity interest in SMA,

c) NESEC Financieringen B.V., registered with the Dutch Chamber of Commerce (Kamer van Koophandel) under Kvk-no. 27148859, holds 6,600 (six thousand six hundred) SMA Shares with a nominal amount of EUR 1.00 (Euro: one) each with the consecutive nos. 6,801 through 13,400, representing 33% equity interest in SMA, and

d) Mercurius Shipping Group B.V., registered with the Dutch Chamber of Commerce (*Kamer van Koophandel*) under KvK-no. 24299242, holds 6,600 (six thousand six hundred) SMA Shares with a nominal amount of EUR 1.00 (Euro: one) each with the consecutive nos. 13,401 through 20,000, representing 33% equity interest, in SMA.

(10) De Grave-Antverpia N.V

De Grave-Antverpia N.V. is a public limited liability company (*naamloze vennootschap/ société anonyme*) with its seat in Antwerp, Belgium, incorporated under the laws of Belgium, registered with the Crossroads Bank for Enterprises (*Kruispuntbank van Ondernemingen/Banque-Carrefour des Entreprises*) under no. 0414 902 256 ("**DGA**"). The share capital of DGA amounts to EUR 905,200.00 (Euro: nine hundred five thousand two hundred) and is divided into 36,500 (thirty-six thousand five hundred) shares without nominal value (the "**DGA Shares**"). The DGA Shares are held as follows:

a) ISH holds 20,075 (twenty thousand seventy-five) DGA Shares, representing 55% of the share capital of DGA, (the "**Imperial DGA Shares**") and

b) Rhenus PartnerShip Beteiligungs GmbH, registered with the local court (*Amtsgericht*) of Duisburg, Germany, under HRB 11870, holds 16,425 (sixteen thousand four hundred twenty-five) DGA Shares, representing 45% of the share capital of DGA.

(11) Buss Imperial Verwaltung GmbH

Buss Imperial Verwaltung GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) with its seat in Duisburg, Germany, incorporated under the laws of Germany, registered with the commercial register of the local court (*Amtsgericht*) of Duisburg, Germany, under HRB 20554 ("**Buss Verwaltung**"). The registered share capital of Buss Verwaltung amounts to EUR 25,000.00 (Euro: twenty-five thousand) and is divided into two (2) shares with a nominal amount of EUR 12,500.00 (Euro: twelve thousand five hundred) each (the "**Buss Verwaltung Shares**"). The Buss Verwaltung Shares are held as follows:

a) ISH holds one (1) Buss Verwaltung Share with the consecutive no. 2 with the nominal amount of EUR 12,500.00 (Euro: twelve thousand five hundred), representing 50% equity interest in Buss Verwaltung, (the "**Imperial Buss Verwaltung Shares**") and

b) Buss Port Logistics GmbH & Co. KG, registered with the local court (*Amtsgericht*) of Hamburg, Germany, under HRA 100172, ("**BPL**") holds one (1) Buss Verwaltung Share with the consecutive no. 3 with the nominal amount of EUR 12,500.00 (Euro: twelve thousand five hundred), representing 50% equity interest in Buss Verwaltung.

(12) Buss Imperial Logistics GmbH & Co. KG

Buss Imperial Logistics GmbH & Co. KG is a limited partnership (*Kommanditgesellschaft*) with its seat in Duisburg, Germany, incorporated under the laws of Germany, registered with the commercial register of the local court (*Amtsgericht*) of Duisburg, Germany, under HRA 11114 ("**BIL**"). The registered liability capital of BIL amounts to EUR 100,000.00 (Euro: one hundred thousand) (the "**BIL Capital**"). The partners of BIL are as follows:

a) ISH is a limited partner of BIL with a registered liability capital in the amount of EUR 50,000.00 (Euro: fifty thousand), representing 50% equity interest in BIL, (the "**Imperial BIL Participation**")

b) BPL is a limited partner of BIL with a registered liability capital in the amount of EUR 50,000.00 (Euro: fifty thousand), representing 50% equity interest in BIL, and

c) Buss Verwaltung is the sole general partner of BIL and holds no equity interest in BIL.

(13) Imperial Shipping Services GmbH

Imperial Shipping Services GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) with its seat in Duisburg, Germany, incorporated under the laws of Germany, registered with the commercial register of the local court (*Amtsgericht*) of Duisburg, Germany, under HRB 18922 ("**ISS**"). The registered share capital of ISS amounts to EUR 2,950,300.00 (Euro: two million nine hundred fifty thousand three hundred) and is divided into five (5) shares with the nominal amounts of EUR 2,850,000.00 (Euro: two million eight hundred fifty thousand), EUR 100,000.00 (Euro: one hundred thousand), EUR 100.00 (Euro: one hundred), EUR 100.00 (Euro: one hundred), and EUR 100.00 (Euro: one hundred) with the consecutive nos. 1 through 5 (the "**ISS Shares**"). The ISS Shares are solely held by ISH (100%).

(14) Gommers Internationaal Bevrachtings– en Scheepvaartkantoor B.V.

Gommers Internationaal Bevrachtings– en Scheepvaartkantoor B.V. is a limited liability company (*besloten vennootschap*) company with its seat in Rotterdam, the Netherlands, incorporated under the laws of the Netherlands, registered with the Dutch Chamber of Commerce (*Kamer van Koophandel*) under KvK-no. 24250545 ("**Gommers**"). The issued and paid-up share capital of Gommers amounts to NLG 40,000.00 (Dutch Guilder: forty thousand) (the equivalent of EUR 18,152.00 (Euro: eighteen thousand one hundred fifty-two)) and is divided into 400 (four hundred) shares with the nominal amount of NLG 100.00 (Dutch Guilder: one hundred) (the equivalent of EUR 45.38 (Euro: forty-five and thirty-eight cents)) each (the "**Gommers Shares**"). ISS holds 12 (twelve) type A Gommers Shares, 104 (one hundred four) type B Gommers Shares and 17 (seventeen) type D Gommers Shares with the nominal amount of NLG 100.00 (Dutch Guilder: one hundred) (the equivalent of EUR 45.38 (Euro: forty-five and thirty-eight cents)) each, representing 33.25% equity interest in Gommers (the "**Imperial Gommers Shares**"). The remaining Gommers Shares are held by five (5) other shareholders.

(15) Niedersächsische Verfrachtungsgesellschaft mbH

Niedersächsische Verfrachtungsgesellschaft mbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) with its seat in Hannover, Germany, incorporated under the laws of Germany, registered with the commercial register of the local court (*Amtsgericht*) of Hannover, Germany, under HRB 3744 ("**NVG**"). The registered share capital of NVG amounts to EUR 770,000.00 (Euro: seven hundred seventy thousand) and is divided into five (5) shares with the nominal amounts of EUR 637,560.00 (Euro: six hundred thirty-seven thousand five hundred sixty), EUR 77,000.00 (Euro: seventy-seven thousand), EUR 38,500.00 (Euro: thirty-eight thousand five hundred), EUR 10,780.00 (Euro: ten thousand seven hundred eighty), and EUR 6,160.00 (Euro: six thousand one hundred sixty) (the "**NVG Shares**"). The NVG Shares are held as follows:

a) ISH holds one (1) NVG Share with the consecutive no. 1 with the nominal amount of EUR 637,560.00 (Euro: six hundred thirty-seven thousand five hundred sixty), representing 82.80% equity interest in NVG, (the "**Imperial NVG Shares**"),

b) enercity Aktiengesellschaft, registered with the local court (Amtsgericht) of Hannover, Germany, under HRB 6766, holds one (1) NVG Share with the consecutive no. 2 with the nominal amount of EUR 77,000.00 (Euro: seventy-seven thousand), representing 10% equity interest in NVG,

c) Braunschweiger Versorgungs– und Aktiengesellschaft & Co. KG, registered with the local court (Amtsgericht) of Braunschweig, Germany, under HRA 14415, holds one (1) NVG Share with the consecutive no. 3 with the nominal amount of EUR 38,500.00 (Euro: thirty-eight thousand five hundred), representing 5% equity interest in NVG,

d) Pfeifer & Langen GmbH & Co. KG, registered with the local court (Amtsgericht) of Cologne, Germany, under HRA 13089, holds one (1) NVG Share with the consecutive no. 4 with the nominal amount of EUR 10,780.00 (Euro: ten thousand seven hundred eighty), representing 1.40% equity interest in NVG, and

e) GB Verwaltungs AG, registered with the local court (Amtsgericht) of Bremen, Germany, under HRB 31462 HB, holds one (1) NVG Share with the consecutive no. 5 with the nominal capital in the amount of EUR 6,160.00 (Euro: six thousand one hundred sixty), representing 0.80% equity interest in NVG.

(16) Arbeitsgemeinschaft Kohleumschlag Kraftwerk Mehrum GbR

Arbeitsgemeinschaft Kohleumschlag Kraftwerk Mehrum GbR is a civil law partnerschip (*Gesellschaft bürgerlichen Rechts*) with its seat in Mehrum, Germany, incorporated under the laws of Germany with partnership agreement dated 21 October 2008 ("**ARGE Mehrum**"). The partners of ARGE Mehrum are and the partnership interests in ARGE Mehrum are held as follows:

a) NVG holds a 50% partnership interest in ARGE Mehrum representing 50% of the registered capital of ARGE Mehrum, (the "Imperial ARGE Mehrum Partnership Interest") and

b) Rhenus PartnerShip GmbH & Co. KG, registered with the local court (*Amtsgericht*) of Duisburg, Germany, under HRA 6871, holds a 50% partnership interest in ARGE Mehrum representing 50% of the registered capital of ARGE Mehrum.

(17) BeKa Imperial GmbH

BeKa Imperial GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) with its seat in Kehl, Germany, incorporated under the laws of Germany, registered with the commercial register of the local court (*Amtsgericht*) of Freiburg i. Br., Germany, under HRB 370668 ("**BeKa**"). The registered share capital of BeKa amounts to EUR 26,000.00 (Euro: twenty-six thousand) and is divided into two (2) shares with the nominal amounts of EUR 10,400.00 (Euro: ten thousand four hundred) and EUR 15,600.00 (Euro: fifteen thousand six hundred) (the "**BeKa Shares**"). The BeKa Shares are held as follows:

a) ISH holds one (1) BeKa Share with the consecutive no. 1 with a nominal amount of EUR 10,400.00 (Euro: ten thousand four hundred), representing 40% equity interest in BeKa, (the "Imperial BeKa Shares") and

b) Mrs. Monique Hezel-Reyntjens holds one (1) BeKa Share with the consecutive no. 2 with a nominal amount of EUR 15,600.00 (Euro: fifteen thousand six hundred), representing 60% equity interest in BeKa.

(18) Neckarhafen Plochingen GmbH

Neckarhafen Plochingen GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) with its seat in Plochingen, Germany, incorporated under the laws of Germany, registered with the commercial register of the local court (*Amtsgericht*) of Stuttgart under HRB 210123 ("**Neckarhafen**"). The registered share capital of Neckarhafen amounts to EUR 2,200,000.00 (Euro: two million two hundred thousand) and is divided into 52 (fifty-two) shares with the consecutive nos. 1 through 52 (the "**Neckarhafen Shares**"). ISH holds one (1) share with the consecutive no. 45 with a nominal amount of EUR 11,000.00 (Euro: eleven thousand) of Neckarhafen, representing 0.5% equity interest in Neckarhafen (the "**Imperial Neckarhafen Shares**"). The remaining Neckarhafen Shares are held by several other shareholders.

(19) Imperial Schiffsbeteiligung B.V.

Imperial Schiffsbeteiligung B.V. is a limited liability company (*besloten vennootschap*) with its seat in Druten, the Netherlands, incorporated under the laws of the Netherlands, registered with the Dutch Chamber of Commerce (*Kamer van Koophandel*) under KvK-no. 59016248 ("**ISB**"). The issued and paid-up share capital of ISB amounts to EUR 5,000.00 (Euro: five thousand) and is divided into 5,000 (five thousand) shares with a nominal amount of EUR 1.00 (Euro: one) with the consecutive nos. 1 through 5,000 (the "**ISB Shares**"). The ISB Shares are solely held by ISH (100%).

(20) Amadeus Gold B.V.

Amadeus Gold B.V. is a limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) with its seat in Druten, the Netherlands, incorporated under the laws of the Netherlands, registered with the Dutch Chamber of Commerce (*Kamer van Koophandel*) under KvK-no. 59037792 ("**Amadeus Gold**"). The issued and paid-up share capital of Amadeus Gold amounts to EUR 5,000.00 (Euro: five thousand) and is divided into 5,000 (five thousand) shares with the nominal amount of EUR 1.00 (Euro: one) each with the consecutive nos. 1 through 5,000 (the "**Amadeus Gold Shares**"). The Amadeus Gold Shares are solely held by ISB (100%).

(21) Amadeus Silver B.V.

Amadeus Silver B.V. is a limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) with its seat in Druten, the Netherlands, incorporated under the laws of the Netherlands, registered with the Dutch Chamber of Commerce (*Kamer van Koophandel*) under KvK-no. 59037814 ("**Amadeus Silver**"). The issued and paid-up share capital of Amadeus Silver amounts to EUR 5,000.00 (Euro: five thousand) and is divided into 5,000 (five thousand) shares with the nominal amount of EUR 1.00 (Euro: one) each with the consecutive nos. 1 through 5,000 (the "**Amadeus Silver Shares**"). The Amadeus Silver Shares are solely held by ISB (100%).

(22) Amadeus Titanium B.V.

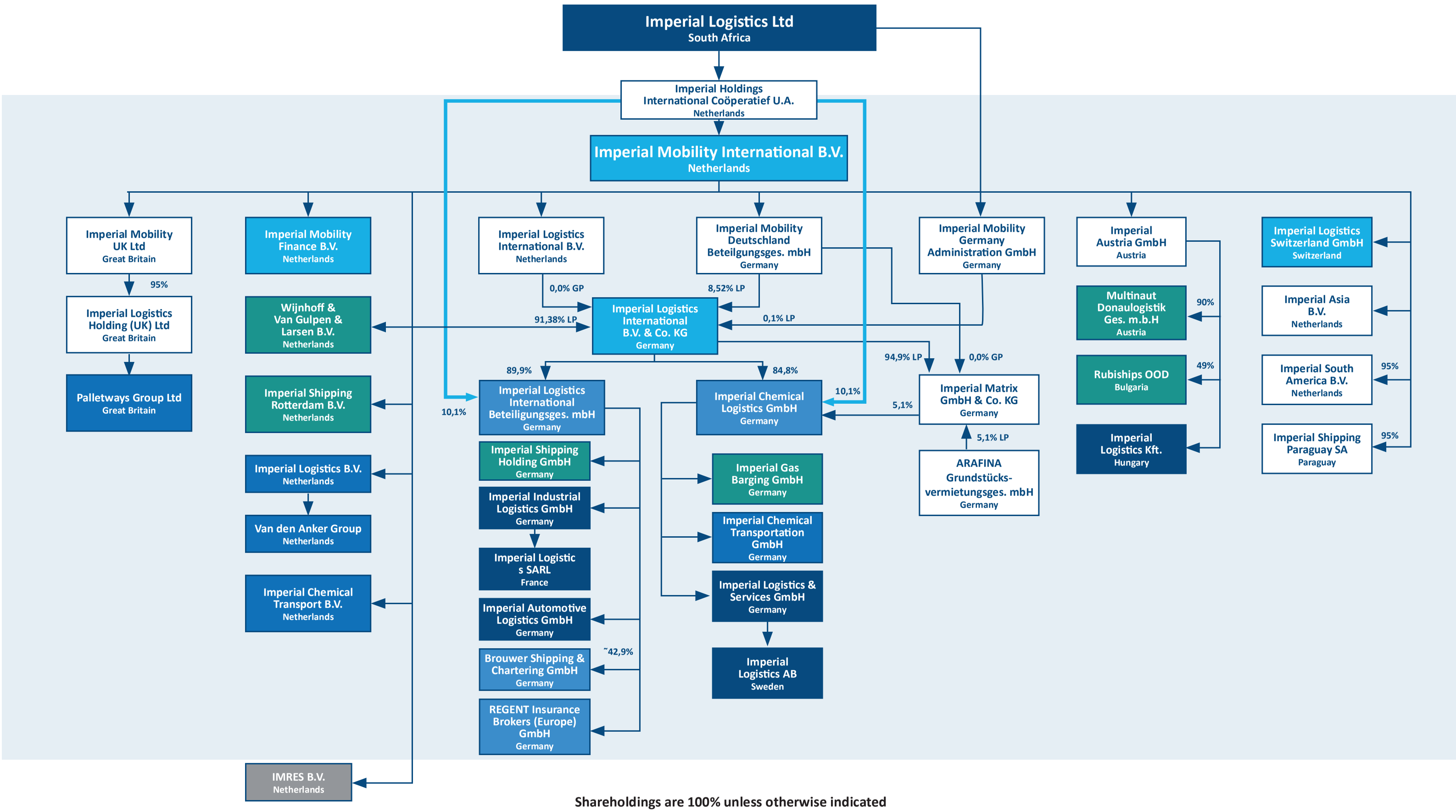
Amadeus Titanium B.V. is a limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) with its seat in Druten, the Netherlands, incorporated under the laws of the Netherlands, registered with the Dutch Chamber of Commerce (*Kamer van Koophandel*) under KvK-no. 76486001 ("**Amadeus Titanium**"). The issued and paid-up share capital of Amadeus Silver amounts to EUR 5,000.00 (Euro: five thousand) and is divided into 5,000 (five thousand) shares with the nominal amount of EUR 1.00 (Euro: one) each with the consecutive nos. 1 through 5,000 (the "**Amadeus Titanium Shares**"). The Amadeus Titanium Shares are solely held by ISB (100%).

1.3 **Target Shares**

(1) The "**Target Shares**" comprise of the ISR Shares, the WGL Shares, the IGB Share, the ISH Shares, and the ILF Shares.

ORGANOGRAM BEFORE AND AFTER THE TRANSACTION

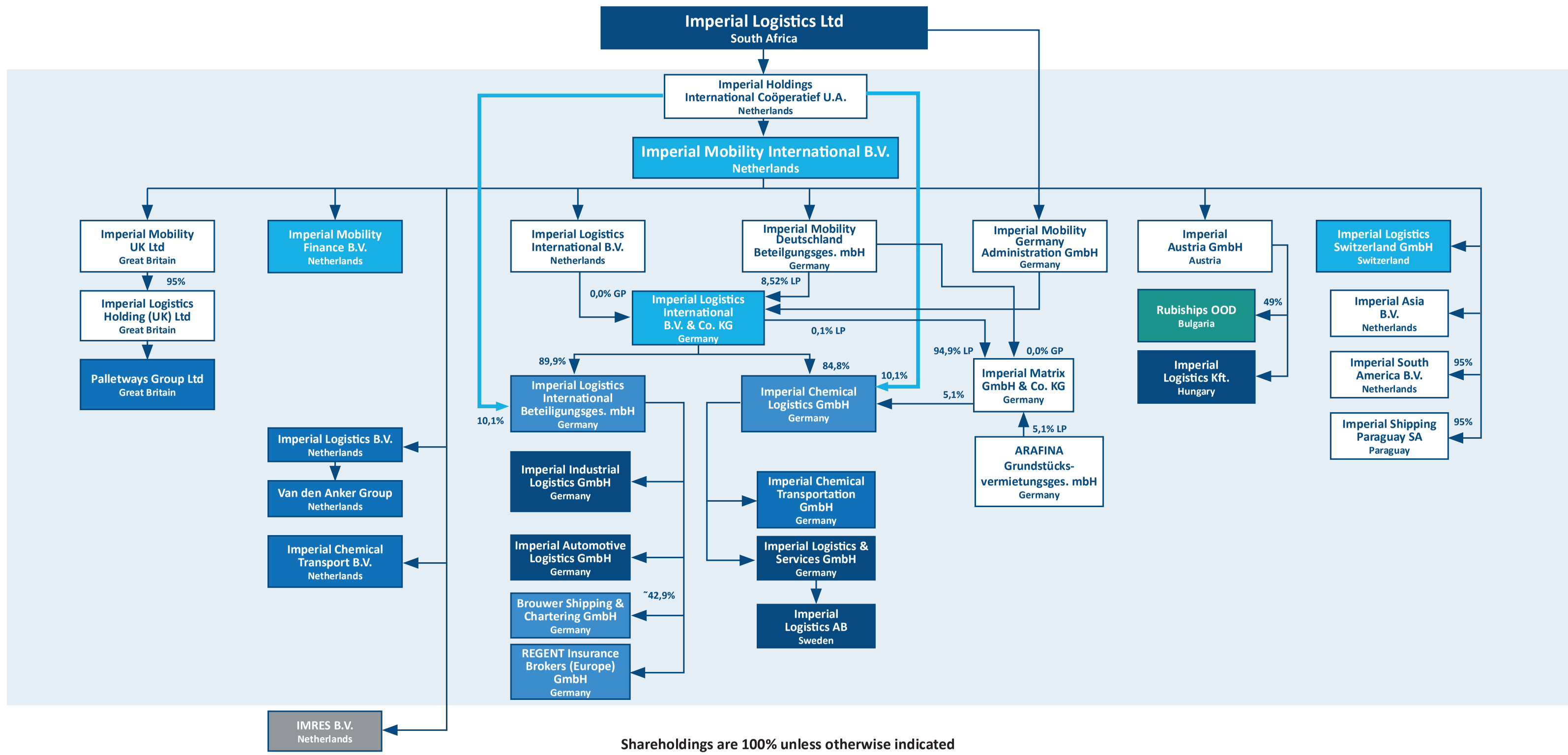
Imperial Logistics International corporate structure before the Transaction



Shareholdings are 100% unless otherwise indicated
GP = General Partner LP = Limited Partner

*The diagram set out above includes only the Target Companies. It does not include the various subsidiaries of the Target Companies, which also form part of the European Shipping Group.

Imperial Logistics International corporate structure after the Transaction



Shareholdings are 100% unless otherwise indicated
GP = General Partner LP = Limited Partner

IMPERIAL LOGISTICS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1946/021048/06)
Ordinary share code: IPL ISIN: ZAE000067211
("Imperial" or "Company")

NOTICE OF GENERAL MEETING OF SHAREHOLDERS

Notice is hereby given that a general meeting of the Shareholders will be held on Thursday, 18 June 2020 at 09:00 entirely by electronic communication. Shareholders are referred to the "Action Required By Shareholders" section of this Circular for information on the procedure to be followed by Shareholders in order to participate and to exercise their votes at the General Meeting.

The purpose of the meeting is to transact the following business and resolutions, with or without amendments approved at the meeting.

Terms defined in the Circular to which this Notice of General Meeting is attached, shall have the same meanings in this Notice of General Meeting.

Only Shareholders who are registered in the Register on Friday, 5 June 2020 will be entitled to attend, speak and vote at the General Meeting. Therefore, the last date to trade to be eligible to participate and vote at the General Meeting of Imperial Shareholders is Tuesday, 2 June 2020.

In terms of section 62(3)(e) of the Companies Act:

- a Shareholder who is entitled to attend and vote at the General Meeting is entitled to appoint a proxy or two or more proxies to attend, participate in and vote at the General Meeting in the place of the Shareholder; and
- a proxy need not be a Shareholder of the Company.

Kindly note that, in terms of section 63(1) of the Companies Act, any person attending or participating in a meeting of Shareholders must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as a Shareholder or as a proxy for a Shareholder) has been reasonably verified. Accordingly, all Shareholders recorded in the registers of the Company on the voting record date will be required to provide identification satisfactory to the chairman of the General Meeting in order to participate in and vote at the General Meeting. Forms of identification include valid identity documents, drivers' licenses and passports.

ORDINARY RESOLUTION NUMBER 1 – APPROVAL OF THE TRANSACTION

"**RESOLVED THAT** Imperial Logistics International and each of the Local Sellers be and is hereby authorised to dispose of its interest in the European Shipping Group by way of, among other things, the sale of the Target Interest to the Purchaser on the terms and subject to the conditions set out in the Transaction Agreement."

In order for Ordinary Resolution Number 1 to be adopted, the support of more than 50% of the voting rights exercised on the resolution by Shareholders, present in person or by proxy at the General Meeting, is required. Only Shareholders reflected on the Register as such on the voting record date are entitled to vote on the Ordinary Resolution Number 1.

Reason and effect:

The reason for Ordinary Resolution Number 1 is that the value of the aggregate consideration price for Imperial Logistics International's interest in the European Shipping Group exceeds 30% of Imperial's market capitalisation, resulting in the Transaction qualifying as a Category 1 Transaction in terms of section 9 of the JSE Listings Requirements, requiring Shareholder approval. The effect of Ordinary Resolution Number 1, if passed, will be to grant the requisite approval of the Transaction, as required under the JSE Listings Requirements

ORDINARY RESOLUTION NUMBER 2 – AUTHORITY GRANTED TO DIRECTORS

"**RESOLVED THAT,** any Director be and is hereby authorised to sign all such documents and do all such things as may be necessary for or incidental to the implementation of the resolutions passed at the General Meeting."

In order for Ordinary Resolution Number 2 to be adopted, the support of more than 50% of the voting rights exercised on the resolution by Shareholders, present in person or by proxy at the General Meeting, is required. Only Shareholders reflected on the Register as such on the voting record date are entitled to vote on the Ordinary Resolution 2.

Reason and effect:

The reason for Ordinary Resolution Number 2 is to authorise any Director to sign all such documents and do all such things as may be necessary for or incidental to the implementation of the resolutions passed at the General Meeting. The effect of Ordinary Resolution Number 2, if passed, will be to grant the requisite authority to any Director to sign all such documents and do all such things as may be necessary for or incidental to the implementation of the resolutions passed at the General Meeting.

Electronic participation

The Company has made provision for Shareholders or their proxies to participate electronically in the General Meeting by way of an electronic platform hosted by TMS. Should you wish to participate in the General Meeting by electric communication as aforesaid, you, or your proxy, will be required to advise the Company thereof by no later than 09h00 on Monday, 15 June 2020, for administration purposes only, by submitting by email to TMS at proxy@tmsmeetings.co.za, with relevant contact details, including an email address, cellular number and landline as well as full details of the Shareholder's title to securities issued by the Company and proof of identity, in the form of copies of identity documents and share certificates (in the case of certificated shares) and (in the case of dematerialised shares) written confirmation from the Shareholder's Central Securities Depository Participant ("CSDP") confirming the Shareholder's title to the dematerialised shares.

Upon receipt of the required information, the Shareholder concerned will be provided with a secure code and instructions to access the electronic communication during the General Meeting. Shareholders must note that access to the electronic communication will be at the expense of the Shareholders who wish to utilise the facility.

Proxies and authority for representatives to act

A form of proxy is attached for the convenience of any Shareholder holding certificated shares and dematerialised shareholder with "Own-Name" registration, who cannot attend the General Meeting but wishes to be represented thereat.

The attached form of proxy is only to be completed by those Shareholders who are:

- holding shares in certificated form; or
- recorded on the Company's sub-register in dematerialised electronic form with "Own-Name" registration.

All other beneficial owners who have dematerialised their Shares through a CSDP or broker and wish to attend the General Meeting, must instruct their CSDP or broker to provide them with the necessary letter of representation, or they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. These Shareholders must not use a form of proxy.

Forms of proxy must be deposited with TMS by email at proxy@tmsmeetings.co.za to be received by no later than 09:00 on Monday, 15 June 2020, for administration purposes, or to the Chairman of the General Meeting at any time before the meeting commences by email, care of Jeetesh Ravjee, at jeetesh.ravjee@imperiallogistics.com. Any Shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend, speak and vote in person at the General Meeting should the Shareholder decide to do so.

A company that is a Shareholder, wishing to attend and participate at the General Meeting should ensure that a resolution authorising a representative to so attend and participate at the General Meeting on its behalf is passed by its Directors. Resolutions authorising representatives in terms of section 57(5) of the Companies Act must be lodged with the TMS prior to the General Meeting, for administration purposes, or to the Chairman of the General Meeting at any time before the meeting commences by email, care of Jeetesh Ravjee, at jeetesh.ravjee@imperiallogistics.com.

The Company does not accept responsibility and will not be held liable for any failure on the part of the CSDP or broker of a dematerialised shareholder to notify such shareholder of the General Meeting of Imperial Shareholders or any business to be conducted thereat.

By order of the Board

Imperial Logistics Limited
19 May 2020
Registered office
Imperial Place
79 Boeing Road East
Bedfordview,
Johannesburg

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IMPERIAL LOGISTICS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1946/021048/06)
Ordinary share code: IPL ISIN: ZAE000067211
("Imperial" or "Company")

FORM OF PROXY – (FOR USE BY CERTIFICATED SHAREHOLDERS AND "OWN-NAME" DEMATERIALISED SHAREHOLDERS ONLY)

For completion by the aforesaid registered Shareholders who are unable to attend the General Meeting of Shareholders of the Company to be held on Thursday, 18 June 2020 by electronic communication ("the General Meeting of Imperial Shareholders").

If you are a dematerialised shareholder, other than with "own name" registration, do not use this form. Dematerialised shareholders, other than with "own name" registration, should provide instructions to their appointed Central Securities Depository Participant ("CSDP") or broker in the form as stipulated in the agreement entered into between the Shareholder and the CSDP or broker.

I/We (FULL NAMES IN BLOCK LETTERS PLEASE)

of (ADDRESS)

Telephone number Cell phone number

E-mail address

being a Shareholder (s) of the Company holding shares in the Company do hereby appoint :

1. or failing him,

2. or failing him,

3. The Chairman of the General Meeting of Imperial Shareholders

as my/our proxy to vote for me/our behalf at the General Meeting (and any adjournment thereof) for the purpose of considering and, if deemed fit, passing with or without modifications, the following resolutions to be considered at the General Meeting of Imperial Shareholders.

	Number of votes		
	*In favour of	*Against	*Abstain
Ordinary Resolution Number 1: Approval of the Transaction			
Ordinary Resolution Number 2: Authority granted to Directors			

Insert an X or the number of shares in the appropriate block. If no indications are given, the proxy will vote as he/she deems fit. Each Shareholder entitled to attend, speak and vote and the meeting may appoint one or more proxies (who need not be a Shareholder of the Company) to attend, speak and vote in his/her stead.

Please read the notes on the reverse side hereof.

Signed at on 2020

Signature

Assisted by me (where applicable)

Completed forms of proxy must, for administrative purposes, be lodged with TMS by email at proxy@tmsmeetings.co.za) by no later than 09:00 (South African Standard Time) on Monday, 15 June 2020. Alternatively, such forms of proxy may be lodged with the Chairman of the General Meeting at any time before the meeting by email, care of Jeetesh Ravjee, at jeetesh.ravjee@imperiallogistics.com.

Notes to form of proxy:

1. This form of proxy should only be used by certificated Shareholders or Shareholders who have dematerialised their shares with own name registration.
2. All other Shareholders who have dematerialised their shares through a Central Securities Depository Participant ("CSDP") or broker and wish to attend the General Meeting, must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.
3. A Shareholder may insert the name/s of one or more proxies, none of whom need be a member of the Company, in the space provided, with or without deleting "the chairman of the General Meeting". The person whose name appears first on the form of proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow. In the event that no names are indicated, the proxy shall be exercised by the chairman of the General Meeting.
4. A Shareholder's instructions on the form of proxy must be indicated by the insertion of an "X" or the number of shares in the appropriate space provided. Failure to comply with the above will be deemed to authorise the chairman of the General Meeting, if the chairman is the authorised proxy, to vote in favour of the resolutions at the General Meeting, or any other proxy to vote or to abstain from voting at the General Meeting as he/she deems fit in respect of all of the Shareholder's votes exercisable thereat. A Shareholder or his/her proxy is not obliged to use all the votes exercisable by the Shareholder or his/her proxy, but the total of the votes cast and in respect whereof abstentions are recorded may not exceed the total of the votes exercisable by the Shareholder or by his/her proxy.
5. In order to be effective, completed forms of proxy must reach TMS by 09:00 on Monday, 15 June 2020, for administration purposes, or to the Chairman of the General Meeting at any time before the meeting commences.
6. The completion and lodging of this form of proxy shall in no way preclude the Shareholder from attending, speaking and voting in person at the General Meeting to the exclusion of any proxy appointed in terms hereof.
7. Should this form of proxy not be completed and/or received in accordance with these notes, the chairman may accept or reject it, provided that in the case of acceptance, the chairman is satisfied as to the manner in which the Shareholder wishes to vote.
8. Documentary evidence establishing the authority of the person signing this form of proxy in a representative or other legal capacity must be attached to this form of proxy unless previously recorded by the TMS or waived by the chairman of the General Meeting.
9. The chairman shall be entitled to reject the authority of a person signing the form of proxy -

   9.1 under a power of attorney; or

   9.2 on behalf of a Company,

   unless that person's power of attorney or authority is deposited at the registered office of the Company or TMS not less than forty-eight hours before the meeting.
10. Where shares are held jointly, all joint holders are required to sign the form of proxy.
11. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by TMS.
12. Any alteration of or correction to this form of proxy must be initialled by the signatory/ies.
13. On a show of hands, every Shareholder present in person or represented by proxy shall have only one vote, irrespective of the number of shares he/she holds or represents.
14. On a poll, every Shareholder present in person or represented by proxy shall have one vote for every share held by such Shareholder.
15. **Registered office**

    Jeetesh Ravjee

    jeetesh.ravjee@imperiallogistics.com

    The Meeting Specialist Proprietary Limited

    proxy@tmsmeetings.co.za