Summarised financial statements

contents

Directors' responsibility for the separate and consolidated annual financial reporting

The directors of the company are responsible for the maintenance of adequate accounting records and the preparation and integrity of the separate and consolidated annual financial statements and related information. The separate and consolidated annual financial statements have been prepared in accordance with IFRS and its interpretations adopted by the International Accounting Standards Board in issue and effective for the group at 30 June 2017 and the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and financial reporting pronouncements as issued by the Financial Reporting Council and the requirements of the South African Companies Act, 2008.

The group's independent external auditors, Deloitte & Touche, have audited the separate and consolidated annual financial statements and their unmodified report appears in the full AFS online.

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

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

The full audited annual financial statements which are available on the group's website at www.imperial.co.za and were approved by the board of directors on 21 August 2017 and are signed on their behalf by:

SP KANA	**MJ LAMBERTI**	**M AKOOJEE**
Chairman	Chief executive officer	Chief financial officer

Independent auditor's report on the summarised financial statements

TO THE SHAREHOLDERS OF IMPERIAL HOLDINGS LIMITED

OPINION

The summarised consolidated financial statements of Imperial Holdings Limited, which comprise the summarised consolidated statement of financial position as at 30 June 2017, the summarised consolidated statements of profit and loss, other comprehensive income, changes in equity and of cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Imperial Holdings Limited for the year ended 30 June 2017.

In our opinion, the accompanying summarised consolidated financial statements are consistent, in all material respects with the audited consolidated financial statements of Imperial Holdings Limited, in accordance with IAS 34: Interim Financial Reporting and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

The summarised consolidated financial statements do not contain all the disclosures required by the International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements of Imperial Holdings Limited and the auditor's report thereon.

THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified opinion on the audited consolidated financial statements in our report dated 21 August 2017. That report also includes the communication of other key audit matters as reported in the auditor's report of the audited financial statements.

OTHER MATTER

We have not audited future financial performance and expectations by management included in the accompanying summarised consolidated financial statements and accordingly do not express any opinion thereon.

DIRECTORS' RESPONSIBILITY FOR THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with IAS 34: Interim Financial Reporting, the requirements of the Companies Act of South Africa as applicable and for such internal control as the directors determine is necessary to enable the preparation of the summarised consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on whether the summarised consolidated financial statements are consistent, in all material respects, with the consolidated audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

Deloitte & Touche

Deloitte & Touche
Registered Auditors
Per: Andrew Mackie
Partner

21 August 2017

Report of the audit committee
for the year ended 30 June 2017

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

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

> Internal and external audit processes for the group taking into account the significant risks.
> Adequacy and functioning of the group's internal controls.
> Integrity of the financial reporting.

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

MEMBERS OF THE AUDIT COMMITTEE AND ATTENDANCE AT MEETINGS

The audit committee consists of the non-executive directors listed below and meets at least four times per annum in accordance with its charter. All members act independently as described in the Act. The members of the committee for the year ended 30 June 2017 comprised Mr M Kgosana (chairman), Mr G Dempster, Mrs T Dingaan, Ms P Langeni, Mr RJA Sparks and Mr Y Waja, all of whom are independent non-executive directors of the company. Mr RM Kgosana resigned as chairman and as a member of the committee on 8 September 2017 and Mr RJA Sparks assumed the role as chairman of the committee.

The members are being recommended by the board for appointment for the financial year ending 30 June 2018, and their appointments are being submitted to shareholders for approval at the next AGM on 31 October 2017. The abridged curricula vitae of the members are included on page 36.

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

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

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

ROLE OF THE AUDIT COMMITTEE

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

The committee:

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

FINANCE RISK REVIEW COMMITTEES (FRRC)

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

EXECUTION OF FUNCTIONS DURING THE YEAR

The committee is satisfied that, for the 2017 financial year, it has performed all the functions required to be performed by an audit committee as set out in the Act and the committee's terms of reference.

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

EXTERNAL AUDIT

The Committee, among other matters:

> nominated Deloitte & Touche and Mr. A Mackie as the external auditor and designated auditor respectively to shareholders for appointment as auditor for the financial year ending 30 June 2017, and ensured that the appointment complied with all applicable legal and regulatory requirements for the appointment of an auditor;
> nominated the external auditor and the independent auditor for each material subsidiary company for re-appointment;
> reviewed the audit effectiveness and evaluated the external auditor's internal quality control procedures;
> obtained an annual confirmation from the auditor that their independence was not impaired;
> maintained a policy setting out the categories of non-audit services that the external auditor may and may not provide, split between permitted, permissible and prohibited services;
> approved non-audit services with Deloitte & Touche in accordance with its policy;
> approved the external audit engagement letter, the plan and the budgeted audit fees payable to the external auditor;
> obtained assurances from the external auditor that adequate accounting records were being maintained by the company and its material subsidiaries;
> considered whether any reportable irregularities were identified and reported by the external auditor in terms of the Auditing Profession Act, No. 26 of 2005; and
> considered any reported control weaknesses, management's response for their improvement and assessed their impact on the general control environment.

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

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

INTERNAL AUDIT

The audit committee:

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

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

ADEQUACY AND FUNCTIONING OF THE GROUP'S INTERNAL CONTROLS

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

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

FINANCIAL REPORTING

The audit committee ensures that the financial reporting to stakeholders fairly presents the state of affairs of the group. This covers the annual financial statements, integrated report, interim and preliminary reports.

The committee among other matters:

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

Proactive Monitoring

The audit committee hereby confirms that it has considered the findings contained in the 2016 Proactive Monitoring report, published by the JSE, when preparing the annual financial statements for the year ended 30 June 2017 and will also consider the same for the upcoming interims results for the six months ending 31 December 2017. In addition, the committee did in the past financial years consider the contents of the previous Proactive Monitoring reports issued prior to 2015.

SIGNIFICANT AREAS OF JUDGEMENT

In arriving at the figures disclosed in the financial statements there are many areas where judgement is needed. These are outlined in note 1.28 to the full AFS online. The audit committee has considered the quantum of the assets and liabilities on the statement of financial position and other items that require significant judgement and decided to expand on the following:

> Inventories
> Trade receivables
> Land, buildings and leasehold improvements
> Goodwill and intangible assets
> Tax
> Sale of insurance operations and discontinued operations
> Maintenance and warranty contracts
> Put option liabilities.

In making its assessment in each of the above areas the FRRCs and the audit committee examined the external auditors report and questioned senior management in arriving at their conclusions.

Inventories

The major risks relating to this asset are the physical verification and valuation being at the lower of cost and net realisable value. The group has adopted a strict process to count inventory on a regular basis and to follow up on any discrepancies to the accounting records. There were no material adjustments during the year.

The cost of the inventory is assessed in relation to its anticipated realisable value and the necessary impairments raised. The necessary impairments raised were largely relating to used vehicles and certain imported vehicles where the imported cost due to the depreciation of the Rand was above the anticipated selling price.

The FRRCs and audit committee considers the carrying value of inventory to be fairly stated. Refer to note 11 in the full AFS online for the amounts.

Trade receivables

The major risk relating to this asset is credit risk. Credit extension assessment processes are the responsibility of management. The audit committee has assessed that these are adequate and has examined the aging of the group's trade receivables. Based on the aging and management's judgement of the receivable's collectability, a provision for doubtful debts is raised.

The FRRCs and audit committee considers the carrying value of trade receivables to be fairly stated. Refer to note 37.1.4 in the full AFS online.

Land, buildings and leasehold improvements

These assets need to be assessed annually for their residual value, useful lives and impairment. Buildings have estimated useful lives of up to 20 years. To arrive at the residual value of a building in today's values, the usage of the building and its forecasted residual value at the end of its useful life needs to be assessed and then this amount is present valued. This requires the use of capitalisation rates and discount factors with a high level of judgement.

To further advance the review, the group has a process of valuing its property portfolio to assess for impairments. All properties will be valued over a five year cycle. The valuation was done by an internal expert using the income approach method.

There were no material impairments during the year. The FRRCs and the audit committee considered the carrying values to be fairly stated. Refer to notes 6 and 27 in the full AFS online.

Goodwill and intangible assets

Goodwill and other indeterminate useful life intangible assets are assessed annually for impairment. The key assumptions used are cash flow projections, growth rates and discount rates applied. The cash flow projections are approved by senior management. The discount rates are established by an independent expert taking into account the geographic and other risk factors relating to the particular cash generating unit being assessed. The audit committee considered the impairment tests noting the assumptions used, their sensitivities and the head room.

The group acquired Palletways in July 2016 for R3,0 billion. This was a major acquisition resulting in R3 300 million of intangibles in total. The valuation of intangibles resulted in the following being identified: goodwill of R1 951 million, a trademark of R298 million and customer lists and networks of R1 013 million. The goodwill and trademark are seen as indeterminate life assets and are not amortised and are tested for impairment. The customer lists and networks are amortised.

FRRCs and the audit committee agreed with the impairment of the goodwill and intangible assets and that the carrying value of the goodwill and intangibles are fairly stated. Refer to notes 4, 28.2 and 38.2 in the AFS online for further details.

Tax

The group operates in different jurisdictions with complex tax legislation requiring judgements needed in recognising tax liabilities. There are also judgements needed in recognising deferred tax assets.

The FRRCs and audit committee questioned management on the computation and tax risks relating to the group. Where appropriate, the audit committee also considers the opinions of the group's independent tax advisors.

The audit committee considers the probability of the recovery of significant deferred tax assets, based on forecasts prepared by management. A deferred tax asset was raised on a logistics company amounting to R177 million based on an assessment of its forecasted taxable income and its recoverability. No additional deferred tax asset was raised on a motor importer who had additional losses due to an assessment of the recoverability of its existing deferred tax asset.

The effective tax rate of 29.2% was up compared to 27.4% in the prior year mainly due to the release of prior year over provisions in 2016.

No major tax issues arose during the year.

Refer to notes 1.28, 8 and 30 in the full AFS online for further details.

Maintenance and warranty contracts

This liability is required to cover contractual costs of maintenance and warranty work to be carried out in the future. The adequacy of this amount is actuarially determined by forecasted burn rates which are affected by exchange rates, inflation and incident levels. These require a high level of judgement.

Independent actuarial experts are used to determine the inputs needed resulting in the revenue recognition and the final liability. The FRRC in this area is chaired by an independent actuary to strengthen the review process.

The audit committee considers the assumptions supporting the liability to be reasonable and the carrying value to be fair. Refer to notes 1.28 and 21 in the full AFS online for further details.

Put option liabilities

These liabilities arises when new acquisitions have contractual obligations enabling non-controlling interest shareholders to put their shares back to the group at an agreed price. The initial recognition of this amount is debited directly to equity with subsequent movements to the liability recognised in the statement of profit or loss.

In arriving at the liability the future earnings need to be assessed and discounted back to calculate the present value. This requires a high level of judgement.

The audit committee considers that the carrying value is fairly reflected. Refer to notes 1.28, 22, 37.2.2 and the statement of changes in equity in the full AFS online for further details.

Sale of insurance operations and discontinued operations

The sale of the Regent Group was concluded on 30 June 2017 after being treated as a discontinued operation from 30 June 2015.

As a result the statement of profit and loss was split between continuing and discontinued operations for the financial years 30 June 2016 and 30 June 2017. On the statement of financial position at 30 June 2015 and 30 June 2016 Regent's assets were included under 'Assets of discontinued operations' and its liabilities under 'Liabilities of discontinued operations'.

The final transaction was amended so that Imperial retained the VAPS businesses in Regent which resulted in lower proceeds, lower net asset value disposed and lower profits lost due to the disposal.

As a result, the 30 June 2016 consolidated financial statements are restated to reflect the revised split between continued and discontinued operations on the statement of profit and loss and the lower assets and liabilities of discontinued operations on the statement of financial position. The impact is that the continuing operations profits goes up and the discontinued operation profits goes down. The various assets and liabilities of the businesses retained are reclassified from assets and liabilities of discontinued operations back to their appropriate categories.

See note 2 for full details of the restatement in the AFS online.

The audit committee agrees with the adjustment to the split of the prior year published classification of the discontinued operation and the disclosures made.

Refer to note 14 in the AFS online for the results of discontinued operations for the year.

QUALITY OF EARNINGS

The reconciliation of the attributable profits to headline and core earnings is outlined in note 31, available in the AFS online.

There were no other material once off income or expense items that affected the operating profit.

RISK MANAGEMENT AND INFORMATION TECHNOLOGY (IT) GOVERNANCE

The committee:

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

LEGAL AND REGULATORY REQUIREMENTS

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

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

EXPERTISE AND EXPERIENCE OF CHIEF FINANCIAL OFFICER AND THE FINANCE FUNCTION

As required by 3.84(h) of the JSE Limited Listings Requirements, the audit committee has satisfied itself that the chief financial officer, Mr M Akoojee, has the appropriate expertise and experience. In addition, the committee satisfied itself that the composition, experience and skills set of the finance function met the group's requirements.

SUBSIDIARY COMPANIES

The functions of the committee are also performed for each subsidiary company of Imperial Holdings Limited that has not appointed an audit committee, on the basis that the committee delegates the performance of such functions to sub-committees referred to as finance and risk review committees. Divisional finance and risk review committees have been constituted and these committees report significant issues to the group audit committee. Each divisional finance and risk review committee is chaired by an independent chairman with no operational role in the divisions.

INTEGRATED REPORT

Following the review by the committee of the consolidated and separate annual financial statements of Imperial Holdings Limited for the year ended 30 June 2017, the committee is of the view that in all material respects they comply with the relevant provisions of the Act and IFRS and fairly present the consolidated and separate financial positions at that date and the results of operations and cash flows for the year then ended. The committee has also satisfied itself of the integrity of the integrated report and the sustainability information reported therein.

Having achieved its objectives, the committee has recommended the consolidated and separate annual financial statements and the integrated report for the year ended 30 June 2017 for approval to the board. The board has subsequently approved the reports, which will be open for discussion at the forthcoming AGM.

M KGOSANA
Chairman

21 August 2017

Presenting continuing and discontinued operations
for the year ended 30 June 2017

The results of the Regent Insurance businesses, which were disposed on 30 June 2017, are presented in the summarised consolidated statement of profit or loss as discontinued operations. The following shows the combined result of the continued and discontinued operations after eliminating inter-group transactions.

	% change	Total operations 2017 Rm	Continuing operations 2017 Rm	Discontinued operations 2017 Rm	Total operations 2016* Rm	Continuing operations 2016* Rm	Discontinued operations 2016* Rm
Revenue	1	119 517	116 839	2 678	118 849	115 800	3 049
Net operating expenses		(110 450)	(108 261)	(2 189)	(109 908)	(107 293)	(2 615)
Profit from operations before depreciation and recoupments		9 067	8 578	489	8 941	8 507	434
Depreciation, amortisation, impairments and recoupments		(2 529)	(2 529)		(2 559)	(2 559)	
Operating profit	2	6 538	6 049	489	6 382	5 948	434
Recoupments from sale of properties, net of impairments		212	212		28	28	
Amortisation of intangible assets arising on business combinations		(521)	(521)		(437)	(437)	
Impairment of intangible assets arising on business combinations					(151)	(151)	
Foreign exchange losses		(619)	(619)		(72)	(72)	
Other non-operating items		(408)	(357)	(51)	(46)	(30)	(16)
Profit before net finance costs	(9)	5 202	4 764	438	5 704	5 286	418
Net finance costs	17	(1 680)	(1 680)		(1 440)	(1 440)	
Profit before share of result of associates and joint ventures		3 522	3 084	438	4 264	3 846	418
Share of result of associates and joint ventures		103	103		138	138	
Profit before tax	(18)	3 625	3 187	438	4 402	3 984	418
Income tax expense		(1 060)	(901)	(159)	(1 221)	(1 054)	(167)
Net profit for the year	(19)	2 565	2 286	279	3 181	2 930	251
Net profit attributable to:							
Owners of Imperial	(13)	2 601	2 373	228	2 997	2 802	195
Non-controlling interests		(36)	(87)	51	184	128	56
		2 565	2 286	279	3 181	2 930	251
Earnings per share (cents)							
– Basic	(14)	1 339	1 221	118	1 554	1 453	101
– Diluted	(14)	1 302	1 187	115	1 514	1 416	98
Headline earnings per share (cents)							
– Basic	(10)	1 390	1 240	150	1 552	1 451	101
– Diluted	(11)	1 351	1 205	146	1 512	1 414	98
Core earnings per share (cents)							
– Basic	(5)	1 626	1 480	146	1 720	1 617	103
– Diluted	(6)	1 581	1 439	142	1 675	1 575	100

The cash flows from discontinued operations were as follows:	2017 Rm	2016* Rm
Cash flows from operating activities	151	352
Cash flows from investing activities	391	17
Cash flows from financing activities	(46)	(1)

* *Restated. See note 3 on page 102.*

Summarised consolidated statement of profit or loss
for the year ended 30 June 2017

	Notes	% change	2017 Rm	2016* Rm
Continuing operations				
Revenue		1	116 839	115 800
Net operating expenses			(108 261)	(107 293)
Profit from operations before depreciation and recoupments			8 578	8 507
Depreciation, amortisation, impairments and recoupments			(2 529)	(2 559)
Operating profit		2	6 049	5 948
Recoupments from sale of properties, net of impairments			212	28
Amortisation of intangible assets arising on business combinations			(521)	(437)
Impairment of intangible assets arising on business combinations				(151)
Foreign exchange losses			(619)	(72)
Other non-operating items	7		(357)	(30)
Profit before net finance costs		(10)	4 764	5 286
Net finance costs	8	17	(1 680)	(1 440)
Profit before share of result of associates and joint ventures			3 084	3 846
Share of result of associates and joint ventures			103	138
Profit before tax		(20)	3 187	3 984
Income tax expense			(901)	(1 054)
Profit for the year from continuing operations		(22)	2 286	2 930
Discontinued operations				
Profit for the year from discontinued operations			279	251
Net profit for the year		(19)	2 565	3 181
Net profit attributable to:				
Owners of Imperial			2 601	2 997
– Continuing operations			2 373	2 802
– Discontinued operations			228	195
Non-controlling interests			(36)	184
– Continuing operations			(87)	128
– Discontinued operations			51	56
			2 565	3 181
Earnings per share (cents)				
Continuing operations				
– Basic		(16)	1 221	1 453
– Diluted		(16)	1 187	1 416
Discontinued operations				
– Basic		17	118	101
– Diluted		17	115	98
Total operations				
– Basic		(14)	1 339	1 554
– Diluted		(14)	1 302	1 514

* *Restated. Please refer to note 3 on page 102.*

Summarised consolidated statement of comprehensive income

for the year ended 30 June 2017

	2017 Rm	2016* Rm
Net profit for the year	**2 565**	3 181
Other comprehensive (loss) income	**(405)**	147
Items that may be reclassified subsequently to profit or loss	**(521)**	306
Exchange (losses) gains arising on translation of foreign operations	**(724)**	607
Share of associates' and joint ventures movement in foreign currency translation reserve		16
Reclassification of gain on disposal of investment in associate	**(8)**	
Movement in hedge accounting reserve	**244**	(374)
Income tax relating to items that may be reclassified to profit or loss	**(33)**	57
Items that will not be reclassified to profit or loss	**116**	(159)
Remeasurement of defined benefit obligations	**199**	(228)
Income tax on remeasurement of defined benefit obligations	**(83)**	69
Total comprehensive income for the year	**2 160**	3 328
Total comprehensive income attributable to:		
Owners of Imperial	**2 209**	3 138
Non-controlling interests	**(49)**	190
	2 160	3 328

* *Restated. Please refer to note 3 on page 102.*

Earnings per share information
for the year ended 30 June 2017

	% change	2017 Rm	2016* Rm
Headline earnings reconciliation			
Earnings~		2 601	2 997
Recoupment for disposal of property, plant and equipment (IAS 16)		(323)	(97)
(Loss) recoupment for disposal of intangible assets (IAS 38)		3	(1)
Impairment of property, plant and equipment (IAS 36)		32	12
Impairment of intangible assets (IAS 36)		30	167
Impairment of goodwill (IAS 36)		123	258
Impairment of investments in associates and joint ventures (IAS 28)		34	89
Loss (profit) on disposal of subsidiaries and businesses (IFRS 10)		151	(520)
Impairment loss on assets of disposal groups			90
Reclassification of loss on disposal of investment in associate		(8)	
Remeasurements included in share of result of associates and joint ventures			2
Tax effects of remeasurements		66	60
Non-controlling interests share of remeasurements		(9)	(63)
Headline earnings~		2 700	2 994
Headline earnings per share (cents)			
Continuing operations			
– Basic	(15)	1 240	1 451
– Diluted	(14)	1 205	1 414
Discontinued operations			
– Basic	49	150	101
– Diluted	49	146	98
Total operations			
– Basic	(10)	1 390	1 552
– Diluted	(11)	1 351	1 512
Core earnings reconciliation			
Headline earnings	(10)	2 700	2 994
Amortisation of intangible assets arising on business combinations		521	437
Foreign exchange gain on inter-group monetary item			(92)
Business acquisition costs		82	63
Remeasurement of contingent consideration and put option liabilities		37	50
Change in economic assumptions on insurance funds		(10)	4
Tax effects of core earnings adjustments		(131)	(98)
Non-controlling interests share of core earnings adjustments		(40)	(41)
Core earnings~	(6)	3 159	3 317
Core earnings per share (cents)			
Continuing operations			
– Basic	(8)	1 480	1 617
– Diluted	(8)	1 439	1 575
Discontinued operations			
– Basic	42	146	103
– Diluted	42	142	100
Total operations			
– Basic	(5)	1 626	1 720
– Diluted	(6)	1 581	1 675
ADDITIONAL INFORMATION			
Net asset value per share (cents)	3	10 550	10 261
Dividend per ordinary share (cents)	(18)	650	795
Number of ordinary shares in issue (million)			
– total shares		201,1	208,1
– net of shares repurchased		196,6	196,6
– weighted average for basic		194,3	192,9
– weighted average for diluted		199,8	198,0
Number of other shares (million)			
– Deferred ordinary shares to convert into ordinary shares		6,7	7,5

* *Restated. Please refer to note 3 on page 102.*
~ *There are no reconciling items between the basic and the diluted earnings values.*

Summarised consolidated statement of financial position

at 30 June 2017

	Note	2017 Rm	2016* Rm	2015* Rm
ASSETS				
Goodwill and intangible assets	9	9 529	7 501	7 193
Investment in associates and joint ventures		1 002	993	1 352
Property, plant and equipment		10 371	11 602	11 104
Transport fleet		5 560	5 953	5 610
Deferred tax assets		1 509	1 387	1 108
Investments and other financial assets		805	404	447
Vehicles for hire		3 963	3 469	3 603
Inventories		16 953	16 717	15 465
Tax in advance		330	484	297
Trade and other receivables		13 353	12 717	12 849
Cash resources		4 499	2 321	2 275
Assets of discontinued operations and disposed groups			6 287	4 409
Properties held for sale		979		
Total assets		68 853	69 835	65 712
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital and share premium		1 030	1 030	382
Shares repurchased		(574)	(1 226)	(668)
Other reserves		24	1 003	1 089
Retained earnings		20 262	19 366	18 065
Attributable to owners of Imperial		20 742	20 173	18 868
Put arrangement over non-controlling interests		(1 148)	(1 307)	(1 473)
Non-controlling interests		667	909	1 838
Total equity		20 261	19 775	19 233
Liabilities				
Non-redeemable, non-participating preference shares		441	441	441
Retirement benefit obligations		1 229	1 531	1 157
Interest-bearing borrowings		19 146	18 396	16 157
Maintenance and warranty contracts		3 022	3 156	3 191
Deferred tax liabilities		1 115	881	1 193
Other financial liabilities		1 952	2 335	2 019
Trade, other payables and provisions		21 350	19 630	19 142
Current tax liabilities		337	673	561
Liabilities of discontinued operations and disposed groups			3 017	2 618
Total liabilities		48 592	50 060	46 479
Total equity and liabilities		68 853	69 835	65 712

* *Restated. Please refer to note 3 on page 102.*

Summarised consolidated statement of cash flows

for the year ended 30 June 2017

	Note	% change	2017 Rm	2016* Rm
Cash flows from operating activities				
Cash generated by operations before movements in net working capital		(6)	8 388	8 931
Movements in net working capital			688	(788)
Cash generated by operations before interest and taxes paid		11	9 076	8 143
Net finance cost paid			(1 670)	(1 461)
Tax paid			(1 520)	(1 910)
Cash generated by operations before capital expenditure on rental assets		23	5 886	4 772
Expansion capital expenditure – rental assets			(1 118)	(772)
Net replacement capital expenditure – rental assets			(591)	(839)
– Expenditure			(3 422)	(3 539)
– Proceeds			2 831	2 700
Cash generated by operations after capital expenditure on rental assets		32	4 177	3 161
Cash flows from investing activities				
Net cash flow on disposal and acquisition of subsidiaries and businesses			(1 687)	760
Expansion capital expenditure – excluding rental assets			45	(1 130)
Net replacement capital expenditure – excluding rental assets			(999)	(1 397)
Net movement in associates and joint ventures			514	71
Net movement in investments, loans and other financial instruments			188	108
			(1 939)	(1 588)
Cash flows from financing activities				
Hedge cost premium paid			(10)	(193)
Settlement of cross currency swap instruments				(157)
Ordinary shares repurchased~				(558)
Dividends paid			(1 688)	(1 909)
Change in non-controlling interests			(252)	(439)
Capital raised from non-controlling interests			149	26
Net increase in other interest-bearing borrowings			1 509	2 193
			(292)	(1 037)
Net increase in cash and cash equivalents			1 946	536
Effects of exchange rate changes on cash resources in foreign currencies			(224)	145
Cash and cash equivalents at beginning of year			719	38
Cash and cash equivalents at end of year	10		2 441	719

~ *The repurchase of the 7 864 456 ordinary shares during the year was an inter-group transaction with no impact on the group's cash flows.*
* *Restated. Please refer to note 3 on page 102.*

Summarised consolidated statement of changes in equity
for the year ended 30 June 2017

	Share capital and share premium Rm	Shares repurchased Rm	Other reserves Rm	Retained earnings Rm	Attributable to owners of imperial Rm	Put arrangement over non-controlling interests Rm	Non-controlling interests Rm	Total equity Rm
At 30 June 2015	382	(668)	1 089	18 065	18 868	(1 473)	1 838	19 233
Total comprehensive income for the year			300	2 838	3 138		190	3 328
Net attributable profit for the year				2 997	2 997		184	3 181
Other comprehensive income			300	(159)	141		6	147
Movement in statutory reserves			20	(20)				
Share-based cost charged to profit or loss			144		144		4	148
Share-based equity reserve transferred to retained earnings on vesting			(55)	55				
Share-based equity reserve hedge cost			(183)		(183)			(183)
Ordinary dividend paid				(1 572)	(1 572)			(1 572)
Repurchase of 3 387 507 ordinary shares from the open market at an average price of R164,78 per share, plus transaction cost		(558)			(558)			(558)
Share of changes in net assets of associates and joint ventures			(5)		(5)			(5)
Realisation on disposal of subsidiaries			59		59			59
Non-controlling interests disposed, net of acquisitions and shares issued							(71)	(71)
Net decrease in non-controlling interests though buy-outs	648		(366)		282	166	(715)	(267)
Non-controlling interests share of dividends							(337)	(337)
At 30 June 2016	**1 030**	**(1 226)**	**1 003**	**19 366**	**20 173**	**(1 307)**	**909**	**19 775**
Total comprehensive income for the year			**(508)**	**2 717**	**2 209**		**(49)**	**2 160**
Net attributable profit for the year				**2 601**	**2 601**		**(36)**	**2 565**
Other comprehensive income			**(508)**	**116**	**(392)**		**(13)**	**(405)**
Transfer of reserves on disposal of Mix Telematics Limited			**(108)**	**108**				
Movement in statutory reserves			**11**	**(11)**				
Share-based cost charged to profit or loss			**150**		**150**			**150**
Share-based equity reserve transferred to retained earnings on vesting			**102**	**(102)**				
Shares cancelled and delivered to settle share based obligations		**39**	**(39)**					
Share-based equity reserve hedge cost			**(222)**		**(222)**			**(222)**
Ordinary dividend paid				**(1 461)**	**(1 461)**			**(1 461)**
Cancellation of 7 864 456 ordinary shares		**613**		**(613)**				
Non-controlling interests acquired, net of disposals and shares issued							**119**	**119**
Net decrease in non-controlling interests through buy-outs			**(167)**		**(167)**	**159**	**(85)**	**(93)**
Realisation on disposal of subsidiaries			**(198)**	**258**	**60**			**60**
Non-controlling interests share of dividends							**(227)**	**(227)**
At 30 June 2017	**1 030**	**(574)**	**24**	**20 262**	**20 742**	**(1 148)**	**667**	**20 261**

Notes to the summarised consolidated financial statements
for the year ended 30 June 2017

1. BASIS OF PREPARATION

The summarised consolidated financial statements have been prepared in accordance with the framework concepts and measurement requirements of IFRS and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and financial reporting pronouncements as issued by the Financial Reporting Standards Council. The results are presented in accordance with IAS 34 – Interim Financial Reporting and comply with the Companies Act of South Africa, 2008. These summarised consolidated financial statements are an extract of the full audited consolidated annual financial statements for the year ended 30 June 2017.

These summarised consolidated financial statements and the complete set of consolidated financial statements have been prepared under the supervision of R Mumford, CA(SA) and were approved by the board of directors on 21 August 2017.

2. ACCOUNTING POLICIES

The accounting policies adopted and methods of computation used in the preparation of the summarised consolidated financial statements are in accordance with IFRS and are consistent with those of the annual financial statements for the year ended 30 June 2016.

3. RESTATEMENT OF 2016

The Regent Insurance operations have been classified as discontinued operations since 30 June 2015. Protracted negotiations and regulatory requirements resulted in the sale being concluded on 30 June 2017. The final transaction was amended so that Imperial retained the value-added products (VAPS) businesses in Regent which resulted in lower proceeds, lower net asset value disposed and lower profits lost due to the disposal.

As a result the 30 June 2016 consolidated financial statements are restated to reflect the revised split between continued and discontinued operations on the statement of profit and loss and the lower assets and liabilities of discontinued operations on the statement of financial position. The impact is that the continuing operations profits increase and the discontinued operation profits decrease. The various assets and liabilities of the businesses retained were reclassified from assets and liabilities of discontinued operations back to their appropriate categories.

In reviewing the 30 June 2016 VAPS businesses it has been discovered that certain provisions were understated by R40 million which impacts the continuing operations results. In addition the charge to profit and loss for the non-controlling interests for discontinued operations was understated by R25 million. The total earnings impact on 2016 is R52 million. These amounts are not material and do not warrant restatement. However as the group is restating 30 June 2016 for the VAPS businesses retained, these restatements have also been included.

The 2016 statement of cash flows was restated to reclassify the cash inflows for interest-rate swap instruments amounting to R19 million from investing activities to operating activities and to reclassify the cash outflows for cross-currency swap instruments amounting to R157 million from investing activities to financing activities.

The effects of the restatement on the prior year consolidated financial statements were as follows. The amounts below are the changes to the 30 June 2016 financial statements:

STATEMENT OF FINANCIAL POSITION	2016 Rm	2015 Rm
ASSETS		
Investment in associates and joint ventures	7	1
Property, plant and equipment	137	137
Deferred tax assets	11	11
Investments and loans	105	54
Tax in advance	1	2
Trade and other receivables	5	
Cash resources	4	4
Assets of discontinued operations	(265)	(209)
Total assets	5	
EQUITY AND LIABILITIES		
Retained earnings	(52)	
Attributable to owners of Imperial	(52)	
Non-controlling interest	25	
Total equity	(27)	
LIABILITIES		
Trade and other payables and provisions	137	95
Current tax liabilities	(8)	
Liabilities of discontinued operations	(97)	(95)
Total liabilities	32	
Total equity and liabilities	5	

STATEMENT OF PROFIT OR LOSS	VAPS restatement 2016 Rm	Error restatement 2016 Rm	Total restatement 2016 Rm
Continuing operations			
Revenue	62		62
Net operating expenses	33	(40)	(7)
Operating profit	95	(40)	55
Share of result of associates and joint ventures	5		5
Profit before tax	100	(40)	60
Income tax expense	(13)	8	(5)
Profit for the year from continuing operations	87	(32)	55
Discontinued operations			
Profit for the year from discontinued operations	(82)		(82)
Net profit for the year	5	(32)	(27)
Net profit attributable to:			
Owners of Imperial	5	(57)	(52)
– Continuing operations	87	(32)	55
– Discontinued operations	(82)	(25)	(107)
Non-controlling interest		25	25
– Continuing operations			
– Discontinued operations		25	25

3. RESTATEMENT OF 2016 (CONTINUED)

STATEMENT OF COMPREHENSIVE INCOME	VAPS restatement 2016 Rm	Error restatement 2016 Rm	Total restatement 2016 Rm
Net profit for the year	5	(32)	(27)
Total comprehensive income for the year	5	(32)	(27)
Total comprehensive income attributable to:			
Owners of Imperial	5	(57)	(52)
Non-controlling interest		25	25
	5	(32)	(27)

STATEMENT OF CASH FLOWS	Error restatement 2016 Rm	Reclassification 2016 Rm	Total restatement 2016 Rm
Cash flows from operating activities			
Decrease in cash generated by operations before movements in working capital	(40)	19	(21)
Increase in movements in net working capital	40		40
Increase in cash from operating activities		19	19
Cash flows from investing activities			
Increase in net movement in investment, loans and non-current financial instruments		138	138
Increase in cash from investing activities		138	138
Cash flows from financing activities			
Settlement of cross currency swap instruments		(157)	(157)
Decrease in cash from financing activities		(157)	(157)

4. BASIS OF SEGMENTATION

In line with the group's organisational changes as announced on 3 June 2016 the basis of segmentation for the 2017 financial year has been revised as follows:

Logistics division reports segmentally on three sub-divisions namely:

> Logistics South Africa
> Logistics Africa Regions
> Logistics International.

The Vehicles division reports segmentally on four sub divisions namely:

> Vehicle Import and Distribution
> Vehicle Retail and Rental
> Aftermarket Parts
> Motor Related Financial Services.

The revision resulted in the restatement of amounts that was previously disclosed on the June 2016 segment reports.

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

International Financial Reporting Standards that will become applicable to the group in future reporting periods includes IFRS 9 Financial Instruments (effective 1 January 2018), IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018) and IFRS 16 Leases (effective 1 January 2019). The details of these standards are outlined in the 30 June 2017 annual financial statements.

The group is in the process of assessing the impact of these standards on its consolidated financial statements.

	2017	2016
6. FOREIGN EXCHANGE RATES		
The following major rates of exchange was used in the translation of the group's foreign operations:		
SA Rand : Euro		
– closing	14,92	16,31
– average	14,81	16,10
SA Rand : US Dollar		
– closing	13,06	14,70
– average	13,58	14,51
SA Rand : Pound Sterling		
– closing	17,02	19,58
– average	17,23	21,47
SA Rand : Australian Dollar		
– closing	10,04	10,95
– average	10,24	10,56

	2017 Rm	2016 Rm
7. OTHER NON-OPERATING ITEMS		
Remeasurement of financial instruments not held-for-trading	(29)	(50)
Charge for remeasurement of put option liabilities	(39)	(64)
Gain on remeasurement of contingent consideration liabilities	2	14
Reclassification of gain on disposal of investment in associate	8	
Capital items	(328)	20
Impairment of goodwill	(123)	(258)
Impairment of investments in associates and joint ventures	(34)	(89)
(Loss) profit on disposal of subsidiaries and businesses	(89)	520
Impairment losses on assets of disposal group		(90)
Business acquisition costs	(82)	(63)
	(357)	(30)
8. NET FINANCE COSTS		
Net interest paid	(1 670)	(1 462)
Fair value (losses) gains on interest-rate swap instruments	(10)	22
	(1 680)	(1 440)
9. GOODWILL AND INTANGIBLE ASSETS		
Goodwill		
Cost	7 679	6 286
Accumulated impairments	(985)	(862)
	6 694	5 424
Carrying value at beginning of year	5 424	5 018
Net acquisition (disposal) of subsidiaries and businesses	2 012	(130)
Impairment charge	(123)	(258)
Reclassified to assets held for sale		(28)
Currency adjustments	(619)	822
Carrying value at end of year	6 694	5 424
Intangible assets	2 835	2 077
Goodwill and intangible assets	9 529	7 501
10. CASH AND CASH EQUIVALENTS		
Cash resources	4 499	2 321
Cash resources included in assets of discontinued operations and of disposal groups		1 352
Short-term loans and overdrafts (included in interest-bearing borrowings)	(2 058)	(2 954)
	2 441	719

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

11.1 FAIR VALUE HIERARCHY

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

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

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

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

11.2 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES CARRIED AT AMORTISED COST

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

30 June 2017	Carrying value Rm	Fair value* Rm
Listed corporate bonds (included in interest-bearing borrowings)	5 341	5 295
Listed non-redeemable, non-participating preference shares	441	337

* *Level 2 of the fair value hierarchy.*

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

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

30 June 2017	Total Rm	Level 2 Rm	Level 3 Rm
Financial assets carried at fair value			
Unlisted investments	648		648
Cross currency and interest-rate swap instruments (Included in Other financial assets)	6	6	
Foreign exchange contracts and other derivative instruments (Included in Trade and other receivables)	68	68	
Financial liabilities carried at fair value			
Put option liabilities (Included in Other financial liabilities)	1 553		1 553
Contingent consideration liabilities (Included in Other financial liabilities)	45		45
Swap instruments (Included in Other financial liabilities)	145	145	
Foreign exchange contracts and other derivative instruments (Included in Trade, other payables and provisions)	31	31	

There were no reclassifications between fair value hierarchy levels during the year.

Level 3 sensitivity information

The fair values of the level 3 financial instruments were estimated by applying an income approach valuation method including a present value discount technique. The fair value measurements are based on significant inputs that are not observable in the market. Key assumptions used in the valuations includes the assumed probability of achieving profit targets, expected future cash flows and the discount rates applied. The assumed profitabilities and cash flows were based on historical performances but adjusted for expected growth.

The following table shows how the fair value of the level 3 financial instruments as at 30 June 2017 would change if the significant assumptions were to be replaced by a reasonable possible alternative.

Financial instruments	Valuation technique	Key assumption	Carrying value Rm	Increase in carrying value Rm	Decrease in carrying value Rm
Unlisted investments (asset)	Income approach	Preset value of expected cash flows	648	72	(76)
Put option liabilities	Income approach	Earnings growth	1 553	8	(14)
Contingent consideration liabilities	Income approach	Assumed profits	45		(8)

	2017 Rm	2016 Rm
12. CONTINGENCIES AND COMMITMENTS		
Capital commitments	**1 448**	1 309
Contingent liabilities	**649**	770

13. ACQUISITION AND DISPOSAL OF BUSINESSES DURING THE YEAR

ACQUISITIONS

Please refer to page 108 for acquisitions during the year.

DISPOSALS

Please refer to the CFO report on page 25 for disposals during the year.

14. EVENTS AFTER THE REPORTING PERIOD

DIVIDEND DECLARATION

Shareholders are advised that a preference and an ordinary dividend has been declared by the board of Imperial on 21 August 2017. For more details please refer to the dividend declaration on page 17.

ACQUISITIONS

Surgipharm Limited

Logistics African Regions acquired 70% of Surgipharm Limited for a consideration of R470 million (USD 35 million). Surgipharm, which is headquartered in Nairobi, markets and distributes pharmaceutical, medical, surgical and allied supplies in Kenya, with an annual turnover of approximately R964 million (USD 73 million). The transaction was effective 1 July 2017.

Pentagon Motor Holdings

Motus acquired on 14 August 2017 100% of Pentagon Motor Holdings Limited (Pentagon), for a cash consideration of R493 million (£28 million). Headquartered in Derbyshire, Pentagon operates 20 prime retail dealerships in Derbyshire, Nottinghamshire, Lincolnshire, Yorkshire and greater Manchester. For the year ending 31 December 2016 Pentagon had a turnover of R8,715 million (£495 million). Pentagon was established in 1991 and has grown steadily from its initial Vauxhall franchise base to represent numerous leading car and van manufacturers including Peugeot, Seat, Mazda, Kia, Renault, Fiat, Alfa Romeo, Nissan, Mitsubishi and Jeep.

SWT Group Proprietary Limited

Motus entered into an agreement to acquire 75% of SWT, an Australian based group which operates 16 dealerships, for a cash consideration of R254 million (AUD 24.2 million). The transaction is subject to certain conditions precedent.

As the initial accounting for the above acquisitions were not complete at the time that the financial statements were authorised for issue no further disclosures are provided.

Business combinations during the year

Businesses acquired	Nature of business	Operating segment	Date acquired	Interest acquired (%)	Purchase consideration transferred Rm
Palletways Group Limited~	Express delivery solutions for small consignments of palletised freight across Europe	Logistics International	July 2016	95,2	**1 683**
Itumele Bus Lines (Proprietary) Limited	Consumer bus operations in the Free State province of South Africa	Logistics South Africa	November 2016	55	**147**
Individually immaterial acquisition					**56**
Fair value of previously held interest					**(90)**
					1 796

~ *The total purchase consideration of R3,0 billion disclosed in the June 2016 report included preference shares and subordinated loans acquired amounting to R1 317 million, thereby arriving at the purchase consideration of R1 683 million above.*

FAIR VALUE OF ASSETS ACQUIRED AND LIABILITIES ASSUMED AT DATE OF ACQUISITION:

	Palletways Rm	Itumele Bus Lines Rm	Individually immaterial acquisitions Rm	Total Rm
Assets				
Intangible assets (excluding goodwill)	1 360	112	17	**1 489**
Property, plant and equipment	32	17	30	**79**
Transport fleet		269		**269**
Investments, associates and joint ventures and other financial assets		12	56	**68**
Deferred tax assets			3	**3**
Inventories	3	14	31	**48**
Trade and other receivables	617	54	73	**744**
Cash resources	141	82	3	**226**
	2 153	560	213	**2 926**
Liabilities				
Retirement benefit obligations	9			**9**
Deferred tax liabilities	264	70	5	**339**
Interest-bearing borrowings	1 350	141	126	**1 617**
Other financial liabilities		2	94	**96**
Trade and other payables and provisions	773	84	73	**930**
Current tax liabilities	17	1		**18**
	2 413	298	298	**3 009**
Acquirees' carrying amount at acquisition	(260)	262	(85)	**(83)**
Non-controlling interests	(8)	(118)	(7)	**(133)**
Net assets acquired	(268)	144	(92)	**(216)**
Purchase consideration transferred	1 683	147	(34)	**1 796**
Cash paid	1 683	142	25	**1 850**
Fair value of previously held interest			(90)	**(90)**
Contingent consideration		5	31	**36**
Excess of purchase price over net assets acquired	1 951	3	58	**2 012**

REASONS FOR THE ACQUISITIONS

The group acquired a 95,2% shareholding in Palletways. This acquisition is in line with Imperial's strategic intent to expand its presence beyond South Africa through the acquisition of asset light logistics businesses that benefit from Imperial's existing footprint and capabilities. Palletways provides an express delivery solution for small consignments of palletised freight through more than 400 depots and 14 hubs, which collects and distribute 38 000 daily or 8 million pallets annually across 20 European countries where it currently handles one in every four pallets handled by palletised freight networks.

The acquisition of a 55% shareholding in Itumele Bus Lines, is in line with the group's strategy to diversify into other related industries and allows entry into the commuter bus service market. Itumele's primary business is providing public transport services on behalf of the provincial government to commuters in and around Bloemfontein. Founded in 1975, the operation comprises a fleet of 253 commuter busses and 32 luxury coaches. Itumele transports approximately 50 000 passengers daily and its busses travel approximately 17 million kilometres a year.

The other businesses were acquired to complement and expand our transport and business solutions through the acquisition of a depot in Europe and an import and export solutions business in South Africa.

DETAILS OF CONTINGENT CONSIDERATION

The contingent consideration requires the group to pay the vendors an additional total amount of R36 million over three years if the entities' net profit after tax exceeds certain profit targets.

ACQUISITION COSTS

Acquisition costs for business acquisitions concluded during the year amounted to R27 million and have been recognised as an expense in profit or loss in the 'Other non-operating items' line.

IMPACT OF THE ACQUISITION ON THE RESULTS OF THE GROUP

From the dates of acquisition the businesses acquired during the year contributed revenue of R6 233 million, operating profit of R396 million and after tax profit of R127 million. The after tax profit of R127 million includes the after tax impact of the funding cost of R70 million calculated on the cash consideration paid on acquisitions and the amortisation of intangible assets arising out of the business combinations of R177 million.

Had all the acquisitions been consolidated from 1 July 2016, they would have contributed revenue of R6 446 million, operating profit of R404 million and after tax profit of R119 million. The group's continuing revenue for the year would have been R117 052 million, operating profit would have been R6 057 million and after tax profit R2 278 million.

SEPARATE IDENTIFIABLE INTANGIBLE ASSETS

As at the acquisition date the fair value of the separate identifiable intangible assets was R1 489 million. This fair value, which is classified as level 3 in the fair value hierarchy, was determined using the Multi-period Excess Earnings Method (MEEM) valuation technique for contract based intangible assets and the Relief-form-royalty method for the trademark.

The significant unobservable valuation inputs were as follows:

	Palletways %	Itumele Bus Lines %
Trademark		
– Discount rates	9,1	
– Royalty rate	1,0	
Contract based intangible assets		
– Weighted average discount rates	6.7 – 7.3	17,5
– Terminal growth rates	1.0	5,4

The assumptions used in arriving at projected cash flows were based on past experience and adjusted for any expected changes.

OTHER DETAILS

Trade and other receivables had gross contractual amounts of R790 million of which R46 million was doubtful. Non-controlling interests have been calculated based on their proportionate share in the acquiree's net assets. None of the goodwill is deductible for tax purposes.

Segmental information

Financial position

	IMPERIAL HOLDINGS		IMPERIAL LOGISTICS: Logistics South Africa		IMPERIAL LOGISTICS: Logistics African Regions		IMPERIAL LOGISTICS: Logistics International		IMPERIAL LOGISTICS	
R million	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
Assets										
Intangible assets	9 529	7 501	924	1 030	2 210	2 496	5 540	3 004	8 674	6 530
Property plant and equipment	10 371	11 602	1 434	1 825	356	693	2 278	2 245	4 068	4 763
Transport fleet	5 560	5 953	2 528	2 344	306	371	2 763	3 278	5 597	5 993
Vehicles for hire	3 963	3 469								
Investments in associates	686	694	17	22	298	320	137	167	452	509
Investments	403	113	23	5			5	5	28	10
Inventories	16 953	16 717	324	251	1 157	1 247	249	314	1 730	1 812
Trade and other receivables	13 353	12 717	3 907	3 562	1 356	1 432	3 830	3 618	9 093	8 612
Cash resources	207	17								
Operating assets	61 025	58 783	9 157	9 039	5 683	6 559	14 802	12 631	29 642	28 229
– South Africa	34 669	32 796	9 157	9 039					9 157	9 039
– Rest of Africa	6 464	7 329			5 683	6 559			5 683	6 559
– International	19 892	18 658					14 802	12 631	14 802	12 631
Liabilities										
Retirement benefit obligations	1 229	1 531					1 229	1 531	1 229	1 531
Maintenance and warranty contracts	3 022	3 156								
Trade and other payables and provisions	21 350	19 630	4 352	3 578	1 922	2 013	3 945	3 372	10 219	8 963
Other financial liabilities	399	460	33	31	76	88		1	109	120
Operating liabilities	26 000	24 777	4 385	3 609	1 998	2 101	5 174	4 904	11 557	10 614
– South Africa	15 773	14 459	4 385	3 609					4 385	3 609
– Rest of Africa	2 223	2 366			1 998	2 101			1 998	2 101
– International	8 004	7 952					5 174	4 904	5 174	4 904
Net working capital	8 956	9 804	(121)	235	591	666	134	560	604	1 461
– South Africa	6 961	7 213	(121)	235					(121)	235
– Rest of Africa	916	838			591	666			591	666
– International	1 079	1 753					134	560	134	560
Net debt	15 088	16 516	1 306	2 610	2 473	2 639	5 516	3 955	9 295	9 204
– South Africa	7 182	9 911	1 306	2 610					1 306	2 610
– Rest of Africa	2 781	2 821			2 473	2 639			2 473	2 639
– International	5 125	3 784					5 516	3 955	5 516	3 955
Net capital expenditure	(2 663)	(4 138)	155	(534)	(93)	(346)	(554)	(1 027)	(492)	(1 907)
– South Africa	(1 853)	(2 624)	155	(534)					155	(534)
– Rest of Africa	(165)	(416)			(93)	(346)			(93)	(346)
– International	(645)	(1 098)					(554)	(1 027)	(554)	(1 027)

	MOTUS: Vehicle Import and Distribution		MOTUS: Vehicle Retail and Rental		MOTUS: Aftermarket Parts		MOTUS: Motor Related Financial Services		MOTUS: Eliminations		TOTAL VEHICLES		Head Office and eliminations		Insurance	
R million	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
Assets																
Intangible assets	110	133	355	422	364	366	9		8	9	846	930	9	41		
Property plant and equipment	511	837	5 279	5 668	413	207	11	10	(1)	1	6 213	6 723	90	116		
Transport fleet													(37)	(40)		
Vehicles for hire	1 991	1 534	1 959	1 723			1 915	1 071	(1 902)	(859)	3 963	3 469				
Investments in associates	21	(37)	17	32	119	111	61	62	8	9	226	177	8	8		
Investments	4	4		27			317	190			321	221	54	(118)		
Inventories	5 445	5 145	8 350	8 457	1 121	1 111	397	436	(90)	(219)	15 223	14 930		(25)		
Trade and other receivables	1 977	1 645	2 295	2 274	592	608	682	934	(1 270)	(1 293)	4 276	4 168	(16)	(63)		
Cash resources							207	17			207	17				
Operating assets	10 059	9 261	18 255	18 603	2 609	2 403	3 599	2 720	(3 247)	(2 352)	31 275	30 635	108	(81)		
– South Africa	9 439	8 637	13 198	12 946	2 588	2 388	3 599	2 720	(3 298)	(2 763)	25 526	23 928	(15)	(171)		
– Rest of Africa	620	624	139	103	21	15			1	28	781	770				
– International			4 918	5 554					50	383	4 968	5 937	123	90		
Liabilities																
Retirement benefit obligations																
Maintenance and warranty contracts							2 915	3 040	107	102	3 022	3 142		14		
Trade and other payables and provisions	5 212	4 282	6 936	7 111	987	940	747	598	(2 979)	(2 182)	10 903	10 749	228	(82)		
Other financial liabilities	102	67	11		5	51		10		(9)	118	119	172	221		
Operating liabilities	5 314	4 349	6 947	7 111	992	991	3 662	3 648	(2 872)	(2 089)	14 043	14 010	400	153		
– South Africa	5 105	4 098	4 132	4 136	989	988	3 662	3 648	(2 872)	(2 089)	11 016	10 781	372	69		
– Rest of Africa	209	251	13	11	3	3					225	265				
– International			2 802	2 964							2 802	2 964	28	84		
Net working capital	2 210	2 508	3 709	3 620	726	779	332	772	1 619	670	8 596	8 349	(244)	(6)		
– South Africa	1 916	2 216	2 871	2 630	716	769	332	772	1 618	687	7 453	7 075	(369)	(96)		
– Rest of Africa	294	292	18	13	10	10			1	(143)	323	171				
– International			820	977						126	820	1 103	125	90		
Net debt	2 895	1 913	3 678	5 490	555	352	(1 450)	(1 237)	101	(368)	5 779	6 150	14	1 162		
– South Africa	2 658	1 806	3 239	4 748	536	337	(1 450)	(1 237)	76	(396)	5 059	5 258	817	2 043		
– Rest of Africa	237	107	52	49	19	15				11	308	182				
– International			387	693					25	17	412	710	(803)	(881)		
Net capital expenditure	(1 227)	(905)	(1 112)	(1 120)	(263)	(42)	(596)	(228)	1 025	169	(2 173)	(2 126)	(45)	(7)	47	(98)
– South Africa	(1 212)	(878)	(967)	(1 011)	(262)	(40)	(596)	(228)	1 025	169	(2 012)	(1 988)	(44)	(6)	48	(96)
– Rest of Africa	(15)	(27)	(55)	(39)	(1)	(2)					(71)	(68)			(1)	(2)
– International			(90)	(70)							(90)	(70)	(1)	(1)		

PROFIT or LOSS	IMPERIAL HOLDINGS		IMPERIAL LOGISTICS – Logistics South Africa		IMPERIAL LOGISTICS – Logistics African Regions		IMPERIAL LOGISTICS – Logistics International		IMPERIAL LOGISTICS – Business held for sale		TOTAL LOGISTICS	
R million	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
Revenue	**116 839**	115 800	**16 207**	14 447	**9 356**	11 016	**24 220**	19 512	**882**	2 937	**50 665**	47 912
– South Africa	**66 972**	66 072	**16 207**	14 447					**291**	819	**16 498**	15 266
– Rest of Africa	**11 171**	13 432			**9 356**	11 016			**591**	837	**9 947**	11 853
– International	**38 696**	36 296					**24 220**	19 512		1 281	**24 220**	20 793
Operating profit	**6 049**	5 948	**953**	828	**746**	773	**1 105**	1 000	**(40)**	(58)	**2 764**	2 543
– South Africa	**3 809**	3 779	**953**	828					**(34)**	(78)	**919**	750
– Rest of Africa	**792**	843			**746**	773			**(6)**	7	**740**	780
– International	**1 448**	1 326					**1 105**	1 000		13	**1 105**	1 013
Depreciation, amortisation, impairments and recoupments	**(2 838)**	(3 119)	**(394)**	(590)	**(257)**	(295)	**(777)**	(738)	**(6)**	(56)	**(1 434)**	(1 679)
– South Africa	**(1 694)**	(1 924)	**(394)**	(590)					**(3)**	(14)	**(397)**	(604)
– Rest of Africa	**(302)**	(327)			**(257)**	(295)			**(3)**	(3)	**(260)**	(298)
– International	**(842)**	(868)					**(777)**	(738)		(39)	**(777)**	(777)
Interest expense	**(1 680)**	(1 440)	**(307)**	(300)	**(222)**	(214)	**(220)**	(197)	**(19)**	(29)	**(768)**	(740)
– South Africa	**(1 140)**	(913)	**(307)**	(300)					**(12)**	(14)	**(319)**	(314)
– Rest of Africa	**(256)**	(236)			**(222)**	(214)			**(7)**	(5)	**(229)**	(219)
– International	**(284)**	(291)					**(220)**	(197)		(10)	**(220)**	(207)
Pre-tax profit	**3 434**	3 901	**773**	524	**113**	368	**593**	576	**(59)**	(106)	**1 420**	1 362
– South Africa	**2 448**	2 723	**773**	524					**(47)**	(100)	**726**	424
– Rest of Africa	**133**	386			**113**	368			**(12)**	(15)	**101**	353
– International	**853**	792					**593**	576		9	**593**	585
Additional segment information												
Analysis of revenue by type												
– Sale of goods	**67 587**	70 228	**872**	628	**7 106**	8 251			**772**	1 186	**8 750**	10 065
– Rendering of services	**49 252**	45 572	**15 335**	13 801	**2 133**	2 676	**24 220**	19 512	**110**	1 751	**41 798**	37 740
External revenue	**116 839**	115 800	**16 207**	14 429	**9 239**	10 927	**24 220**	19 512	**882**	2 937	**50 548**	47 805
Inter-group revenue				18	**117**	89					**117**	107
	116 839	115 800	**16 207**	14 447	**9 356**	11 016	**24 220**	19 512	**882**	2 937	**50 665**	47 912
Analysis of depreciation, amortisation, impairments and recoupments	**(2 838)**	(3 119)	**(394)**	(590)	**(257)**	(295)	**(777)**	(738)	**(6)**	(56)	**(1 434)**	(1 679)
Depreciation and amortisation	**(2 575)**	(2 601)	**(561)**	(582)	**(101)**	(118)	**(548)**	(580)	**(6)**	(56)	**(1 216)**	(1 336)
Recoupments and impairments	**258**	70	**211**	24	**10**	11	**66**	35			**287**	70
Amortisation and impairment of intangible assets arising on business combinations	**(521)**	(588)	**(44)**	(32)	**(166)**	(188)	**(295)**	(193)			**(505)**	(413)
Associate income included in pre-tax profits	**103**	138	**5**	3	**19**	30	**28**	25			**52**	58
Operating margin %	**5,2**	5,1	**5,9**	5,7	**8,0**	7,0	**4,6**	5,1			**5,5**	5,3

PROFIT or LOSS	MOTUS – Vehicle Import and Distribution		MOTUS – Vehicle Retail and Rental		MOTUS – Aftermarket Parts		MOTUS – Motor Related Financial Services		MOTUS – Businesses held for sale		MOTUS – Eliminations		TOTAL VEHICLES		Head Office and eliminations	
R million	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
Revenue	**18 157**	18 307	**55 633**	55 132	**6 153**	5 824	**2 036**	1 837	**427**	2 945	**(15 866)**	(15 566)	**66 540**	68 479	**(366)**	(591)
– South Africa	**17 116**	16 857	**41 121**	39 741	**6 120**	5 808	**2 036**	1 837	**315**	2 722	**(15 866)**	(15 567)	**50 842**	51 398	**(368)**	(592)
– Rest of Africa	**1 041**	1 450	**150**	112	**33**	16						1	**1 224**	1 579		
– International			**14 362**	15 279					**112**	223			**14 474**	15 502	**2**	1
Operating profit	**728**	913	**1 478**	1 426	**406**	382	**833**	725	**(2)**	102	**(133)**	(146)	**3 310**	3 402	**(25)**	3
– South Africa	**730**	886	**1 067**	1 056	**409**	386	**833**	725	**(3)**	105	**(133)**	(146)	**2 903**	3 012	**(13)**	17
– Rest of Africa	**(2)**	27	**57**	40	**(3)**	(4)							**52**	63		
– International			**354**	330					**1**	(3)			**355**	327	**(12)**	(14)
Depreciation, amortisation, impairments and recoupments	**(622)**	(653)	**(721)**	(686)	**(41)**	(39)	**(183)**	(150)		(157)	**177**	231	**(1 390)**	(1 454)	**(14)**	14
– South Africa	**(606)**	(645)	**(635)**	(575)	**(40)**	(39)	**(183)**	(150)		(156)	**177**	232	**(1 287)**	(1 333)	**(10)**	13
– Rest of Africa	**(16)**	(8)	**(25)**	(21)	**(1)**								**(42)**	(29)		
– International			**(61)**	(90)						(1)		(1)	**(61)**	(92)	**(4)**	1
Interest expense	**(499)**	(267)	**(356)**	(464)	**(69)**	(48)	**(10)**	5	**(11)**	(61)	**96**	143	**(849)**	(692)	**(63)**	(8)
– South Africa	**(483)**	(259)	**(276)**	(381)	**(69)**	(48)	**(10)**	5	**(10)**	(59)	**97**	144	**(751)**	(598)	**(70)**	(1)
– Rest of Africa	**(16)**	(8)	**(11)**	(8)								(1)	**(27)**	(17)		
– International			**(69)**	(75)					**(1)**	(2)	**(1)**		**(71)**	(77)	**7**	(7)
Pre-tax profit	**(178)**	417	**1 127**	948	**364**	369	**828**	774	**(16)**	10	**(35)**	6	**2 090**	2 524	**(77)**	15
– South Africa	**(145)**	411	**809**	682	**345**	373	**828**	774	**(13)**	6	**(35)**	7	**1 789**	2 253	**(68)**	46
– Rest of Africa	**(33)**	6	**46**	32	**19**	(4)						(1)	**32**	33		
– International			**272**	234					**(3)**	4			**269**	238	**(9)**	(31)
Additional segment information																
Analysis of revenue by type																
– Sale of goods	**6 274**	6 457	**46 317**	46 248	**6 055**	5 796			**371**	2 156	**(181)**	(496)	**58 836**	60 161	**1**	2
– Rendering of services	**186**	236	**6 372**	6 228	**2**	1	**823**	677	**50**	656	**(15)**	(5)	**7 418**	7 793	**36**	39
External revenue	**6 460**	6 693	**52 689**	52 476	**6 057**	5 797	**823**	677	**421**	2 812	**(196)**	(501)	**66 254**	67 954	**37**	41
Inter-group revenue	**11 697**	11 614	**2 944**	2 656	**96**	27	**1 213**	1 160	**6**	133	**(15 670)**	(15 065)	**286**	525	**(403)**	(632)
	18 157	18 307	**55 633**	55 132	**6 153**	5 824	**2 036**	1 837	**427**	2 945	**(15 866)**	(15 566)	**66 540**	68 479	**(366)**	(591)
Analysis of depreciation, amortisation, impairments and recoupments	**(622)**	(653)	**(721)**	(686)	**(41)**	(39)	**(183)**	(150)		(157)	**177**	231	**(1 390)**	(1 454)	**(14)**	14
Depreciation and amortisation	**(637)**	(540)	**(690)**	(662)	**(37)**	(34)	**(184)**	(144)		(117)	**177**	232	**(1 371)**	(1 265)	**12**	1
Recoupments and impairments	**15**	2	**(20)**	(5)	**1**		**1**	(6)		5		(1)	**(3)**	(5)	**(26)**	4
Amortisation and impairment of intangible assets arising on business combinations		(115)	**(11)**	(19)	**(5)**	(5)				(45)			**(16)**	(184)		9
Associate income included in pre-tax profits	**(6)**	(25)	**3**	4	**39**	42	**5**	49		2	**1**	3	**42**	75	**9**	5
Operating margin %	**4,0**	5,0	**2,7**	2,6	**6,6**	6,6	**40,9**	39,5					**5,0**	5,0		