

Imperial Holdings Limited  
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Preliminary summarised audited results  
for the year ended 30 June 2017

Imperial Holdings is a JSE listed South African-based holding company, employing over 49 000 people in 34 mainly African and Eurozone countries, operating exclusively in the logistics and vehicle sectors, as:

- Imperial Logistics: active in transportation, warehousing and distribution management, providing integrated supply chain and route-to-market solutions to global and national market leaders, generating 43% and 45% of Group\* revenue and operating profit respectively, with 67% of operating profit generated internationally;  
and
- Motus Corporation: operates across the motor vehicle value chain (import, distribution, retail, rental, aftermarket parts, and vehicle-related financial services) generating 57% and 55% of Group\* revenue and operating profit respectively, with 12% of the operating profit generated internationally.

\* Excludes discontinued operations, head office and eliminations.

## Our performance

### Group financial highlights

Record revenue up 1% to R119,5 billion (43% foreign)  
Record operating profit up 2% to R6,5 billion (37% foreign)  
HEPS down 10% to 1 390 cents per share  
EPS down 14% to 1 339 cents per share  
Core EPS down 5% to 1 626 cents per share  
Cash generated by operations up to R9,1 billion  
Free cash conversion ratio of up 1,6 times (0.9 times in 2016)  
Net debt to equity ratio improved from 73% to 71% return on equity 12,7%  
Return on invested capital 12,4%  
Weighted average cost of capital 9%  
Full year dividend down 18% to 650 cents per share

Note: 2016 restated.

## Performance and overview of results

### Results overview

- Despite deteriorating trading conditions, currency volatility and an ambitious restructuring programme, Imperial achieved all of the strategic, operational and financial objectives announced at the start of the financial year.
- Total Group revenue and operating profit grew by 1% to R119,5 billion and by 2% to R6,5 billion respectively, supported by the inclusion of the Palletways acquisition for 12 months and solid results from the Logistics South Africa and Motor-Related Financial Services sub-divisions.
- Revenue and operating profit from continuing operations, excluding Regent, were up 1% to R116,8 billion and 2% to R6,0 billion respectively.
- Excluding current and prior year acquisitions and disposals, total revenue for the Group was flat and operating profit declined by 1%.
- Foreign revenue was unchanged at R49,9 billion (43% of Group\* revenue) and foreign operating profit increased 3% to R2,2 billion (37% of Group\* operating profit).
- Non-vehicle revenue increased 6% to R50,7 billion (43% of Group\* revenue) and operating profit increased 9% to R2,8 billion (45% of Group\* operating profit).
- The operating margin from continuing operations at 5,2% was slightly up on the prior year (5,1%).
- A full reconciliation from earnings to headline earnings and core earnings is provided in the Group Financial Performance section.
- Net working capital improved to R9,0 billion from R9,8 billion at June 2016 and R11,2 billion at December 2016.
- Net working capital turn improved from 12,5 to 12,7 times on the prior year.
- Disposals of non-strategic businesses and properties during F 2017 generated proceeds of R3,0 billion. Assets held for sale amounted to R979 million, comprising non-strategic properties.
- Net debt to equity (including preference shares as equity) reduced from 73% to 71% (98% at December 2016).
- A final cash dividend of 330 cents per ordinary share (2016: 425 cents per share) has been declared, bringing F 2017 dividends to 650 cents per ordinary share (F 2016: 795 cents per share).

\* Excludes discontinued operations.

## Environment

With a footprint in 34 countries on six continents, Imperial's activities on the African continent produced 67% and 76% respectively of Group\* revenues and operating profits in the financial year, with the remainder generated on other continents, mainly in Europe and the United Kingdom.

## South Africa

With official unemployment rising to 28% and consumer and business confidence deeply depressed by political uncertainty, the economy declined steadily towards a technical recession in South Africa, where R67,0 billion or 57% of Group\* revenue and R3,8 billion or 63% of Group\* operating profit was generated.

Positive emerging market sentiment and a gradual weakening of the US\$ resulted in the R/US\$ exchange rate strengthening by 11% during the year, with short-term volatility exacerbated by local factors.

Specific uncontrollable factors that affected our South African business were a reduction in logistics volumes and a 7% decline in national vehicle sales. The strengthening of the Rand by 11% against the US Dollar and by 9% against the Euro with intermittent short-term volatility created significant foreign exchange hedging losses.

## Rest of Africa

Falling commodity demand, low oil prices and the consequent impact on currencies and private consumption continued to depress the growth rate in sub-Saharan Africa, where R11,2 billion or 10% of Group\* revenue and R792 million or 13% of Group\* operating profit was generated in the 2017 financial year.

Specific factors affecting Imperial in certain African countries during the 2017 financial year were slowing GDP growth rates; rising inflation and interest costs; lower consumer demand; and currency volatility, specifically the weakening of the Naira official exchange rate during the year which created foreign exchange losses on monetary items, including working capital and intragroup loan funding. The Naira parallel rate strengthened materially late in the second half of the 2017 financial year and access to foreign currency has improved.

## Eurozone, United Kingdom (UK) and Australia

Our operations in the Eurozone generated R38,7 billion or 33% of Group\* revenue and R1,4 billion or 24% of Group\* operating profit.

Buoyed by a solid German economy and the results of the French presidential election, consumer confidence in the European Union rose to its highest level since before the GFC. The snap election in the United Kingdom produced the opposite result to that intended, weakening the Conservative Party, the Pound and the Prime Minister's hand in negotiating a "hard Brexit".

Specific factors affecting Imperial during the year were 80-year low water levels on the Rhine, and lower demand and pricing pressures in the steel, energy, commodities and construction sectors. The strengthening Rand depressed the translation value of our foreign operations.

\* Excludes discontinued operations.

Against this background, we provide shareholders with current information on the Group's strategy and performance.

## Strategic clarity

Groups do not compete only subsidiaries do.

Since late 2014, we have therefore directed our efforts as a holding company to enhancing the sustainable competitive position of our subsidiaries. This entailed two major initiatives: an aggressive disposal and acquisition programme to agglomerate a portfolio of companies whose sectoral focus and common operating capabilities would ensure the creation of intragroup value for stakeholders; and simultaneously, the definition of the value proposition that each client facing company would require to compete and win in its chosen markets.

The first of these initiatives has to date resulted in the disposal of 42 businesses and 52 properties that were under performing, of low return on effort or strategically incompatible. These disposals generated revenues of R11,2 billion and operating profit of R982 million, and employed R4,2 billion of capital at the time of sale. The concurrent acquisition programme entailed the investment of R5,4 billion to acquire 15 companies that generated revenue of R13,7 billion and operating profit of R880 million in their first full year of operation. The second initiative involved divisional and company leaders more accurately defining their market, product and customer focus, and thereafter configuring those capabilities necessary to render competitive advantage, growth and returns.

The rationalisation of the portfolio and the clarification of strategy resulted in the assembly and consolidation of Imperial's entire logistics and vehicle operating companies and assets within two increasingly self-sufficient divisions each under its own board, Chief Executive Officer and Executive Committee. By year-end, Imperial Logistics (with sub-divisions South Africa, African Regions, and International) and Motus (with sub-divisions Import and Distribution, Retail and Rental, Aftermarket Parts and Financial Services), were separately established and reported on as Imperial's only operating entities. Numerous executive management changes were required to accommodate the new structure and the succession of retiring executives. At year-end, 23 of the 35 most senior executives in the group were new to their roles.

While Imperial Holdings remains the entry point for providers of debt and equity capital and the custodian of strategy, governance and succession, these changes have enhanced management focus, capital allocation, intra-divisional collaboration and the elimination of complexity, duplication and cost within the divisions. In the short-term these factors will enable increased penetration and performance in the supply chains of both sectors, through better co-ordinated and competitive value propositions to clients.

Although further portfolio and competitive strategy refinements are inevitable, the efforts of recent years have irrevocably altered the fundamental trajectory and future of the Imperial group.

Work is in process to determine the viability, and benefit to Imperial shareholders, of listing Imperial Logistics and Motus separately, and following due consultation with relevant stakeholders, the board will make an announcement on this decision on or before the release of the results to June 2018.

#### Capital allocation

Despite external challenges and an ambitious restructuring process, Imperial's investment thesis is unchanged. The following provides detail on progress during the reporting period with each of our five capital allocation objectives:

1. To release capital and sharpen executive focus, by disposing of non-core, strategically misaligned, underperforming or low return on effort assets.  
We disposed of:
  - The Regent Group (excluding the retained VAPS business) for R1,8 billion, including the proceeds of R697 million for the non-South African operations received at the end of January 2017. Payment of the remaining R1,1 billion was received at the end of June 2017;
  - Non-strategic properties for which R900 million was received in F 2017. A further 21 properties with a carrying value of R979 million are held for sale.
  - A minority stake in Mix Telematics for R478 million with payment received on 30 August 2016;
  - Jurgens and Prestige Safari for R253 million in February 2017;
  - 51% of 10 entities in the AMH Group to a related party for R55 million, concluded on 30 August 2016;
  - LTS Kenzam for R10 million cash in January 2017;
  - A 100% interest in Global Holdings (Botswana) in exchange for a 25% shareholding in PST, an entity that was merged with Global Holdings; and
  - Interests in 6 smaller entities amounting to approximately R11 million.

Although the bulk of identified disposals were concluded, continual analysis of the strategic and financial performance of businesses will result in refinements to the portfolio of Imperial Logistics and Motus over the medium term.

In addition, as one of South Africa's largest employers and a leading logistics provider across the entire value chain, Imperial is committed to the racial transformation of the South African economy. Imperial has therefore commenced a transaction process to introduce a direct 30% Broad-Based Economic Empowerment shareholding (including Black Women) into Imperial Logistics South Africa. This will result in Imperial Logistics South Africa becoming a 51% Black-Owned Enterprise.

2. We will invest capital in South Africa to maintain the quality of assets and market leadership in our logistics and motor vehicle businesses. Acquisitions during the period include:
  - a 70% stake in Sasfin Premier Logistics for R38 million in July 2016;
  - 55% of Itumele Bus Lines for R147 million in November 2016; and
  - the remaining 10% minority stake in Midas for R87,5 million.

Net capital expenditure of R1,9 billion was invested in continuing operations during the year.

3. We will invest capital in the African Regions primarily to achieve our 2020 objective for the revenue and profits generated in that region to equal that of our South African logistics business, and secondarily to expand our vehicle businesses in the region.
  - We acquired 70% of Surgipharm Limited in Kenya for a consideration of USD35 million (ZAR470 million) effective 1 July 2017.
  - The capital light Imperial Managed Logistics business was expanded in Nigeria and Ghana.

Net capital expenditure of R165 million was invested in continuing operations during the year.

4. We will invest the cash generated from operations and divestments to grow our businesses beyond the continent, but with an emphasis on logistics.
  - We acquired a 95% stake in Palletways for £155,1 million (R3,0 billion) including the purchase of debt at acquisition, effective 5 July 2016.
  - Palletways acquired 100% of Topco in Italy for R14 million.

Net capital expenditure of R645 million was invested in continuing operations mainly in Europe and South America.

Acquisitions post year-end include:

- The acquisition of Pentagon Motor Holdings, which operates 21 prime retail dealerships in the UK, was announced on 15 August 2017 for a cash consideration of £28 million (R493 million). The effective date will be 1 September 2017.
  - The acquisition of 75% of Australian based SWT Group Pty Ltd, which operates 16 dealerships, for a cash consideration of AUD24,2 million (R254 million). The transaction is subject to certain conditions precedent.
5. The development and sustainability of Imperial will be underpinned by investment in human capital and information systems.
    - Group wide capital expenditure on human capital development and information systems amounted to R371 million.

## Divisional performance

### Imperial Logistics

	% change		% change		2017	2016	% change on 2016
	HY1 2017	on HY1 2016	HY2 2017	on HY2 2016			
Revenue (Rm)	25 862	8	24 803	4	50 665	47 912	6
Operating profit (Rm)	1 300	8	1 458	9	2 764	2 543	9
Operating margin (%)	5,0		5,9		5,5	5,3	
Return on Invested Capital (%)					11,5	11,8	
Weighted average cost of capital (%)					7,1	7,6	

Imperial Logistics is active mainly in Africa and Europe, with established capabilities in transportation, warehousing and distribution management. Our expertise and experience in each of these enable us to provide integrated supply chain and route-to-market solutions to global and national market leaders. We focus across the value chains of consumer packaged-goods, chemicals, healthcare and automotive as well as within specialised sectors of mining, manufacturing and agriculture.

Imperial Logistics recorded growth in revenue and operating profit of 6% and 9% respectively, supported by the Palletways acquisition in Logistics International, a solid performance from Logistics South Africa despite challenging trading conditions, and an excellent performance from Ecohealth in Nigeria.

Excluding acquisitions and disposals in the current and prior year, revenue and operating profit declined by 3% and 7% respectively. These declines are partly due to the strengthening of the Rand by 8% on average against the Euro and by 6% against the US dollar during the year.

Net capital expenditure was reduced significantly to R492 million from R1,9 billion in the prior year when investment was incurred on additional chemical manufacturing capacity in Europe and two additional convoys in South America. The current year capital expenditure was also reduced by the proceeds from property disposals of R589 million.

### Logistics South Africa

	% change		% change		2017	2016	% change on 2016
	HY1 2017	on HY1 2016	HY2 2017	on HY2 2016			
Revenue (Rm)	8 217	10	7 990	14	16 207	14 447	12
Operating profit (Rm)	498	20	455	10	953	828	15
Operating margin (%)	6,1		5,7		5,9	5,7	

Above table excludes businesses held for sale.

Logistics South Africa performed strongly, increasing revenue and operating profit by 12% and 15% respectively. The significant contributors to this were increased volumes in the commodities, fuel and gas operations, and strong performances from Managed Logistics and Resolve. The acquisition of Itumele Bus Lines included for eight months, contributed positively in line with expectations.

The consumer logistics businesses recorded revenue and operating profit growth supported by a solid performance from Imperial Health Sciences and an improved performance from Imperial Cold Logistics, which reduced its losses from the prior year.

### Logistics African Regions

	% change		% change		2017	2016	% change on 2016
	HY1 2017	on HY1 2016	HY2 2017	on HY2 2016			
Revenue (Rm)	4 874	(9)	4 482	(21)	9 356	11 016	(15)
Operating profit (Rm)	397	1	349	(8)	746	773	(3)
Operating margin (%)	8,1		7,8		8,0	7,0	

Above table excludes businesses held for sale.

Logistics African Regions' performance was depressed by slowing economic growth rates and rising inflation and interest rates, which resulted in lower consumer demand in many of its African markets. Revenue and operating profit declined by 15% and 3% respectively mainly due to the weakening of the Naira and the Metical by 41% and 37% respectively during the year, the strengthening of the Rand by 6% against the US dollar during the year, subdued demand from Imres' key markets, and a weak performance from CIC due to lower consumer demand in Botswana and downsizing of the business in Mozambique. The sub-division's results were supported by an excellent performance from Ecohealth, Nigeria's leading distributor of pharmaceuticals.

The strategy to become a significant route-to-market partner of multi-national consumer goods and pharmaceutical companies in Southern, East and West Africa is on track. The sub-division continues to expand in sub-Saharan Africa by leveraging its asset-light managed logistics capabilities and extending its focus from traditional road transport to include cross-border and international logistics services and warehousing operations.

#### Logistics International

	% change		% change				% change on 2016
	HY1 2017	on HY1 2016	HY2 2017	on HY2 2016	2017	2016	
Revenue (Rm)	12 168	35	12 052	15	24 220	19 512	24
Operating profit (Rm)	447	16	658	7	1 105	1 000	11
Operating margin (%)	3,7		5,5		4,6	5,1	
Revenue (Euro million)	795	32	843	38	1 638	1 298	26
Operating profit (Euro million)	29	12	46	28	75	63	19
Operating margin (%)	4,0		5,0		4,6	5,0	

Above table excludes businesses held for sale.

Logistics International's revenue and operating profit in Euros increased 26% and 19% respectively, boosted by the acquisition of Palletways. The performance in Rand terms was depressed by an 8% stronger average Rand/Euro exchange rate.

The Transport Solutions business experienced lower shipping volumes in South America resulting from a poor corn harvest in Brazil, delayed soya harvest and lower iron ore volumes. In Germany, bulk-shipping volumes declined due to 80-year low water levels on the River Rhine, and lower demand and pricing pressures from the steel, energy, commodities and construction industries. Following the commissioning of two additional push boats with 24 barges in March 2017, the South American operation is now fully operational with seven push boats with 84 barges.

Revenue and operating profit in the Supply Chain Solutions business declined due to lower volumes from key customers in the retail, industrial and contract manufacturing chemical operations.

Despite the uncertainty of Brexit, the weakening of the Pound and budgeted losses from the start-up operations in Poland, Palletways, included in these results for the full 12 months, performed strongly during the year and ahead of expectations. The franchise network of Palletways in the UK continues to expand and gain new business. The expansion of the network in European markets remains on track.

#### MOTUS

	% change		% change				% change on 2016
	HY1 2017	on HY1 2016	HY2 2017	on HY2 2016	2017	2016	
Revenue (Rm)	34 095	(1)	32 455	(4)	66 540	68 479	(3)
Operating profit (Rm)	1 642	-	1 668	(5)	3 310	3 402	(3)
Operating margin (%)	4,8		5,1		5,0	5,0	
Return on Invested Capital (%)					11,8	12,2	
Weighted average cost of capital (%)					10,1	10,2	

Note: Since the publication of the H1 2017 results there have been adjustments to the sub-divisions of Motus, requiring the segmental report to be amended and the reported H1 2017 numbers to be restated as above. These changes comprise reallocations of: appropriate eliminations to Motus out of Group Head Office and eliminations; the transfer of the African distributorship operations from the Vehicle Retail and Rental sub-division to the Vehicle Import and Distribution sub-division; and the transfer of Beekmans from the Vehicle Import and Distribution sub-division to Aftermarket Parts sub-division. The above numbers are also adjusted to include the VAPs business in Financial Services. The restated segment report for December 2015 and December 2016 is available on the company's website [www.imperial.co.za](http://www.imperial.co.za)

Motus is a strategically coherent focussed motor vehicle business, covering the full motor value chain from OEM's. Portfolio and strategy development is being directed firstly at acquiring and rapidly integrating like businesses and assets that can be enhanced by Motus's capabilities and resources, and secondly at continuing to dispose of or rationalise underperforming businesses, dealerships and brands.

The formation and structuring of Motus, under one collaborative leadership team, will enhance returns in the medium term by reducing duplication, complexity, costs and capital employed, unlocking intra-divisional efficiencies and more deeply penetrating the vehicle supply chain, while maintaining market share in a challenging environment.

Revenue and operating profit for Motus declined by 3% due to a slowing vehicle market and higher cost of inventory in the Vehicle Import and Distribution sub-division in the first half, partially offset by a strong performance from the Financial Services sub-division. Excluding acquisitions and disposals in the current and prior year, revenue and operating profit increased by 2% and 3% respectively.

National vehicle sales in South Africa for the financial year contracted by 7% as reported by NAAMSA. Motus' new vehicle sales in South Africa decline 7% over the same period. The Motus passenger and light commercial vehicle businesses, including the UK and Australia, retailed 113 074 (2016: 118 787) new and 70 158 (2016: 69 637) pre-owned vehicles during the year.

The strengthening of the Rand against the Pound (20% on average) and Australian Dollar (3% on average) reduced the Rand denominated results of the UK and Australian businesses, which increased revenue by 12% and 11% and operating profit by 14% and 22% respectively in local currencies.

During the year, a foreign exchange loss of R388 million was realised. This relates to the unwinding of uneconomical and excessive forward cover, mainly in Renault, caused by a volatile Rand exchange rate, excessive ordering in a slowing market and delayed model launches. The Group's foreign exchange controls and policies were reviewed and remain appropriate, but the Group's oversight of their application was subsequently strengthened. Imperial's current policy is to cover forward on average up to seven months on a rolling basis, depending on the brand of vehicle.

Net capital expenditure of R2,2 billion was incurred during the year (2016: R2,1 billion) largely on vehicles for hire.

The Regent transaction was concluded on 26 June 2017 and the consequent acquisition of the VAPS business by the Financial Services sub-division has enhanced its ability to provide Motus customers with a wide range of innovative products that will engender client satisfaction, loyalty and annuity income.

#### Vehicle Import and Distribution

Exclusive South African importer of Hyundai, Kia, Renault, Mitsubishi and five smaller automotive brands, with Nissan distributorships in 6 African countries.

	% change HY1 2017		% change on HY1 2016		% change HY2 2017		% change on HY2 2016	
Revenue (Rm)	9 117	(5)	9 040	3	18 157	18 307	(1)	
Operating profit (Rm)	286	(29)	442	(13)	728	913	(20)	
Operating margin (%)	3,1		4,9		4,0	5,0		

Retail dealerships that were previously part of Vehicle Import, Distribution and Dealerships are now included in the Vehicle Retail and Rental sub-division.

Revenue and operating profit from this sub-division declined by 1% and 20% respectively, impacted by lower vehicle sales volumes due to market contraction, lower consumer demand, and an underperformance by Renault. Renault's competitiveness and volumes were depressed by uncompetitive pricing due to the high cost of inventory caused by expensive and excessive forward cover. This was partially offset by solid performances from Hyundai and Kia, enhanced by manufacturer assistance, a change in the vehicle mix and price increases.

Due to the decrease in sales through the dealer network and in line with the market, importer unit sales of passenger and light commercial vehicles per NAAMSA definition decreased by 7% to 75,518 units from 81,494 units in the prior year. The Motus importer segment market share was maintained at 14% compared to the prior year.

At the end of June 2017 forward cover on the US Dollar and Euro imports extends up to February 2018 at average rates of R13.75 to the US Dollar and R14.73 to the Euro.

The African operations performed below expectations, reducing operating profit in challenging trading conditions with weak consumer demand in most of our operating markets. The capital deployed in these operations is being reduced.

#### Vehicle Retail and Rental

Representative in South Africa of 22 OEMs through 358 vehicle dealerships (including 94 pre-owned), 245 franchised dealerships & 19 commercial vehicle dealerships, with 113 car rental outlets (Europcar & Tempest) and 3 technical training centres.

Operator of 58 franchised commercial vehicle dealerships in the UK, 18 franchised passenger vehicle dealerships in Australia and 16 Car rental

outlets (Europcar and Tempest) in Southern Africa.

	% change		% change				% change on 2016
	HY1 2017	on HY1 2016	HY2 2017	on HY2 2016	2017	2016	
Revenue (Rm)	28 175	3	27 458	(1)	55 633	55 132	1
Operating profit (Rm)	784	22	694	(11)	1 478	1 426	4
Operating margin (%)	2,8		2,5		2,7	2,6	

All retail dealerships that were previously part of Vehicle Import, Distribution and Dealerships are now included in this sub-division.

Notwithstanding subdued vehicle sales volumes and slowing consumer demand, the Vehicle Retail and Rental operations recorded an increase in revenue and operating profit of 1% and 4% respectively, assisted by price increases and cost containment.

The Motus passenger and light commercial vehicle (LCV) businesses in South Africa experienced a 6% decline in new vehicle sales to 53 381 units compared to 56 543 units in the prior year. Total pre-owned retail unit sales increased by 4% as consumers traded down. Current market conditions continue to depress vehicle sales, particularly those of luxury vehicle brands. The commercial vehicle markets also experienced a reduction in new retail unit sales, reducing revenue and operating profit. The General Motors SA rationalisation had no meaningful impact on our operations.

Revenue and operating profit in the UK Commercial business increased 12% and 13% respectively in Pounds Sterling but the strengthening of the Rand (20% stronger on average over the period) reduced the Rand denominated results.

Car rental increased its revenue and operating profit by 11% and 10% respectively, and grew market share. Despite a challenging and competitive operating environment, all sectors, with the exception of government, performed well during the year. The utilization rate of vehicles was maintained at 72%, but accident costs remain high. In addition to process optimization and automation of the vehicle inspection, claims and recovery processes, the business has rolled out tracker telematics, with more than 13 000 units already installed.

The Australian operations increased revenue and operating profit by 11% and 22% respectively in AUD off a low base, driven by increased unit sales specifically in Ford vehicles.

#### Aftermarket Parts

Distributor, wholesaler and retailer of accessories and parts for older vehicles, through 700 owned and franchised outlets. (Midas (AAAS), Alert Engine Parts and Turbo Exchange).

	% change		% change				% change on 2016
	HY1 2017	on HY1 2016	HY2 2017	on HY2 2016	2017	2016	
Revenue (Rm)	3 125	7	3 028	4	6 153	5 824	6
Operating profit (Rm)	190	8	216	5	406	382	6
Operating margin (%)	6,1		7,1		6,6	6,6	

Revenue and operating profit grew 6%, enhanced by price increases, a change in the sales mix and a good performance from Alert Engine Parts. AAAS recorded a marginal increase in revenue and operating profit as the business was negatively impacted by the disruption from the move to a new facility. The Jurgens and Prestige Safari business was sold during the year.

#### Financial Services

Manager and administrator of Service and Warranty plans for approximately 480 000 vehicles; developer and distributor of innovative vehicle-related financial products and services through dealer and vehicle finance channels, and a national call centre; fleet management services.

	% change		% change				% change 2016
	HY1 2017	on HY1 2016	HY2 2017	on HY2 2016	2017	2016	
<b>Motor Related Financial Services</b>							
Revenue (Rm)	965	7	1 071	14	2 036	1 837	11
Operating profit (Rm)	458	19	375	10	833	725	15
Operating margin* (%)	47,5		35,0		40,9	39,5	
<b>Insurance (discontinued operations)</b>							
Revenue(Rm)	1 526	(1)	1 152	(24)	2 678	3 049	(12)
Operating profit (Rm)	266	17	223	8	489	434	13
Operating margin (%)	17,4		19,3		18,3	14,2	

Note: Restated to include the VAPs business in Financial Services.

\* The operating margin reflects various business ventures that yield operating profits without any associated revenues.

Despite lower vehicle sales, the Motor Related Financial Services business grew revenue and operating profit by 11% and 15% respectively. Higher profitability in demo sales and rental income was due to higher business volumes and an increase in sales by vehicle importers to car rental companies. Profitability of the maintenance funds increased as cost price increases did not materialise. The loan book and returns from the alliances with financial institutions recorded good growth.

We continue to focus on growing the fleet management business and building synergies within the retail motor divisions to leverage scale for our customers.

Following the approval of the sale of the Regent Group by the Financial Services Board on 26 June 2017, Imperial retained the VAPS's business, the profits of which are included in the Motor Related Financial Services sub-division. During the year Regent's underwriting result decreased by 8%, mainly due to the sale of the African operations in January 2017, partially offset by an improved performance in the Life business and lower loss ratios in the short-term business.

#### Group financial performance

##### Group profit and loss (extracts)

R million				Restated	Restated	Restated	Total % Change	Continuing % Change
	Total 2017	Continuing 2017	Discontinued 2017	Total 2016	Continuing 2016	Discontinued 2016		
Revenue (Rm)	119 517	116 839	2 678	118 849	115 800	3 049	1	1
Operating profit (Rm)	6 538	6 049	489	6 382	5 948	434	2	2
Operating margin (%)	5.5	5.2	18.3	5.4	5.1	14.2		
Net finance costs (Rm)	(1 680)	(1 680)		(1 440)	(1 440)		17	17
Income from associates(Rm)	103	103		138	138		(25)	(25)
Forex losses(Rm)	(619)	(619)		(72)	(72)			
Profit before tax (Rm)	3 625	3 187	438	4 402	3 984	418	(18)	(20)
Tax (Rm)	(1 060)	(901)	(159)	(1 221)	(1 054)	(167)	(13)	(14)
Net profit after tax (Rm)	2 565	2 286	279	3 181	2 930	251	(19)	(22)
Attributable to non-controlling interests (Rm)	36	87	(51)	(184)	(128)	(56)	(119)	(168)
Attributable to shareholders of Imperial (Rm)	2 601	2 373	228	2 997	2 802	195	(13)	(15)
Effective tax rate (%)	30,1	29,2		28,6	27,4			
Return on Invested Capital (%)	12,4			12,8				
Weighted average cost of capital (%)	9,0			9,5*				

Note: ROIC is calculated based on taxed operating profit plus income from associates divided by the 12 month average Invested Capital (Total Equity and Net Interest Bearing Borrowings). See glossary of terms.

\* Restated to new calculation method. WACC for each sub division of the Group is calculated by making appropriate country/regional risk adjustments for the cost of equity and pricing for the cost of debt depending on jurisdiction. The Group WACC calculation is a weighted average of the respective sub divisional WACCs.

Total Group revenue and operating profit grew by 1% to R119,5 billion and by 2% to R6,5 billion respectively. Excluding acquisitions and disposals in the current and prior year, revenue remained flat and operating profit declined by 1%.

The Group profit before tax declined by 18% due to:

- Foreign exchange losses of R619 million compared to R72 million in the prior year as a result of:
  - The unwinding of uneconomical and excessive forward cover in Motus, mainly Renault, as referred to earlier, previously reported in the Statement of Comprehensive Income at 31 December 2016; and
  - Mark to market valuation of monetary items in Logistics African Regions, mainly due to the devaluation of the Naira (41% devaluation on average for the period) and Metical (37% devaluation on average for the period). This was largely offset by price increases which led to higher operating margins in Ecohealth in Nigeria.
- higher finance costs from higher costs of funding and higher average debt levels during the year, which resulted from increased working capital (on average) during the year and acquisitions. This was exacerbated by delays in the receipt of proceeds from properties and businesses held for sale;
- income from associates and joint ventures decreased by R35 million on the prior year mainly as a result of the sale of Mix Telematics; and
- loss on sale of subsidiaries amounting to R151 million compared to the prior year profit on sale of subsidiaries of R430 million.

The above factors were offset by:

- the profit on sale of properties (net of impairments) of R212 million (2016: R28 million);
- impairment of goodwill, investment in associates and joint ventures and other assets amounting to R209 million (2016: R367 million); and
- the non-recurring impairment of intangibles amounting to R151 million in 2016.



The effective tax rate for the group is 30,1%, up from 28,6% in the prior year as a result of over provisions reversed in 2016. No additional deferred tax asset was recognised on the losses incurred in Renault and this was largely offset by the deferred tax asset raised in Imperial Cold Logistics.

Losses recorded by underperforming subsidiaries, mainly Renault, contributed to a loss recognised by non-controlling shareholders. Furthermore, the profit share of the non-controlling shareholders reduced compared to the prior year due to the purchase of the non-controlling shareholders' interest in Associated Motor Holdings and AAAS (Midas), and the sale of the Goscor group in the second half of 2016 which had a 32.5% non-controlling shareholder.

#### Reconciliation from Earnings to Headline and Core Earnings:

R million	2017	Restated 2016	% change
Net profit attributable to Imperial shareholders (earnings)	2 601	2 997	(13)
Profit on disposal of assets	(320)	(98)	
Impairments of goodwill and other assets	185	437	
Loss (profit) on sale of businesses	151	(431)	
Impairment and re-measurement of investment in associates and joint ventures	34	92	
Reclassification on loss on disposal of available for sale investment	(8)		
Tax and non-controlling interests	57	(3)	
Headline earnings	2 700	2 994	(10)
Amortisation of intangible assets arising on business combinations	521	437	
Foreign exchange gain on intergroup monetary items		(92)	
Re-measurement of contingent consideration, put option liabilities and business acquisition costs	109	117	
Tax and non-controlling interests	(171)	(139)	
Core earnings	3 159	3 317	(5)

#### Earnings, Headline Earnings and Core Earnings per Share

Cents	Group	Contin-	Dis-	Restated	Restated	Restated	Group	Contin-	Dis-
	Total	uing	continued	Group	Continuing	Dis-	Total %	uing	continued
	2017	2017	2017	2016	2016	2016	change	%	%
Basic EPS (cents)	1 339	1 221	118	1 554	1 453	101	(14)	(16)	17
Basic HEPS (cents)	1 390	1 240	150	1 552	1 451	101	(10)	(14)	48
Basic Core EPS (cents)	1 626	1 480	146	1 720	1 617	103	(5)	(8)	42

#### Financial position

R million	2017	Restated 2016	% change
Goodwill and intangible assets	9 529	7 501	27
Property, plant and equipment	10 371	11 602	(11)
Investment in associates and joint ventures	1 002	993	1
Transport fleet	5 560	5 953	(7)
Vehicles for hire	3 963	3 469	14
Investments and loans	805	404	99
Net working capital	8 956	9 804	(9)
Other assets	1 839	1 871	(2)
Assets held for sale	979	6 287	(84)
Net debt	(14 647)	(16 075)	(9)
Non-redeemable, non-participating preference shares	(441)	(441)	-
Other liabilities	(7 655)	(8 576)	(11)
Liabilities directly associated with assets held for sale		(3 017)	
Total shareholders' equity	20 261	19 775	2
Total assets	68 853	69 835	(1)
Total liabilities	(48 592)	(50 060)	(3)

Goodwill and intangible assets rose by 27% to R9,5 billion primarily due to the acquisition of Palletways of R3,3 billion and Itumele Bus Lines of R114 million. This was partly offset by the amortisation of intangible assets of R634 million and Rand strength of R922 million.

Property, plant and equipment decreased by R1,2 billion to R10,4 billion primarily from the disposal of properties and the reclassification of properties to "held for sale assets" during the year.

The transport fleet decreased by 7% or R393 million as the net investment in trucks and barges of R366 million and net acquisitions of R249 million was reduced by currency adjustments of R334 million resulting from a stronger Rand and depreciation of R674 million.

Vehicles for hire increased by R494 million resulting from vehicle price increases, a higher fleet in the car rental business at year-end and increased sales to car rental companies by vehicle importers.

Net working capital improved to R9,0 billion from R9,8 billion as a result of an increase in trade payables of R 1,7 billion, partially offset by the increase in both trade receivables and inventory of R636 million and R236 million respectively. Net working capital turn improved from 12,5 to 12,7 times compared to the prior year.

Investment and loans increased by 99% due to the additional investments for the new cell captive arrangements with Regent for the VAPS business, and the loans receivable from the sale of Jurgens during the year.

Assets held for sale includes non-strategic properties that have been identified for sale. The sale of Regent, non-strategic properties disposed in F 2017, Imperial Express, LTS Kenzam and Global Holdings, which were classified as held for sale in 2016, have been concluded.

Total assets decreased by 1% to R68,9 billion due mainly to the disposal of Regent, businesses held for sale, property disposals and currency adjustments, which were offset by acquisitions.

Despite the R3,0 billion acquisition of Palletways, the net debt to equity ratio (including preference shares as equity) reduced to 71% from 73% in June 2016 (98% at December 2016) supported by proceeds from the sale of Regent and non-strategic properties, an improvement in working capital and a reduction in capital expenditure.

The net debt level is within the target gearing range of 60% to 80%. The net debt to total EBITDA ratio of 1,7 times is in line with the prior year.

In addition to attributable profits, shareholders' equity was impacted by:

- the strengthening of the Rand which resulted in a loss in the foreign currency translation reserve of R659 million; and
- an increase in the hedging reserve of R159 million as a result of the favourable forward cover position of Motus relative to the Rand exchange rate at 30 June 2017

Movement in equity for the 12 months to June 2017  
R million

	2017
Net profit attributable to Imperial shareholders	2 601
Net profit attributable to non-controlling interests	(36)
Decrease in the foreign currency translation reserve	(659)
Increase in the hedge accounting reserve	159
Re-measurement of defined benefit obligations	116
Movement in share based reserve	(72)
Dividends paid	(1 688)
Non-controlling interests:	
Palletways (share issue)	147
Midas (NCI buy out)	(36)
Imres (NCI buy out) (including re-measurement of put option)	(52)
Itumele (new acquisition)	118
Disposal of NCI share in Regent cell captives	(122)
Other movements	10
Total change	486

Cash flow		Restated	
R million	2017	2016	% change
Cash generated by operations before movements in working capital	8 388	8 931	(6)
Movements in net working capital (excludes currency movements & net acquisitions)	688	(788)	
Cash generated after working capital movements	9 076	8 143	
Interest paid	(1 670)	(1 461)	
Tax paid	(1 520)	(1 910)	
Cash generated by operations before capital expenditure on rental assets	5 886	4 772	23
Capital expenditure on rental assets	(1 709)	(1 611)	
Cash flows from operating activities	4 177	3 161	
Net (acquisitions)/disposal of subsidiaries and businesses	(1 687)	760	
Capital expenditure (non-rental assets)	(954)	(2 527)	
Equities, investments and loans	702	179	
Dividends paid	(1 688)	(1 909)	
Other	(113)	(1 321)	
Decrease (Increase) in net debt (excludes currency movements & net acquisitions)	437	(1 657)	
Free cash flow	4 296	2 536	69
Free cash flow to headline earnings (times)	1,59	0,85	

Cash generated by operations after working capital movements, interest charge and tax payments was R5,9 billion (2016: R4,8 billion), up 23%. Net working capital decreased due to excellent working capital management in the second half of F 2017.

Capex reduced from R4,1 billion to R2,7 billion, down 36%. Capex in the prior year included the bulk of the contributions towards the chemical manufacturing plant and the additional convoys in South America. The current year capex was also reduced by the proceeds from the property disposals of R884 million.

The main contributors to the net outflow of R1,7 billion relating to acquisitions and disposals was the acquisition of Palletways (R1,7 billion cash) and the disposal of the Regent cash (R1,9 billion outflow), which was offset by R1,8 billion proceeds received from the sale of Regent.

Inflows from equities, investments and loans amounted to R702 million, resulting mainly from the sale of Mix Telematics.

Dividends amounting to R1,7 billion were paid during the year.

In 2016 other significant cash flow items included share buy backs amounting to R558 million, a higher outflow from a change in minorities and settlement of cross-currency swaps. In addition capital raised from non-controlling interests increased from R26 million in 2016 to R149 million due to the Palletways acquisition.

#### Liquidity

The group's liquidity position is strong with R12,4 billion of unutilised banking facilities, excluding asset backed finance facilities. The Group debt profile is 69% long-term (longer than 12 months) and 55% at variable rates. The group's international scale credit rating by Moody's is Baa3 with a negative outlook and the national scale rating was recently upgraded to Aa1.za.

#### Dividend

A final cash dividend of 330 cents per ordinary share (2016: 425 cents per share) has been declared, bringing the full year dividend to 650 cents per ordinary share (F 2016: 795 cents per share). The 18% decline in the dividend exceeds the 10% decline in HEPS as a result of a stepped reduction in the pay-out ratio (previously based on Core HEPS) towards a targeted 45% of HEPS, subject to circumstances..

#### Board changes

Given his expanded role as an executive director of the Motus Corporation divisional board, Mr Philip Michaux has elected to step down as an executive director of Imperial Holdings, effective 21 August 2017.

As previously announced Mr Manny De Canha relinquished his executive responsibilities on 30 June 2017 and will retire on 31 January 2018. He will continue to serve as a non-executive director on the Imperial Holdings board until 31 October 2017.

#### Prospects

Against the backdrop of economic recovery in most developed and emerging economies, South Africa's socio-political and economic outlook is fragile. In the near term, politics will divert party leadership and the government from national priorities, and further sovereign downgrades are possible. Internationally, geopolitics and central banks could dampen growth and influence capital flows. The impact of this unpredictable environment on sentiment, economic activity and the volatility of the Rand is unlikely to assist the fortunes of Imperial.

Despite this, we anticipate solid operating and financial results in the year to June 2018, subject to stable currencies in the economies in which we operate and South Africa retaining its investment grade. We expect:

- The self-sufficiency and effectiveness of both divisions to be further entrenched with balance sheet efficiency and independence a priority.
- Logistics and Motus to grow revenues and operating profit from continuing operations.
- Imperial Holdings' continuing operations to increase revenues and operating profit with a double-digit growth in headline earnings per share, stronger in the second half.

#### Appreciation

Our gratitude is due to 49 364 colleagues throughout Imperial whose resilience in dealing with difficult external circumstances has been tested by the unprecedented rate of internal change. The multifaceted restructuring of Imperial over the past three years was among the most complex and ambitious in South African business.

A particular thanks to our co-directors, executive committee colleagues and fellow managers at all levels of the organisation. These are not easy times in which to lead.

Finally, we thank our owners and funders for their support. We will continue to execute on our espoused strategies.

MARK J. LAMBERTI - Chief Executive Officer  
MOHAMMED AKOOJEE - Chief Financial Officer

The forecast financial information herein has not been reviewed or reported on by Imperial's auditors.

#### Declaration of final preference and ordinary dividends for the year ended 30 June 2017

##### Preference shareholders

Notice is hereby given that a gross final preference dividend of 431.93836 cents per preference share has been declared by the Board of Imperial, payable to holders of 4 540 041 non-redeemable, non-participating preference shares. The dividend will be paid out of reserves.

The preference dividend will be subject to a local dividend tax rate of 20%. The net preference dividend, to those shareholders who are not exempt from paying dividend tax, is therefore 345.55069 cents per share.

##### Ordinary shareholders

Notice is hereby given that a gross final ordinary dividend in the amount of 330.00000 cents per ordinary share has been declared by the Board of Imperial, payable to holders of 201 139 981 ordinary shares. The dividend will be paid out of reserves.

The ordinary dividend will be subject to a local dividend tax rate of 20%. The net ordinary dividend, to those shareholders who are not exempt from paying dividend tax, is therefore 264.00000 cents per share.

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

	2017
Last day for preference shares and ordinary shares respectively to trade cum-preference dividend and cum ordinary dividend	Tuesday, 19 September
Preference and ordinary shares commence trading ex-preference dividend and ex-ordinary dividend respectively	Wednesday, 20 September
Record date	Friday, 22 September
Payment date	Tuesday, 26 September

Share certificates may not be dematerialised/re-materialised between Wednesday, 20 September 2017 and Friday, 22 September 2017, both days inclusive.

On Tuesday, 26 September 2017, amounts due in respect of the preference dividend and the ordinary dividend will be electronically transferred to the bank accounts of certificated shareholders that utilise this facility. In respect of those who do not, cheques dated 26 September 2017 will be posted on or about that date. Shareholders who have dematerialised their shares will also have their accounts, held at their CSDP or Broker, credited on Tuesday, 26 September 2017.

On behalf of the board  
RA Venter  
Group Company Secretary  
21 August 2017

##### Auditor's report

These summarised consolidated financial statements for the year ended 30 June 2017 have been audited by Deloitte & Touche, who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the financial statements from which these summarised consolidated statements were derived.

A copy of the auditor's report on the summarised consolidated financial statements and of the auditor's report on the consolidated financial statements are available for inspection at the company's registered office, together with the financial statement identified in the respective auditor's reports.

The auditor's report does not necessarily report on all of the information contained in these financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report together with the accompanying financial information from the company's registered office.

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
Recoupment's 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. Please refer to note 3.

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.

Summarised consolidated statement of comprehensive income  
For the year ended 30 June 2017

	2017	2016*
	Rm	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.

Earnings per share information  
For the year ended 30 June 2017

	%	2017	2016*
	Change	Rm	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.

\*\* 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
<b>ASSETS</b>				
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		
<b>Total assets</b>		<b>68 853</b>	<b>69 835</b>	<b>65 712</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
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
<b>Total equity</b>		<b>20 261</b>	<b>19 775</b>	<b>19 233</b>
<b>Liabilities</b>				
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
<b>Total liabilities</b>		<b>48 592</b>	<b>50 060</b>	<b>46 479</b>
<b>Total equity and liabilities</b>		<b>68 853</b>	<b>69 835</b>	<b>65 712</b>

\* Restated. Please refer to note 3.

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.

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

	Share capital and share premium Rm	Shares re- purchased 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 through 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 International Financial Reporting Standards (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 Listings Requirements of the Johannesburg Stock Exchange Limited and 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:

	2016 Rm	2015 Rm
STATEMENT OF FINANCIAL POSITION		
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	

	VAPS restatement 2016 Rm	Error restatement 2016 Rm	Total restatement 2016 Rm
STATEMENT OF PROFIT OR LOSS			
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
STATEMENT OF COMPREHENSIVE INCOME			
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)

	Error restatement 2016 Rm	Reclassification 2016 Rm	Total restatement 2016 Rm
STATEMENT OF CASH FLOWS			
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 3rd 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	2016
	Rm	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)

	2017	2016
	Rm	Rm
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.

	Carrying value Rm	Fair value* Rm
30 June 2017		
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.

	Total Rm	Level 2 Rm	Level 3 Rm
30 June 2017			
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 below for acquisitions during the year.

Disposals

Please refer to Capital allocation section above.

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.

Acquisitions

Surgipharm Limited

Logistics African Regions acquired 70% of Surgipharm Limited for a consideration of R462 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
<b>Assets</b>				
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
<b>Liabilities</b>				
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 4 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 R170 million. The after tax profit of R170 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 R162 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 LOGISTICS										MOTUS															
	IMPERIAL HOLDINGS		Logistics South Africa		Logistics African Regions		Logistics International		IMPERIAL LOGISTICS		Vehicle Import and Distribution		Vehicle Retail and Rental		After Market Parts		Motor Related Financial Services		Eliminations		TOTAL VEHICLES		Head Office and eliminations		Insurance	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	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	110	133	355	422	364	366	9		8	9	846	930	9	41		
Property plant and equipment	10 371	11 602	1 434	1 825	356	693	2 278	2 245	4 068	4 763	511	837	5 279	5 668	413	207	11	10	(1)	1	6 213	6 723	90	116		
Transport fleet	5 560	5 953	2 528	2 344	306	371	2 763	3 278	5 597	5 993													(37)	(40)		
Vehicles for hire	3 963	3 469									1 991	1 534	1 959	1 723			1 915	1 071	(1 902)	(859)	3 963	3 469				
Investments in associates	686	694	17	22	298	320	137	167	452	509	21	(37)	17	32	119	111	61	62	8	9	226	177	8	8		
Investments	403	113	23	5			5	5	28	10	4	4		27			317	190			321	221	54	(118)		
Inventories	16 953	16 717	324	251	1 157	1 247	249	314	1 730	1 812	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	13 353	12 717	3 907	3 562	1 356	1 432	3 830	3 618	9 093	8 612	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			207	17				
Operating assets	61 025	58 783	9 157	9 039	5 683	6 559	14 802	12 631	29 642	28 229	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	34 669	32 796	9 157	9 039					9 157	9 039	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	6 464	7 329			5 683	6 559			5 683	6 559	620	624	139	103	21	15			1	28	781	770				
- International	19 892	18 658					14 802	12 631	14 802	12 631			4 918	5 554					50	383	4 968	5 937	123	90		
Liabilities																										
Retirement benefit obligations	1 229	1 531					1 229	1 531	1 229	1 531																
Maintenance and warranty contracts	3 022	3 156															2 915	3 040	107	102	3 022	3 142		14		
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	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	399	460	33	31	76	88		1	109	120	102	67	11		5	51		10		(9)	118	119	172	221		
Operating liabilities	26 000	24 777	4 385	3 609	1 998	2 101	5 174	4 904	11 557	10 614	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	15 773	14 459	4 385	3 609					4 385	3 609	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	2 223	2 366			1 998	2 101			1 998	2 101	209	251	13	11	3	3					225	265				
- International	8 004	7 952					5 174	4 904	5 174	4 904			2 802	2 964							2 802	2 964	28	84		
Net working capital	8 956	9 804	(121)	235	591	666	134	560	604	1 461	2 210	2 508	3 709	3 620	726	779	332	772	1 619	670	8 596	8 349	(244)	(6)		
- South Africa	6 961	7 213	(121)	235					(121)	235	1 916	2 216	2 871	2 630	716	769	332	772	1 618	687	7 453	7 075	(369)	(96)		
- Rest of Africa	916	838			591	666			591	666	294	292	18	13	10	10			1	(143)	323	171				
- International	1 079	1 753					134	560	134	560			820	977						126	820	1 103	125	90		
Net debt	15 088	16 516	1 306	2 610	2 473	2 639	5 516	3 955	9 295	9 204	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	7 182	9 911	1 306	2 610					1 306	2 610	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	2 781	2 821			2 473	2 639			2 473	2 639	237	107	52	49	19	15				11	308	182				
- International	5 125	3 784					5 516	3 955	5 516	3 955			387	693					25	17	412	710	(803)	(881)		
Net capital expenditure	(2 663)	(4 138)	155	(534)	(93)	(346)	(554)	(1 027)	(492)	(1 907)	(1 227)	(905)	(1 112)	(1 120)	(263)	(42)	(596)	(228)	1 025	169	(2 173)	(2 126)	(45)	(7)	47	(98)
- South Africa	(1 853)	(2 624)	155	(534)					155	(534)	(1 212)	(878)	(967)	(1 011)	(262)	(40)	(596)	(228)	1 025	169	(2 012)	(1 988)	(44)	(6)	48	(96)
- Rest of Africa	(165)	(416)			(93)	(346)			(93)	(346)	(15)	(27)	(55)	(39)	(1)	(2)					(71)	(68)			(1)	(2)
- International	(645)	(1 098)					(554)	(1 027)	(554)	(1 027)			(90)	(70)							(90)	(70)	(1)	(1)		

PROFIT or LOSS	IMPERIAL LOGISITICS												MOTUS															
	IMPERIAL HOLDINGS		Logistics South Africa		Logistics African Regions		Logistics International		Business held for sale		TOTAL LOGISTICS		Vehicle Import and Distribution		Vehicle Retail and Rental		After Market Parts		Motor Related Financial Services		Businesses held for sale		Eliminations		TOTAL VEHICLES		Head Office and eliminations	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	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	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	66 972	66 072	16 207	14 447					291	819	16 498	15 266	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	11 171	13 432			9 356	11 016			591	837	9 947	11 853	1 041	1 450	150	112	33	16					1	1 224	1 579			
- International	38 696	36 296					24 220	19 512		1 281	24 220	20 793			14 362	15 279					112	223			14 474	15 502	2	1
Operating profit	6 049	5 948	953	828	746	773	1 105	1 000	(40)	(58)	2 764	2 543	728	913	1 478	1 426	406	382	833	725	(2)	102	(133)	(146)	3 310	3 402	(25)	3
- South Africa	3 809	3 779	953	828					(34)	(78)	919	750	730	886	1 067	1 056	409	386	833	725	(3)	105	(133)	(146)	2 903	3 012	(13)	17
- Rest of Africa	792	843			746	773			(6)	7	740	780	(2)	27	57	40	(3)	(4)							52	63		
- International	1 448	1 326					1 105	1 000		13	1 105	1 013			354	330					1	(3)			355	327	(12)	(14)
Depreciation, amortisation, impairments and recoupments	(2 838)	(3 119)	(394)	(590)	(257)	(295)	(777)	(738)	(6)	(56)	(1 434)	(1 679)	(622)	(653)	(721)	(686)	(41)	(39)	(183)	(150)		(157)	177	231	(1 390)	(1 454)	(14)	14
- South Africa	(1 694)	(1 924)	(394)	(590)					(3)	(14)	(397)	(604)	(606)	(645)	(635)	(575)	(40)	(39)	(183)	(150)		(156)	177	232	(1 287)	(1 333)	(10)	13
- Rest of Africa	(302)	(327)			(257)	(295)			(3)	(3)	(260)	(298)	(16)	(8)	(25)	(21)	(1)								(42)	(29)		
- International	(842)	(868)					(777)	(738)		(39)	(777)	(777)			(61)	(90)						(1)	(1)	(61)	(92)	(4)	1	
Interest expense	(1 680)	(1 440)	(307)	(300)	(222)	(214)	(220)	(197)	(19)	(29)	(768)	(740)	(499)	(267)	(356)	(464)	(69)	(48)	(10)	5	(11)	(61)	96	143	(849)	(692)	(63)	(8)
- South Africa	(1 140)	(913)	(307)	(300)					(12)	(14)	(319)	(314)	(483)	(259)	(276)	(381)	(69)	(48)	(10)	5	(10)	(59)	97	144	(751)	(598)	(70)	(1)
- Rest of Africa	(256)	(236)			(222)	(214)			(7)	(5)	(229)	(219)	(16)	(8)	(11)	(8)							(1)	(27)	(17)			
- International	(284)	(291)					(220)	(197)		(10)	(220)	(207)			(69)	(75)					(1)	(2)	(1)		(71)	(77)	7	(7)
Pre-tax profit	3 434	3 901	773	524	113	368	593	576	(59)	(106)	1 420	1 362	(178)	417	1 127	948	364	369	828	774	(16)	10	(35)	6	2 090	2 524	(77)	15
- South Africa	2 448	2 723	773	524					(47)	(100)	726	424	(145)	411	809	682	345	373	828	774	(13)	6	(35)	7	1 789	2 253	(68)	46
- Rest of Africa	133	386			113	368			(12)	(15)	101	353	(33)	6	46	32	19	(4)					(1)	32	33			
- International	853	792					593	576		9	593	585			272	234					(3)	4			269	238	(9)	(31)
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	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	49 252	45 572	15 335	13 801	2 133	2 676	24 220	19 512	110	1 751	41 798	37 740	186	236	6 372	6 228	2	1	823	677	50	656	(15)	(5)	7 418	7 793	36	39
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	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				18	117	89					117	107	11 697	11 614	2 944	2 656	96	27	1 213	1 160	6	133	(15 670)	(15 065)	286	525	(403)	(632)
	116 839	115 800	16 207	14 447	9 356	11 016	24 220	19 512	882	2 937	50 665	47 912	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	(2 838)	(3 119)	(394)	(590)	(257)	(295)	(777)	(738)	(6)	(56)	(1 434)	(1 679)	(622)	(653)	(721)	(686)	(41)	(39)	(183)	(150)		(157)	177	231	(1 390)	(1 454)	(14)	14
Depreciation and amortisation	(2 575)	(2 601)	(561)	(582)	(101)	(118)	(548)	(580)	(6)	(56)	(1 216)	(1 336)	(637)	(540)	(690)	(662)	(37)	(34)	(184)	(144)		(117)	177	232	(1 371)	(1 265)	12	1
Recoupments and impairments	258	70	211	24	10	11	66	35			287	70	15	2	(20)	(5)	1		1	(6)		5	(1)	(3)	(5)	(26)	4	
Amortisation and impairment of intangible assets arising on business combinations	(521)	(588)	(44)	(32)	(166)	(188)	(295)	(193)			(505)	(413)		(115)	(11)	(19)	(5)	(5)				(45)			(16)	(184)		9
Associate income included in pre- tax profits	103	138	5	3	19	30	28	25			52	58	(6)	(25)	3	4	39	42	5	49		2	1	3	42	75	9	5
Operating margin %	5,2	5,1	5,9	5,7	8,0	7,0	4,6	5,1			5,5	5,3	4,0	5,0	2,7	2,6	6,6	6,6	40,9	39,5					5,0	5,0		

Glossary of terms	
Net asset value per share	equity attributable to owners of Imperial divided by total ordinary shares in issue net of shares repurchased (the deferred ordinary shares only participate to the extent of their par value of 0,04 cents).
Net debt	is the aggregate of interest-bearing borrowings, non-redeemable, non-participating preference shares less cash resources.
Net capital expenditure	is the aggregate of the expansion and replacement capital expenditure of rental assets and non-rental assets.
Net working capital	is inventories plus trade and other receivables less trade and other payables and provisions.
Operating assets	total assets less loans receivable, tax assets, assets of discontinued operations, assets of disposal group and cash resources in respect of non-financial services segments.
Operating liabilities	total liabilities less interest-bearing borrowings, tax liabilities, put option liabilities, liabilities of discontinued operations and liabilities of disposal groups.
Operating margin (%)	operating profit divided by revenue.
Pre-tax profit	calculated as profit before tax, impairment of goodwill and profit or loss on sale of investment in subsidiaries, associates and joint ventures and other businesses.
Return on invested capital (%)	this is the return divided by invested capital. return is calculated by reducing the operating profit by a blended tax rate, which is an average of the actual tax rates applicable in the various jurisdictions in which Imperial operates, increased by the share of result of associates and joint ventures. Invested capital is a 12-month average of - total equity plus non-redeemable, non participating preference shares plus interest-bearing borrowings less interest bearing long-term receivables less cash resources in non-financial services businesses.
Weighted average cost of capital (WACC) (%)	calculated by multiplying the cost of each capital component by its proportional weight, therefore: $WACC = (\text{after tax cost of debt \% multiplied by average debt weighting}) + (\text{cost of equity multiplied by average equity weighting})$ . The cost of equity is blended recognising the cost of equity in the different jurisdictions in which Imperial operates. This is different from the prior year where a South African cost of equity was used.

#### Directors

SP Kana# (Chairman), A Tugendhaft##, (Deputy Chairman), RJA Sparks# (Lead Independent Director), MJ Lamberti (Chief Executive), M Akoojee (Chief Financial Officer), OS Arbee, MP de Canha, P Cooper#, G Dempster#, T Dingaan#, RM Kgosana#, P Langeni#, MV Moosa##, M Swanepoel, Y Waja#

# Independent non-executive ## Non-executive

#### Company Secretary

RA Venter

#### Group Investor Relations Manager

E Mansingh

#### Business address and registered office

Imperial Place, Jeppe Quondam, 79 Boeing Road East, Bedfordview, 2007

#### Share transfer secretaries

Computershare Investor Services (Proprietary) Limited, 70 Marshall Street, Johannesburg, 2001

#### Sponsor

Merrill Lynch SA (Pty) Limited, The Place, 1 Sandton Drive, Sandton, 2196

The results announcement is available on the Imperial website: [www.imperial.co.za](http://www.imperial.co.za)



