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IMPERIAL HOLDINGS LIMITED PRELIMINARY SUMMARISED AUDITED RESULTS
FOR THE YEAR ENDED 30 JUNE 2018

Imperial Holdings is a JSE listed South African holding company, employing over 48 000 people in 33 mainly African and Eurozone countries, operating exclusively in the logistics and vehicle sectors, as:
- Imperial Logistics: a mainly African and European provider of integrated outsourced value-adding logistics, supply chain and route-to-market solutions, customised to ensure the relevance and competitiveness of its clients, generating 40% and 44% of group* revenue and operating profit respectively, with 67% of operating profit generated outside South Africa; and
- Motus: an integrated motor vehicle group, operating across the value chain (import, distribution, retail, rental, aftermarket parts and vehicle-related financial services) generating 60% and 56% of group* revenue and operating profit respectively, with 14% of operating profit generated outside South Africa.

* Excludes head office and eliminations.

At a glance

Imperial Logistics

Overview and key investment highlights

Imperial Logistics is an integrated outsourced logistics service provider with a diversified presence across Africa and Europe. With its strong regional growth platforms, specialist capabilities customised to serve multinational clients in attractive industry verticals, and asset-right" business model, Imperial Logistics is expected to deliver sustainable revenue growth, enhanced profitability and a stable dividend. Improvements in asset mix and cash flow, and plans to achieve targeted returns on capital in excess of weighted average cost of capital (WACC), will support this expectation.

Ranked in the top 25 global third-party logistics (3PL) providers as published by Armstrong & Associates Inc (#15 for land-based revenue in 2017), with a presence in 33 countries on five continents and approximately 30 000 employees, Imperial Logistics' key investment highlights include:
- Track record for consistent growth: proven ability to acquire, develop and leverage specialist capabilities to establish growth platforms in emerging and advanced markets;
- Leading positions in regional markets provide platforms for sustainable growth: market leader in South Africa, a leader in selected industries (consumer packaged goods (CPG) and pharmaceuticals) in the African Regions and in certain specialised capabilities in Europe;
- Competitive differentiation centred on agility and customisation: specialised capabilities across the value chain enable customised and integrated solutions, with service offerings and operating models tailored to client requirements and market maturity;
- Trusted partner to multinational clients: quality contract portfolio in high-growth and defensive industries, with partnerships demonstrating reach, capabilities, assets, innovation and legitimacy;
- Vision to unlock benefits of one Imperial Logistics": strategy focused on sustainable revenue growth, enhanced returns and improved competitiveness, with initiatives to drive substantial organic growth enabled by differentiated approach to digitalisation and innovation, and enhanced financial flexibility supporting selective acquisitive growth;
- "Asset-right" business model underpins financial profile: more optimal asset mix and targeted returns on capital, support prospects for sustainable revenue growth and enhanced profitability; and
- Strong and committed leadership: highly experienced, long-serving management team and a strong independent board.

Motus

Overview and key investment highlights

Motus is a diversified (non-manufacturing) service provider to the automotive sector with unrivalled scale and scope in South Africa, and a selected international presence in the United Kingdom and Australia. Motus' unique business model is fully integrated across the motor value chain - Import and Distribution, Retail and Rental, Motor Related Financial Services and Aftermarket Parts. This business model provides diversified service offerings, significant annuity earnings underpin, maximises revenue and income opportunities, and provides returns in excess of WACC, enabling Motus to maintain sustainable free cash flow and pay an attractive dividend.

Supported by over 18 300 employees and as southern Africa's largest vehicle group, Motus' key investment highlights include:
- Diversified (non-manufacturing) service provider in the automotive sector with a leading position in South Africa and selected international presence (UK and Australia);
- Fully integrated business model across the vehicle value chain - Import and Distribution, Retail and Rental, Motor Related Financial Services and Aftermarket Parts;
- Unrivalled scale in South Africa underpins a differentiated value proposition to original equipment manufacturers (OEMs), customers and business partners, providing multiple customer touch points supporting resilience and customer loyalty through the entire vehicle ownership cycle;
- Access to annuity income streams, sustainable free cash flow generation with best-in-class earnings, return on invested capital exceeding WACC, providing a platform for an attractive dividend yield;
- Defined organic growth trajectory through portfolio optimisation, continuous operational enhancements and innovation, with a selective acquisition strategy outside South Africa leveraging best-in-class expertise; and
- Highly experienced management team with deep industry knowledge of regional and global markets, and a proven track record with years of collective experience.

Motus is reported as a discontinued operation in these results for the financial year ended 30 June 2018.

Group financial highlights

- Record annual revenue up 11% to R128,7 billion
- Operating profit up 6% to R6,4 billion
- EPS up 38% to 1 681 cents per share
- HEPS up 27% to 1 570 cents per share
- Free cash (post-maintenance capital expenditure) up 17% to R5,0 billion (2017: R4,3 billion)
- Free cash conversion ratio of 1,6 times in line with 2017
- Net debt to equity ratio (including preference shares as debt) improved significantly to 50% from 74% in June 2017 and 84% in December 2017
- Return on equity 15,0% (2017: 12,7%)
- Return on invested capital 12,9% (2017: 11,3%)
- Weighted average cost of capital 9,7% (2017: 9,0%)
- Full-year dividend up 9% to 710 cents per share; 45% of HEPS (2017: 650 cents per share)

Note: ROE, ROIC and WACC are calculated on a rolling 12-month basis, excluding Regent. Total EPS and HEPS excluding Regent in the prior year.

Results overview
- Imperial produced solid results and recorded an improvement in all key financial metrics in the 12 months to 30 June 2018, supported by acquisitions, increased vehicle sales and a good performance from Motus. Imperial Logistics performed satisfactorily in mixed trading conditions.
- Excluding businesses held for sale, total revenue and operating profit for the group increased by 13% and 7% respectively.
- Excluding current and prior period acquisitions and disposals, total revenue and operating profit for the group increased by 5% and 2% respectively.

- Operating margin declined to 5,0% from 5,2%, resulting from a reduction in sales of luxury vehicle brands in favour of smaller, lower-margin entry-level vehicles, and the acquisition by Motus of the lower-margin Pentagon (UK) and SWT (Australia).
- Revenue generated outside South Africa increased 21% to R59,0 billion (45% of group revenue) and operating profit generated outside South Africa increased 6% to R2,4 billion (37% of group operating profit).
- A full reconciliation from earnings to headline earnings is provided in the group financial performance section. As reported at the interim results, core earnings is no longer a relevant financial measure and was discontinued in the 2018 financial year.
- Net working capital of R8,8 billion improved by 2% from R9,0 billion in June 2017. Imperial Logistics working capital increased by R1,5 billion as debtor and creditor levels normalised to more sustainable levels when compared to F2017. The acquisitions, mainly Surgipharm, also impacted working capital in F2018. Motus working capital decreased by R1,7 billion mainly due to a reduction in inventory and improved supplier credit terms. We expect inventory levels to normalise in H1 F2019.
- Disposals of non-strategic businesses and properties during the 12-month period generated proceeds of R4,2 billion. Net assets held for sale amounted to R234 million, comprising mainly non-strategic properties in Motus.
- Net debt to equity (including preference shares as debt) improved significantly to 50% from 74% in June 2017 and 84% in December 2017 resulting mainly from cash of R4,2 billion received from the disposal of non-strategic businesses and properties and a 37% improvement in cash generated from operating activities of R5,7 billion.
- Free cash flow increased by 17% to R5,0 billion from R4,3 billion mainly due to a 37% increase in cash generated from operating activities of R5,7 billion (2017: R4,2 billion).
- A final cash dividend of 387 cents per ordinary share (2017: 330 cents per share) has been declared.

Environment
Imperial's activities on the African continent produced 64% and 76% respectively of group revenues and operating profits during the 12 months to June 2018, with the remainder generated mainly in Europe and the United Kingdom. Trading conditions in Imperial's markets remain mixed.

South Africa
Despite improved sentiment, the economy contracted sharply in the second half of F2018 in South Africa, where R70,0 billion or 55% of group revenue and R4,0 billion or 63% of group operating profit was generated in the 12 months to 30 June 2018. Notwithstanding some monetary easing, high unemployment, low economic growth, tax rate increases and static household income resulted in consumer affordability remaining under pressure.

The impact of this environment on Imperial Logistics' operating profit, 33% of which is generated in South Africa, has been depressed volumes and competitive pressures, resulting in contract renewals at lower margins. This business was also directly impacted by lacklustre consumer spending, high fuel prices and social unrest. The impact on the operating profit of Motus, approximately 86% of which is generated in South Africa, has been a low-growth trading environment, where national vehicle unit sales as reported by NAAMSA increased by 2%. The luxury brand segment remains under severe pressure as consumer affordability constraints and buying down trends continue.

Rest of Africa
The recovery in commodity prices, gradually improving domestic demand and some policy reforms improved economic prospects in most countries in sub-Saharan Africa, where R12,0 billion or 9% of group revenue and R853 million or 13% of group operating profit was generated in the 12 months to 30 June 2018.

However, the performances of Imperial's businesses in the rest of Africa (predominantly Logistics) were negatively impacted by subdued growth, recessionary conditions and political instability in certain markets, and the R/USD exchange rate strengthening by 5% on average during the year. The increasingly competitive and uncertain donor aid market resulted in lower than expected volumes and reduced margins.

Eurozone, United Kingdom (UK) and Australia
Our international operations generated R46,9 billion or 36% of group revenue and R1,5 billion or 24% of group operating profit in the 12 months to 30 June 2018.

Economic conditions in Europe were positive. The continuing economic expansion in Europe has resulted in unemployment in the EU and the Euro area decreasing to below pre-global financial crisis levels. However, certain sectors in which we operate remain under pressure, eg steel. The US tariffs on Chinese products will likely divert trade flows from China to Europe, particularly steel, which could push steel prices down further and could result in reduced exports for our automotive customers. Our German shipping operations were negatively impacted by low water levels on the River Rhine in the first half of F2018. Hot weather conditions since July 2018 have again resulted in low water levels. Palletways' performance was hindered by toughening economic conditions in the UK. The new EU emissions regulation stipulating lower emission thresholds and process for approval, will lead to OEMs reducing vehicle production volumes in H1 F2019, and negatively impact sales of vehicles manufactured in Europe.

Economic growth and the passenger vehicle market in the UK are being depressed by the uncertainties arising from Brexit and consumers switching from diesel vehicles to petrol vehicles. Latest forecasts indicate an overall decline in the UK vehicle market in calendar 2018 with the passenger vehicle market forecast to decline by over 5% and the heavy commercial vehicles sector by approximately 6%. The Australian vehicle market recorded growth despite being fragmented and highly competitive, but margins on new vehicles remain under pressure.

Strategy and update on the proposed unbundling

From late 2014, a fundamental transformation was initiated to unlock intrinsic value within the group. Touching every part of the organisation, the changes sought to retain the entrepreneurial creativity and capital management excellence that had underpinned the group's past success, while ensuring that the structure, strategies and value propositions of its divisions were clarified, simplified and focused, for sustainable competitive advantage, growth and returns. This transformation and development of Imperial was centred around strategic clarity, managerial focus and shareholder insight. The first was achieved through portfolio rationalisation, the second through organisation structure and the third through disclosure. The substantial portfolio rationalisation resulted in the group disposing of assets that did not fit the group and underlying business unit's strategies, or did not generate sufficient returns on capital or executive effort, and acquiring those that did. Since 2014, as many as 55 businesses and 90 properties were sold that generated revenues of R14,4 billion, operating profit of R1,1 billion and released capital of R7,0 billion. In total, R5,7 billion was invested in acquiring 17 strategically aligned high-quality assets that generated revenue of R14,2 billion and operating profit of R1,0 billion in their first full year of operation, and which are expected to deliver sustainable organic growth and enhanced returns and cash flows in the future.

The above-mentioned approach exposed the absence of operational synergies and resulted in the group consolidating its logistics and automotive operating companies and assets within two large, self-sufficient, multinational companies, Imperial Logistics (from 1 July 2016) and Motus (from 1 January 2017), each with its own board, chief executive officer, executive committee and increasingly self-sustaining balance sheets, and with decreasing functional support from the holding company. Appropriate executive management changes were made to accommodate the new structure and the succession of retiring executives.

The internal separation necessitated a realignment of the group's governance structure and two strong operating boards were established. To entrench the independence and focus of Imperial Logistics and Motus further, most of the functions of the Imperial Holdings head office were systematically devolved to the two divisions. Pursuant to more efficient capital and funding structures, significant effort ensured that each business unit achieved appropriately geared, independent and self-sustaining balance sheets as evidenced by these results.

In light of the above, the role of Imperial Holdings as the custodian of governance and the provider of capital to the divisions is no longer necessary. Consequently, and after due consideration to whether the long-term prospects of Imperial Logistics and Motus will be enhanced by them being separately listed, the board approved the external separation of the two divisions through the unbundling of Motus. The proposed unbundling, which is expected to be concluded in Q4 2018, will enable each of the two divisions to operate in a more focused and efficient manner, allowing each of the businesses to achieve their respective strategic goals, be separately accountable to debt and equity providers and unlocking value for shareholders over the long term. The unbundling will also provide shareholders with the opportunity to participate directly in Imperial Logistics and/or Motus.

In the event of the unbundling of Motus, Imperial Logistics and Motus will not have formal credit ratings. No rating is required as the funding for both Imperial Logistics and Motus can be satisfied by the banking market with no requirement to access the bond market. The impact of this is immaterial from a cost of funding perspective. The debt syndication process and refinancing of existing facilities as a result of the proposed unbundling are in process and on track. Sufficient commitments including an underwriting for the off-shore facilities have been secured for Imperial Logistics and Motus to facilitate growth, provide flexibility and maintain strong liquidity at competitive pricing levels.

The bonds were redeemed by utilising existing banking facilities at market value on 6 August 2018 and an offer to acquire the preference shares was announced on 13 August 2018. We anticipate the buyback to be implemented during October 2018. Notwithstanding that preference shareholders are not entitled to participate in the unbundling, the board is of the opinion that the buyback will be an efficient means for Imperial to simplify its capital structure and preference shareholders to dispose of the preference shares in an orderly and effective manner.

Acquisitions
In F2018 the group expanded its portfolio outside South Africa in both Imperial Logistics and Motus through the following strategically aligned acquisitions:
- Imperial Logistics acquired 70% of Surgipharm Limited in Kenya for USD35 million (R485 million), effective 1 July 2017. Surgipharm is strategically aligned to accelerate our industry presence and relationships with pharmaceutical principals on the African continent and provides an excellent platform for further growth in other East African markets. This acquisition performed slightly below expectation during the period due to political uncertainty and disruptive elections in Kenya, but still contributed positively;
- Motus acquired Pentagon Motor Holdings, which operates 38 passenger and light commercial vehicle franchises from 21 prime retail dealerships in the UK, for £26 million (R479 million), effective 1 September 2017. Pentagon supports Motus' strategy to deploy capital and its vehicle retail expertise in pursuit of growth beyond South Africa, and it complements our existing commercial vehicle business in the UK. This acquisition performed satisfactorily despite the UK passenger market being depressed by the convergence of declining UK passenger vehicle sales, market realignment from diesel vehicles and Vauxhall changing ownership from General Motors to the French PSA group;
- Motus acquired 75% of Australian-based SWT Group Proprietary Limited, which operates 16 dealerships, for AUD24,2 million (R261 million), effective 1 October 2017. This acquisition performed in line with expectations during the period and complements our existing dealership footprint in Australia; and
- Motus acquired 60% of Arco Motor Industry Co Limited, a distributor of motor vehicle engine parts based in Taiwan for R185 million. The acquisition is in line with our strategy to shorten the supply chain in sourcing products for our route-to-market network in Africa, thereby eliminating costs and improving efficiency in the supply chain.

Disposals
In F2018 the group disposed of the following non-core, strategically misaligned, underperforming or low return on effort assets:
- The group's interest in and claims against Schirm GmbH, the contract manufacturing service business of Imperial Chemical Logistics GmbH, and related property transactions for a total cash price of €134 million (R2,0 billion). The transaction was concluded on 17 January 2018 and payment was received on 30 January 2018;
- Non-strategic properties for proceeds of R1,7 billion. A further 17 properties with a carrying value of R234 million are held for sale;
- Transport Holdings in Botswana, which released capital of R200 million;
- Laabs GmbH, a €16 million revenue liquid food transporter specialising in liquid chocolate products and raw materials in Europe, for €2 million (R32 million) in October 2017; and
- Interests in smaller entities in Imperial Logistics amounting to approximately R55 million.

Divisional performance
Imperial Logistics

Performance
Imperial Logistics recorded growth in revenue and operating profit of 3%. Excluding businesses held for sale (mainly the disposal of Schirm) revenue and operating profit grew 8% and 5% respectively. These results were supported by a solid performance from our West African healthcare businesses (mainly Eco Health) and CPG business in Mozambique (CIC); the

disposal and closures of some smaller, strategically misaligned businesses in South Africa and African Regions; the inclusion of the Surgipharm acquisition for the full 12-month period and excellent results from the automotive and international shipping segments in Logistics International.

Results were partially offset by lower volumes, margin pressures, renewal of contracts at lower margins in South Africa, the loss of a large public healthcare contract in African Regions, lower operating profit performance from the sourcing and procurement business (Imres) in African Regions and disappointing performances in the European inland shipping, retail and industrial businesses. Excluding current and prior year acquisitions and disposals, revenue increased by 5% and operating profit declined by 1%. Profit before tax improved by 26% as foreign exchange losses mainly in African Regions were contained to R70 million compared to R216 million in the prior year. Net finance costs reduced 8% due to a significantly improved and strengthened balance sheet, and amortisation of intangibles reduced by 17% mainly due to the sale of Schirm.

The net debt to equity ratio improved significantly from 122% in the prior year to 50% following the sale of non-core or underperforming businesses and non-strategic properties, reduced capital expenditure requirements and the recapitalisation of African Regions. The ROIC of 12,2% compares to 11,5% in the prior year and is above the target hurdle rate of WACC+3%.

Net capital expenditure increased to R578 million from R492 million in the prior year. Capital expenditure in the current year comprised mainly replacement of transport fleet in South Africa, reduced by proceeds from asset disposals of R730 million, including property disposals of R367 million. Property disposals were lower when compared to the prior period.

Imperial logistics

	HY1 2018	% change on HY1 2017	HY2 2018	% change on HY2 2017	2018	2017	% change on 2017
Revenue (Rm)	26 511*	5	24 888	3	51 399	49 715*	3
Operating profit (Rm)	1 391	7	1 462	-	2 853	2 764	3
Operating margin (%)	5,2		5,9		5,6	5,6	
Return on invested capital (%)					12,2	11,5	
Weighted average cost of capital (%)					8,5	7,1	
Targeted ROIC (WACC+3%)					11,5	10,1	
Debt:equity ratio (%)					50	122	

Note: ROIC and WACC are calculated on a rolling 12 month basis. The above table includes businesses held for sale and eliminations.
* Restated.

Logistics South Africa

Logistics South Africa performed satisfactorily in difficult market conditions, decreasing revenue by 1% and increasing operating profit by 4%. Excluding businesses held for sale revenue increased by 1% and operating profit reduced by 1%.

	HY1 2018	% change on HY1 2017	HY2 2018	% change on HY2 2017	2018	2017	% change on 2017
Revenue (Rm)	8 510	2	7 800	(4)	16 310	16 498	(1)
Operating profit (Rm)	522	13	430	(6)	952	919	4
Operating margin (%)	6,1		5,5		5,8	5,6	
Return on invested capital (%)					13,7	12,3	
Weighted average cost of capital (%)					11,0	10,6	
Targeted ROIC (WACC+3%)					14,0	13,6	
Debt:equity ratio (%)					64	40	

Note: ROIC and WACC are calculated on a rolling 12-month basis. The above table includes businesses held for sale and eliminations.

Performance was enhanced by a positive contribution from the Itumele Bus Lines acquisition which was included for 12 months, and the disposal and closures of some smaller, strategically misaligned businesses in the current and prior years. However, the second-half performance was negatively impacted by a further reduction in volumes and depressed margins. Solid results from the transport and warehousing, and specialised freight businesses contributed positively to operating profit, which was offset by an underperformance from the CPG businesses, where the ambient and merchandising segments performed below expectation due to depressed volumes. Challenging market conditions and a competitive trading environment also resulted in contract renewals at lower margins. The managed solutions business recorded moderate growth during the year.

ROIC improved to 13,7% from 12,3% mainly due to improved capital management and the sale of strategically misaligned and underperforming businesses.

The disposal of 30% of Imperial Logistics South Africa to a broad-based black economic empowerment (B-BBEE) partner is progressing steadily with a selected partner. We expect to announce key terms of a transactionin H1 F2019. As previously announced, the B-BBEE transaction is not a prerequisite for the potential unbundling of Motus.

Logistics African Regions

Imperial Logistics African Regions performed below expectation with revenue and operating profit increasing by 9% and 3% respectively with a mixed performance across the portfolio. Revenue and operating profit, excluding businesses held for sale, increased by 19% and 1% respectively.

	HY1 2018	% change on HY1 2017	HY2 2018	% change on HY2 2017	2018	2017	% change on 2017
Revenue (Rm)	5 551	4	5 272	15	10 823	9 947	9
Operating profit (Rm)	408	4	351	1	759	740	3
Operating margin (%)	7,4		6,7		7,0	7,4	
Return on invested capital (%)					17,5	23,8	
Weighted average cost of capital (%)					11,1	6,7	
Targeted ROIC (WACC+4%)					15,0	10,7	
Debt:equity ratio (%)					23	>150	

Note: ROIC and WACC are calculated on a rolling 12-month basis. The above table includes businesses held for sale and eliminations.

Results were supported by a good performance from our West African healthcare businesses (mainly Eco Health) which had record sales during the year. These businesses are leading distributors of pharmaceuticals in Nigeria and Ghana. The acquisition of Surgipharm contributed positively but performance was depressed by political uncertainty and disruptive elections in Kenya. The results from the CPG route-to-market business were enhanced by strong growth in the cross-border trade from South Africa into SADC markets and the disposal of the loss-making Botswana business (Global Holdings). Certain asset-heavy operations in the transport division were discontinued, in line with the risk mitigation strategy and the objective to become more asset-right, thereby enhancing returns.

The CPG route-to-market Namibian operations performed satisfactorily in ongoing recessionary conditions. Transport operations in Namibia are experiencing reduced volumes, exacerbated by the recession, vindicating our strategy to reduce asset intensity. Our sourcing and procurement business (Imres) delivered an unsatisfactory operating profit performance compared to the prior year due to increased competition, change in the product mix, uncertainty in aid and relief markets, and longer lead times in executing orders which resulted in lower margins. However, this business continues to generate good cash flow and delivers ROIC in line with the targeted hurdle rate. The sub-Saharan healthcare logistics business was negatively impacted by the loss of a large public healthcare contract.

The average strengthening of the Rand by 5% against the US Dollar also negatively influenced the Rand performance during the period.

The business was recapitalised during the year resulting in a significantly lower net debt to equity ratio.

ROIC at 17,5% declined from 23,8% mainly due to the underperformance of the sub-Saharan and Kenyan healthcare logistics businesses and the sourcing and procurement business, an increase in our investment in Eco Health, from 68% to 87% and normalised working capital.

Logistics International

Logistics International's revenue was flat and operating profit decreased by 1% in Euro, while revenue and operating profit increased by 4% and 3% respectively in Rand, which weakened by 4% on average against the Euro during the year. Revenue and operating profit, excluding businesses held for sale (Schirm), increased by 8% and 12% respectively in Rand terms and increased by 4% and 6% respectively in Euro.

	HY1 2018	% change on HY1 2017	HY2 2018	% change on HY2 2017	2018	2017	% change on 2017
Revenue (€m)	788*	3	793	(2)	1 581	1 574*	-
Operating profit (€m)	28,8	(2)	45,8	-	74,6	75,3	(1)
Operating margin (%)	3,7		5,8		4,7	4,8	
Revenue (Rm)	12 450*	7	11 816	2	24 266	23 270*	4
Operating profit (Rm)	461	3	681	3	1 142	1 105	3
Operating margin (%)	3,7		5,8		4,7	4,7	
Return on invested capital (%)					9,6	8,2	
Weighted average cost of capital (%)					6,3	5,4	
Targeted ROIC (WACC+2%)					8,3	7,4	
Debt:equity ratio (%)					56	128	

Note: ROIC and WACC are calculated on a rolling 12-month basis. The above table includes businesses held for sale and eliminations.
* Restated.

The significant driver of growth was the automotive contract logistics business, which grew both new and existing business during the year. Results were also supported by a good performance from the international shipping operations. The European inland shipping business underperformed due to low water levels on the River Rhine. The retail, steel and industrial sub-divisions delivered unsatisfactory results resulting from lower volumes. Palletways performed below expectations due to toughening economic conditions, and continued competitive pressure in sub-scale operations.

ROIC improved to 9,6% from 8,2% and is above the targeted WACC+2%.

Divisional performance

Motus

Notwithstanding challenging economic and trading conditions, Motus increased revenue and operating profit by 17% and 9% respectively, with all four sub-divisions recording revenue and operating profit growth. This was mainly due to competitive vehicle pricing and a strong improvement in entry-level and small SUV vehicle sales in South Africa as consumers are trading down. As a result, luxury brand sales declined by 20% during the year. The acquisitions of Pentagon in the UK and SWT in Australia contributed positively to revenue, but at lower margins. Excluding current and prior year acquisitions and disposals, revenue and operating profit increased by 4%. Profit before tax improved by 64% resulting from a significant reduction in foreign exchange losses being R43 million compared to R425 million incurred in 2017 mainly relating to the unwinding of excessive and uneconomical forward cover in Renault. The profit on sale of R617 million relating to a property in Australia and the 13% reduction in finance costs also boosted performance.

During the period, in South Africa, Motus grew unit vehicle sales by 7% compared to national unit vehicle sales growth of 2% as reported by NAAMSA. The Motus passenger and commercial vehicle businesses, including the UK and Australia, retailed 146 455 (2017: 113 074) new and 81 123 (2017: 70 158) pre-owned vehicles during the 12 months.

Property disposals and consistent levels of investment in vehicles for hire resulted in net capital expenditure declining by 85% from R2,2 billion in June 2017 to R322 million.

While we have provided separate ROIC, WACC and net debt to equity ratios for each sub-division, these ratios should not be analysed in isolation as the sub-divisions of Motus operate in a uniquely integrated manner, to optimise client offerings and market penetration with numerous cross-selling initiatives across the Vehicle value chain.

Motus' debt to equity ratio increased marginally to 50% mainly due to acquisitions, partly enhanced by disciplined working capital management and proceeds received from the disposal of non-strategic properties.

MOTUS

	HY1 2018	% change on HY1 2017	HY2 2018	% change on HY2 2017	2018	2017	% change on 2017
Revenue (Rm)	39 678	16	37 981	17	77 659	66 540	17
Operating profit (Rm)	1 716	5	1 877	13	3 593	3 310	9
Operating margin (%)	4,3		4,9		4,6	5,0	
Return on invested capital (%)					13,0	11,8	
Weighted average cost of capital (%)					10,4	10,1	
Targeted ROIC (WACC+3%)					13,4	13,1	
Debt:equity ratio (%)					50	46	

Note: ROIC and WACC are calculated on a rolling 12-month basis.

Vehicle Import and Distribution

Exclusive South African importer of Hyundai, Kia, Renault and Mitsubishi automotive brands with over 80 000 vehicles imported annually; and Nissan distributorships in four African countries.

	HY1 2018	% change on HY1 2017	HY2 2018	% change on HY2 2017	2018	2017	% change on 2017
Revenue (Rm)	10 043	10	10 085	12	20 128	18 157	11
Operating profit (Rm)	303	6	485	2	788	728	8
Operating margin (%)	3,0		4,8		3,9	4,0	
Return on invested capital (%)					12,7	6,4	
Weighted average cost of capital (%)					11,3	10,1	
Debt:equity ratio (%)					37	109	

Note: ROIC and WACC are calculated on a rolling 12-month basis.

Revenue and operating profit from this sub-division increased by 11% and 8% respectively, as sales volumes increased by 11% (Hyundai up 4%, Kia up 22% and Renault up 22% per NAAMSA) with our vehicle mix aligned to market demand resulting from pressure on consumer affordability. The Motus importer segment market share increased from 14% in the prior year to 15%.

At the end of July 2018, Hyundai and Kia forward cover on the US Dollar and Euro imports extends to February 2019 at average rates of R12,89 to the US Dollar and R15,61 to the Euro. New trading arrangements with Renault since October 2017 have rendered forward cover redundant. With the exception of Renault, Motus' current guideline is to cover a minimum of seven months forward and up to 75% of annual forecast orders, as stipulated by the South African Reserve Bank.

The African distributorship business improved its performance from the prior period but is still performing below expectations due to weak consumer demand mainly in the aftermath of political elections in Kenya. The capital deployed in these operations has been reduced and the viability of these operations is under review.

During the period, ROIC increased to 12,7% from 6,4%, resulting from increased profitability, a significant reduction in working capital, lower investment in vehicles for hire and the sale of non-strategic properties.

Vehicle Retail and Rental
South Africa: Represents 23 OEMs through 356 vehicle dealerships including 104 pre-owned, 232 passenger dealerships and 20 commercial vehicle dealerships, with 118 car rental outlets (Europcar and Tempest).

Internationally: Manages and operates 112 franchise outlets from 68 sites comprising 84 commercial vehicles and 28 passenger car franchise outlets in the UK, 30 passenger vehicle dealerships in Australia and 16 car rental outlets (Europcar and Tempest) in southern Africa.

	HY1 2018	% change on HY1 2017	HY2 2018	% change on HY2 2017	2018	2017	% change on 2017
Revenue (Rm)	32 359	20	30 400	16	62 759	53 362	18
Operating profit (Rm)	814	4	873	26	1 687	1 478	14
Operating margin (%)	2,5		2,9		2,7	2,8	
Return on invested capital (%)					9,4	10,7	
Weighted average cost of capital (%)					9,9	10,0	
Debt:equity ratio (%)					62	46	

Note: ROIC and WACC are calculated on a rolling 12-month basis.

The Vehicle Retail and Rental operations recorded a strong performance, increasing revenue and operating profit by 18% and 14% respectively, supported by an increase in overall vehicle sales volumes, despite subdued trading conditions in South Africa and challenging trading conditions in the UK. New and pre-owned retail sales volumes increased by 33% and 15% respectively, assisted by the inclusion of the UK (Pentagon) and Australian (SWT) acquisitions which enhanced revenue but reduced margins. In South Africa, margins were enhanced by a realignment of the importer dealership operating model to unlock value.

The Motus passenger and light commercial vehicle businesses in South Africa experienced a 2% increase in new vehicle sales units from 51 374 in 2017 to 52 180. Dealerships of the importer brands performed well due to an increase in sales volumes in Hyundai, Kia and Renault. Higher sales of entry-level hatch vehicles and small SUVs were recorded compared to lower sales volumes in the luxury brands segment. Reassessment of the dealership footprint resulted in closure of nine underperforming dealerships during the year. Total pre-owned retail unit sales declined marginally as consumer preference shifted to new entry-level vehicles instead. The commercial vehicle business in South Africa recorded a 3% increase in new retail unit sales, increasing revenue and operating profit. The parts and aftersales segments continue to perform well. As evidenced in the improved operating margin in SA, the benefits of rationalisation of the dealer network, elimination of cost and complexity post the consolidation of the motor businesses under one management are starting to show benefits.

Revenue and operating profit of the UK operations increased by 70% and 25% respectively, supported by the Pentagon acquisition, which improved its performance in the second half. Despite this, the newly acquired passenger segment of our business performed below expectation and remains under pressure due to Brexit-related consumer concerns, a reduction in sales of diesel vehicles and Vauxhall changing ownership from General Motors to the French PSA group. The latter resulted in substantially reduced OEM assistance, which improved in the second half as PSA implemented its new trading policies. The UK commercial operations performed to expectation and grew revenue and operating profit by 5% and 1% respectively.

The Australian vehicle market recorded growth in the reporting period but margins on new vehicles remain under pressure. The Australian operations increased revenue by 26% but operating profit decreased as margins in the Ford franchise normalised from a high base in the prior year. This was partially offset by the inclusion of the SWT acquisition which is performing in line with expectations.

Car rental increased its revenue and operating profit by 11% and 15% respectively due to increased vehicle rental volumes from the inbound and leisure segments, and higher post-rental vehicle sales through Auto Pedigree. The vehicle rental utilisation was maintained at 71%, while accident costs were lower than the prior year.

ROIC reduced to 9,4% from 10,7% due to increased working capital and the acquisitions of Pentagon and SWT auto dealer groups.

Aftermarket Parts

Distributor, wholesaler and retailer of accessories and parts for older vehicles, through 35 owned branches, 43 owned retail stores and a network of 720 franchised outlets (Midas (AAAS), Alert Engine Parts and Turbo Exchange).

	HY1 2018	% change on HY1 2017	HY2 2018	% change on HY2 2017	2018	2017	% change on 2017
Revenue (Rm)	3 354	7	3 278	8	6 632	6 153	8
Operating profit (Rm)	205	8	242	12	447	406	10
Operating margin (%)	6,1		7,4		6,7	6,6	
Return on invested capital (%)					18,3	20,7	
Weighted average cost of capital (%)					11,2	10,8	
Debt:equity ratio (%)					91	53	

Note: ROIC and WACC are calculated on a rolling 12-month basis.

Revenue and operating profit grew by 8% and 10% respectively, supported by tighter cost control and good performances from Alert Engine Parts and Beekmans. However, performance was negatively impacted by market contraction, increased pricing pressure and consumers trading down. The acquisition of 60% of Arco contributed positively to the performance in the second half.

ROIC decreased to 18,3% from 20,7% due to increased working capital and an investment in a warehouse facility which was included in invested capital.

Motor Related Financial Services

Manages and administers service, maintenance and warranty plans. Develops and sells value-added products and services (VAPS) with over 730 000 clients through owned and independent dealers, call centres and online. Provides fleet management services, differentiation and innovation and a valuable touch point with our customers across our dealer network.

	HY1 2018	% change on HY1 2017	HY2 2018	% change on HY2 2017	2018	2017	% change on 2017
Revenue (Rm)	1 083	12	1 083	1	2 166	2 036	6
Operating profit (Rm)	465	2	424	13	889	833	7
Operating margin* (%)	42,9		39,2		41,0	40,9	
Return on invested capital (%)					69,5	65,7	
Weighted average cost of capital (%)					13,6	13,8	
Debt:equity ratio (%)					(136)**	(116)	

Note: ROIC and WACC are calculated on a rolling 12-month basis. Includes the VAPS business for all reporting periods.

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

** Includes net cash of R1 426 million.

Motor Related Financial Services grew revenue and operating profit by 6% and 7% respectively, supported by higher profitability in demo vehicle sales and maintenance funds, and positive growth in the newly branded M-Sure VAPS operations. Increased sales of monthly versus longer-term service and maintenance plans impacted the growth of maintenance and warranty contracts on the balance sheet. Arising from the Regent transaction, the prior year includes once-off income of R46 million included in the VAPS business, which is not included in the current year.

We continue to focus on growing the fleet management business, building synergies within the retail motor sub-divisions and improving the sales penetration of our products into other channels.

ROIC increased from 65,7% to 69,5% due to higher profitability during the rolling 12-month period.

Group financial performance

Group profit and loss (extracts)

	Total 2018	Continuing 2018	Discontinued 2018	Total 2017	Continuing 2017	Discontinued 2017	Total % change	Continuing % change
Revenue (Rm)	128 683	51 303	77 380	115 889*	49 635*	66 254	11	3
Operating profit (Rm)	6 406	2 813	3 593	6 049	2 739	3 310	6	3
Operating margin (%)	5,0			5,2				
Net finance costs (Rm)	(1 386)	(649)	(737)	(1 680)	(831)	(849)	(18)	(22)
Income from associates (Rm)	90	56	34	103	61	42	(13)	(8)
Forex losses (Rm)	(93)	(50)	(43)	(619)	(194)	(425)	(85)	(74)
Profit on sale of property	639	22	617	212	181	31	201	(88)
Amortisation of intangibles	(432)	(417)	(15)	(521)	(505)	(16)	(17)	(17)
Other non-operating items	(358)	(113)	(245)	(357)	(257)	(100)		(56)
Profit before tax (Rm)	4 866	1 662	3 204	3 187	1 194	1 993	53	39
Tax (Rm)	(1 458)	(566)	(892)	(901)	(228)	(673)	62	148
Net profit after tax (Rm)	3 408	1 096	2 312	2 286	966	1 320	49	13
Net profit for the year - Regent				279		279		
Attributable to non-controlling interests (Rm)	(135)	(168)	33	36	(164)	200	(>100)	2
Attributable to shareholders of Imperial (Rm)	3 273	928	2 345	2 601	802	1 799	26	16
Effective tax rate (%)	30,5			29,2				
Return on invested capital** (%)	12,9	12,2	13,0	11,3	11,5	11,8		
Weighted average cost of capital** (%)	9,7	8,5	10,4	9,0	7,1	10,1		

* Restated

**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. See glossary of terms. 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).

Excluding acquisitions and disposals in both the current and prior period, revenue and operating profit for the group increased by 5% and 2% respectively.

Total profit before tax increased by 53% or R1 679 million and was impacted by the following:
- The increase in group operating profit of R357 million;
- Net finance costs decreased by R294 million due to lower average debt levels;
- Foreign exchange losses decreased by R526 million to R93 million. Foreign exchange losses in Imperial Logistics (mainly in African Regions due to the strong Rand) were contained to R50 million against R194 million in the prior period. In Motus, losses of R43 million compared to a loss of R425 million, due to the unwinding of uneconomical and excessive cover in the prior year;
- Profit on sale of properties amounted to R639 million resulting in an increase of R427 million from the prior year. The sale of the property in Australia, which was the largest property sale during the year, contributed R616 million;

- Amortisation of intangibles arising from business combinations decreased by R89 million due to certain intangible assets being fully amortised in F2017, and the sale of Schirm; and
- Other non-operating items were in line with the prior period at R358 million and mainly comprise the following:
  - A positive remeasurement of contingent liabilities of R31 million;
  - A positive remeasurement on the put option liability resulting in a gain of R42 million;
  - Business acquisition costs of R18 million;
  - Loss on sale of subsidiaries, mainly Schirm, of R149 million;
  - Impairment on the sale of Jurgens of R173 million; and
  - Goodwill impairments of R75 million.

In total, R173 million relating to the sale of Jurgens is a once-off item that negatively impacted HEPS performance in F2018. Excluding the impact of Jurgens, HEPS excluding Regent is up 33%.

The effective tax rate for the group at 30,5% is higher than 29,2% in 2017, mainly due to non-deductibility of losses on the sale of businesses in the current period.

Non-controlling interest increased compared to the comparative year due to improved results from Renault and Eco Health. Recent acquisitions of Surgipharm, Itumele Bus Lines and SWT also contributed to the increase. The prior year includes losses relating to the minorities arising in Renault and TATA.

Reconciliation from earnings to headline earnings

R million	June 2018	June 2017	% change
Net profit attributable to Imperial shareholders (earnings)	3 273	2 601	26
Profit on disposal of assets/investments	(804)	(320)	
Impairments of goodwill and other assets	226	219	
Loss on sale of subsidiaries and businesses	147	151	
Tax effects of headline earnings adjustments	221	66	
Other	(6)	(17)	
Headline earnings	3 057	2 700	13

The table reflects the total group operations including Motus, and Regent in F2017.

Earnings and headline earnings per share

R million	June 2018	June 2017	% change
Total EPS	1 681	1 339	26
Continuing EPS (Logistics)	477	412	16
Motus EPS	1 204	809	49
EPS excluding Regent	1 681	1 221	38
Regent EPS		118	
Total HEPS	1 570	1 390	13
Continuing HEPS (Logistics)	543	379	43
Motus basic HEPS	1 027	861	19
HEPS excluding Regent	1 570	1 240	27
Regent HEPS		150	

The table reflects the total group operations.

Financial position (extracts)

R million	June 2018	June 2017	% change
Goodwill and intangible assets	9 805	9 529	3
Property, plant and equipment	9 829	10 371	(5)
Investment in associates and joint ventures	1 100	1 002	10
Transport fleet	5 358	5 560	(4)

Vehicles for hire	3 924	3 963	(1)
Investments and other financial assets	859	805	7
Net working capital	8 761	8 956	(2)
Deferred tax asset	405	394	3
Current tax liability	(219)	(7)	
Properties held for sale	234	979	
Net debt	(11 125)	(14 647)	(24)
Non-redeemable, non-participating preference shares	(441)	(441)	
Other liabilities	(5 365)	(6 203)	(16)
Total shareholders' equity	23 125	20 261	
Total assets	70 503	68 853	
Total liabilities	(47 378)	(48 592)	

Above table includes Motus and Logistics for F2017 and F2018.

The most significant factors impacting the financial position at 30 June 2018 were:
- The Rand weakening by 5% to the US Dollar and 7% to the Euro. This resulted in the overall balance sheet increasing with a net R538 million increase in the foreign currency translation reserve attributable to shareholders;
- The disposals of Schirm and Transport Holdings resulted in operating assets of R2 598 million and operating liabilities of R627 million being disposed of;
- Assets held for sale decreased by R745 million due to the disposal of properties; and
- The acquisitions of Surgipharm (R485 million), Pentagon (R479 million), SWT (R261 million) and Arco (R185 million) during the year, and purchasing a further 19% in Eco Health (R581 million). The acquisitions added a further R157 million of on balance sheet net debt at acquisition.

Goodwill and intangible assets increased by 3% to R9,8 billion mainly due to the following:
- Acquisitions of R1,1 billion, mainly Pentagon (R189 million), SWT (R213 million) and Surgipharm (R341 million) to goodwill and in total, R243 million to intangible assets;
- The weakening of the Rand resulted in a R480 million increase;
- Disposals resulted in a R754 million decrease to goodwill and intangible assets; and
- Amortisation decreased intangible assets by R560 million.

Property, plant and equipment (PPE) decreased by 5% to R9,8 billion mainly affected by the following:
- PPE related to the disposal of Schirm GmbH and Transport Holdings Botswana, both amounting to R1,0 billion;
- R413 million increase due to the purchase of Surgipharm, Pentagon and SWT;
- Currency adjustments resulted in an increase of R172 million; and
- Impairments of R115 million.

Transport fleet decreased by 4% or R202 million mainly due to the net disposal of assets through the disposal of Schirm and Transport Holdings Botswana amounting to R144 million, in addition, the value of disposals and depreciation are higher than the capital expenditure.

Vehicles for hire were in line with the prior year as less was invested in vehicles for hire by the Vehicle, Import and Distribution sub-division.

Net working capital of R8,8 billion improved by 2% from R9,0 billion in June 2017. Logistics working capital increased by R1,5 billion as debtor and creditor levels normalised to more sustainable levels when compared to F2017. The acquisitions, mainly Surgipharm, also impacted working capital in F2018. Motus' working capital decreased by R1,7 billion mainly due to a reduction in inventory and improved supplier credit terms. We expect inventory levels to normalise in H1 F2019.

Movement in equity for the 12 months to June 2018

R million	2018
Net profit attributable to Imperial shareholders	3 273

Net profit attributable to non-controlling interests	135
Increase in the foreign currency translation reserve	538
Increase in the hedge accounting reserve	184
Remeasurement of defined benefit obligations net of tax	(67)
Movement in share-based reserve net of transfers to retained earnings	17
Dividends paid	(1 285)
Non-controlling interests (buy out)	(102)
Non-controlling interest acquired, net of disposals and shares issued	350
Non-controlling share of dividends	(193)
Shares repurchased net of shares used to settle share-based equity schemes	14
Total change	2 864

Cash flow

R million	June 2018	June 2017	% change
Cash generated by operations before movements in working capital	8 721	8 388	4
Movements in net working capital (excludes currency movements and net acquisitions)	811	688	
Cash generated after working capital movements	9 532	9 076	
Interest paid	(1 386)	(1 670)	
Tax paid	(1 336)	(1 520)	
Cash generated by operations before capital expenditure on rental assets	6 810	5 886	16
Capital expenditure on rental assets	(1 079)	(1 709)	
Cash flows from operating activities	5 731	4 177	37
Net disposal (acquisitions) of subsidiaries and businesses	859	(1 687)	
Capital expenditure (non-rental assets)	240	(954)	
Net movement in associates, investment, loans and non-current financial instruments	(209)	326	
Cash flows from investing activities	890	(1 939)	
Dividends paid	(1 478)	(1 688)	
Hedging of share scheme	(362)	(10)	
Change in non-controlling interest	(684)	(252)	
Capital raised from non-controlling interest	223	149	
Repurchase of ordinary shares	(113)		
Net movement in cross-currency swaps	(152)		
Cash flows from financing activities	(2 566)	(1 801)	
Decrease in net debt (excludes currency movements and net acquisitions)	4 055	437	
Free cash flow	5 016	4 296	17
Free cash flow to headline earnings (times)	1,6	1,6	

Cash generated by operations after working capital movements, interest and tax payments was R6,8 billion (2017: R5,9 billion), up 16%.

Net working capital movements resulted in an inflow of R811 million, mainly due to a reduction in inventory and improved supplier credit terms in Motus. We expect inventory levels to normalise in H1 F2019.

Net capital expenditure reduced significantly to R839 million from R2,7 billion in 2017 mainly due to the benefit of property disposals of R1,7 billion. In addition, there was a reduction in capital expenditure in vehicles for hire in Motus. Capital expenditure in the prior year included the bulk of the contributions towards the chemical manufacturing plant and the additional convoys in South America.

The main contributors to the net inflow of R859 million relating to acquisitions and disposals was proceeds received on the disposal of Schirm (R2,0 billion), which was partially offset by the acquisitions of Pentagon (R479 million), Surgipharm (R382 million), SWT (R238 million) and Arco (R65 million) during the year.

Dividends amounting to R1,5 billion were paid during the year.

Other significant cash flow items included share buybacks amounting to R113 million, buyout of minorities of R684 million (mainly Eco Health) and settlement of cross-currency swaps of R152 million. Capital raised from non-controlling interests of R223 million relates to Renault. The costs associated with the hedging of share schemes also increased to R362 million.

Liquidity

The group's liquidity position is strong with R13,9 billion of unutilised banking facilities, excluding asset-backed finance facilities. 80% of the group debt is long term in nature and 52% of the debt is at fixed rates. The group's blended cost of debt is c.4,8% after tax.

In March 2018, Imperial's Baa3 global scale ratings outlook was changed to stable by Moody's after being placed under review for downgrade on 29 November 2017 in line with the sovereign rating. The group's international and national scale credit ratings by Moody's are Baa3 and Aa1.za.

Dividend

A final cash dividend of 387 cents per ordinary share (2017: 330 cents per share) has been declared, bringing the F2018 dividend to 710 cents per ordinary share (F2017: 650 cents per share). The dividend is in line with our targeted payout ratio of 45% of HEPS, subject to prevailing circumstances.

Board changes

Messrs Raboijane (Moses) Kgosana and Younaid Waja resigned as independent non-executive directors of the Imperial board and from the various sub-committees and subsidiaries on which they served on 8 September 2017 and 13 October 2017 respectively. The board thanks Messrs Kgosana and Waja for their contribution to the group and wishes them well.

Former group Chief Executive Officer (CEO) Mr Mark Lamberti resigned with effect from 30 April 2018. Mr Lamberti has served Imperial with distinction since March 2014, leading a multifaceted portfolio, organisation and management restructuring, a key objective of which was to accelerate executive development and transformation to align Imperial’s employee and leadership profile with the economically active demographics of South Africa. The board thanks Mr Lamberti for his excellent leadership and commitment to the group, and wishes him well.

Mr Osman Arbee was appointed group CEO with effect from 1 May 2018, in addition to his position as CEO of Motus.

As previously announced, Mr Arbee is currently on medical leave and is expected to return to work in January 2019 to continue in his role as CEO of Motus. During his recovery period, he will be available to management to advise on strategic matters. In the interim, the proposed unbundling of Motus remains on track and the management structures of both Imperial Holdings and Motus, and the current Motus finance structure, are sufficient to provide appropriate support during Mr Arbee's absence. Mr Ockert Janse van Rensburg was appointed acting CEO of Motus in addition to his role as the Chief Financial Officer (CFO) of Motus.

Consequently, Mr Mohammed Akoojee was appointed acting CEO of Imperial Holdings, in addition to his role as the CFO, until the conclusion of the proposed unbundling.

Mr Marius Swanepoel will continue to serve as the CEO of Imperial Logistics and will undertake the role of the CEO of Imperial which will be renamed Imperial Logistics on conclusion of the proposed unbundling. Mr Swanepoel will retire as CEO in June 2019 and will remain as director to 31 December 2019. Mr Akoojee will succeed Mr Swanepoel as CEO with effect from 1 July 2019.

Prospects
Over the past 12 months, the group has produced solid financial results in testing trading conditions, while approaching the final stages of one of the most comprehensive organisation renewals by a South African-based multinational.

We anticipate that both Imperial Logistics and Motus will deliver solid operating and financial results in the financial year to June 2019, subject to stable currencies in the economies in which each operates.

For the financial year to June 2019, we expect:
- Imperial Logistics and Motus will have appropriate capital structures, with minimal impact on funding and costs, to enable each to fund its own growth and strategic aspirations while continuing to pay a stable dividend (approximately 45% of HEPS);
- Imperial Logistics and Motus to record growth in revenues and operating profit; and
- Growth in headline earnings per share for Imperial Logistics and Motus, subject to any once-off costs relating to the proposed unbundling.

Appreciation
As we are approaching the possible end of an era and potentially the last financial reporting year for Imperial Holdings in its current structure, we extend gratitude to 48 339 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 four years was among the most complex and ambitious in South African business.

A particular thanks is extended to our previous leaders, management, colleagues and co-directors for their invaluable guidance and counsel during the 70-year history of one of South Africa's most extraordinary companies.

Finally, we thank our owners and funders for their continued support through the years.

Mohammed Akoojee
Acting Chief Executive Officer and Chief Financial Officer

20 August 2018

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 2018

Preference shareholders
Notice is hereby given that a gross final preference dividend of 416,62500 cents per preference share has been declared by the board of Imperial, payable to the holders of the 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 333,30000 cents per share.

Ordinary shareholders
Notice is hereby given that a gross final ordinary dividend in the amount of 387,00000 cents per ordinary share has been declared by the board of Imperial, payable to the holders of the 201 971450 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 309,60000 cents per share.

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

	2018
Last day for preference shares and ordinary shares respectively to trade cum preference dividend and cum ordinary dividend	Tuesday, 25 September
Preference and ordinary shares commence trading ex preference dividend and ex ordinary dividend respectively	Wednesday, 26 September
Record date	Friday, 28 September
Payment date	Monday, 1 October

The company's income tax number is 9825178719.

Share certificates may not be dematerialised or rematerialised between Wednesday, 26 September 2018 and Friday, 28 September 2018, both days inclusive.

On Monday, 1 October 2018, 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 1 October 2018 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 Monday, 1 October 2018.

On behalf of the board

RA Venter
Group Company Secretary

20 August 2018

Auditor's report

These summarised consolidated financial statements for the year ended 30 June 2018 have been audited by Deloitte & Touche, who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the consolidated 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 2018

The results of the Motus businesses are presented in the summarised consolidated statement of profit or loss as discontinued operations. The following shows the combined results of the continuing and the discontinued operations after eliminating inter-group transactions. Regent's results for 2017 have been included as a single line item under discontinued operations.

	% change			Total	Continuing	Discontinued	Total	Continuing	Discontinued
		Con-	Dis-	operations	operations	operations	operations	operations	operations
R million	Total	tinuing	continued	2018	2018	2018	2017*	2017	2017

Revenue	11	3	17	128 683	51 303	77 380	115 889	49 635	66 254
Net operating expenses				(119 842)	(47 408)	(72 434)	(107 311)	(45 772)	(61 539)
Profit from operations before depreciation and recoupments				8 841	3 895	4 946	8 578	3 863	4 715
Depreciation, amortisation, impairments and recoupments				(2 435)	(1 082)	(1 353)	(2 529)	(1 124)	(1 405)
Operating profit	6	3	9	6 406	2 813	3 593	6 049	2 739	3 310
Recoupments from sale of properties, net of impairments				639	22	617	212	181	31
Amortisation of intangible assets arising on business combinations				(432)	(417)	(15)	(521)	(505)	(16)
Foreign exchange losses				(93)	(50)	(43)	(619)	(194)	(425)
Other non-operating items				(358)	(113)	(245)	(357)	(257)	(100)
Profit before net finance costs				6 162	2 255	3 907	4 764	1 964	2 800
Net finance cost	(18)	(22)	(13)	(1 386)	(649)	(737)	(1 680)	(831)	(849)
Profit before share of results of associates and joint ventures				4 776	1 606	3 170	3 084	1 133	1 951
Share of results of associates and joint ventures				90	56	34	103	61	42
Profit before tax				4 866	1 662	3 204	3 187	1 194	1 993
Income tax expense				(1 458)	(566)	(892)	(901)	(228)	(673)
Net profit for the year	49	13	75	3 408	1 096	2 312	2 286	966	1 320
Net profit for the year - Regent							279		279
	33	13	45	3 408	1 096	2 312	2 565	966	1 599
Net profit attributable to:									
Owners of Imperial				3 273	928	2 345	2 601	802	1 799
Non-controlling interests				135	168	(33)	(36)	164	(200)
				3 408	1 096	2 312	2 565	966	1 599
Earnings per share (cents)									
Basic	26	16	30	1 681	477	1 204	1 339	412	927
- Excluding Regent	38	16	49	1 681	477	1 204	1 221	412	809
- Regent							118		118
Diluted	25	15	30	1 634	463	1 171	1 302	401	901
- Excluding Regent	38	15	49	1 634	463	1 171	1 187	401	786
- Regent							115		115
Headline earnings per share (cents)									
Basic	13	43	2	1 570	543	1 027	1 390	379	1 011
- Excluding Regent	27	43	19	1 570	543	1 027	1 240	379	861
- Regent							150		150
Diluted	13	43	2	1 526	527	999	1 351	368	983
- Excluding Regent	27	43	19	1 526	527	999	1 205	368	837
- Regent							146		146

* Restated revenue and net operating expense, refer to note 3.1.

The cash flows of the Motus businesses were as follows:

	2018	2017
Cash flows from operating activities	4 312	1 272
Cash flows from investing activities	(61)	(591)
Cash flows from financing activities	(3 623)	(273)

Summarised consolidated statement of profit or loss
for the year ended 30 June 2018

R million	Notes	% change	2018	2017*
Continuing operations				
Revenue		3	51 303	49 635
Net operating expenses			(47 408)	(45 772)
Profit from operations before depreciation and recoupments			3 895	3 863
Depreciation, amortisation, impairments and recoupments			(1 082)	(1 124)
Operating profit		3	2 813	2 739
Recoupments from sale of properties, net of impairments			22	181
Amortisation of intangible assets arising on business combinations			(417)	(505)
Foreign exchange losses			(50)	(194)
Other non-operating items	7		(113)	(257)
Profit before net finance costs			2 255	1 964
Net finance cost	8	(22)	(649)	(831)
Profit before share of results of associates and joint ventures			1 606	1 133
Share of results of associates and joint ventures			56	61
Profit before tax			1 662	1 194
Income tax expense			(566)	(228)
Profit for the year from continuing operations		13	1 096	966
Discontinued operations			2 312	1 599
Profit for the year from Motus (held for distribution to owners of Imperial)		75	2 312	1 320
Profit for the year from Regent				279
Net profit for the year			3 408	2 565
Net profit attributable to:				
Owners of Imperial			3 273	2 601
- Continuing operations			928	802
- Discontinued operations			2 345	1 799
Motus			2 345	1 571
Regent				228
Non-controlling interest			135	(36)
- Continuing operations			168	164
- Discontinued operations			(33)	(200)
Motus			(33)	(251)
Regent				51
Earnings per share (cents)				
Continuing operations				
- Basic		16	477	412
- Diluted		15	463	401
Discontinued operations				
- Basic			1 204	927
Motus		49	1 204	809
Regent				118
- Diluted			1 171	901

Motus	49	1 171	786
Regent			115
Total operations			
- Basic	26	1 681	1 339
- Diluted	25	1 634	1 302

* Represented for discontinued operation. Restated revenue and net operating expense, refer to note 3.1.

Summarised consolidated statement of comprehensive income
for the year ended 30 June 2018

R million	2018	2017
Net profit for the year	3 408	2 565
Other comprehensive income (loss)	655	(405)
Items that may be reclassified subsequently to profit or loss	722	(521)
Exchange gains (losses) arising on translation of foreign operations	538	(724)
Reclassification of gain on disposal of investment in associate		(8)
Movement in hedge accounting reserve	301	244
Income tax relating to items that may be classified to profit or loss	(117)	(33)
Items that may not be reclassified subsequently to profit or loss	(67)	116
Remeasurement of defined benefit obligations	(75)	199
Income tax on remeasurement of defined benefit obligations	8	(83)
Total comprehensive income for the year	4 063	2 160
Total comprehensive income attributable to:		
Owners of Imperial	3 899	2 209
Non-controlling interest	164	(49)
	4 063	2 160

Earnings per share information
for the year ended 30 June 2018

R million	% change	2018	2017
Headline earnings reconciliation			
Earnings	26	3 273	2 601
Recoupment for the disposal of property, plant and equipment (IAS 16)		(809)	(323)
Recoupment for the disposal of intangible assets (IAS 38)		5	3
Impairment of property, plant and equipment (IAS 36)		117	32
Impairment of intangible assets (IAS 36)		15	30
Impairment of goodwill (IAS 36)		92	123
Impairment of investment in associates and joint ventures (IAS 28)		8	34
Loss on disposal of subsidiaries and businesses (IFRS 10)		147	151
Remeasurements included in share of result of associates		(6)	
Reclassification of loss on disposal of available-for-sale investments (IAS 39)			(8)
Tax effects of headline earnings adjustments		221	66
Non-controlling interest share of headline earnings adjustments		(6)	(9)
Headline earnings	13	3 057	2 700
Headline earnings per share (cents)*			
Continuing operations			
- Basic	43	543	379
- Diluted	43	527	368
Discontinued operations			
- Basic		1 027	1 011

Motus	19	1 027	861
Regent			150
- Diluted		999	983
Motus	19	999	837
Regent			146
Total operations			
- Basic	13	1 570	1 390
- Diluted	13	1 526	1 351
Additional information			
Net asset value per share (cents)		11 464	10 550
Dividend per ordinary share (cents)		710	650
Number of ordinary shares in issue (million)			
- total shares		202,0	201,1
- net of shares repurchased		198,8	196,6
- weighted average for basic		194,7	194,3
- weighted average for diluted		200,3	199,8
Number of other shares (million):			
Deferred ordinary shares to convert to ordinary shares		5,8	6,7

* 2017 represented for discontinued operations.

Summarised consolidated statement of financial position
at 30 June 2018

R million	Notes	2018	2017	2016
ASSETS				
Goodwill and intangible assets	9	8 575	9 529	7 501
Investment in associates and joint ventures		752	1 002	993
Property, plant and equipment		3 042	10 371	11 602
Transport fleet		5 358	5 560	5 953
Deferred tax assets		783	1 509	1 387
Investments and other financial assets		206	805	404
Vehicles for hire			3 963	3 469
Inventories		2 194	16 953	16 717
Tax in advance		364	330	484
Trade and other receivables		9 774	13 353	12 717
Cash resources		2 818	4 499	2 321
Assets held for distribution to owners of Imperial	10	36 637		
Assets and businesses held for sale			979	6 287
Total assets		70 503	68 853	69 835
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital and share premium		1 030	1 030	1 030
Shares repurchased		(560)	(574)	(1 226)
Other reserves		271	24	1 003
Retained earnings		22 050	20 262	19 366
Attributable to owners of Imperial		22 791	20 742	20 173
Put arrangement over non-controlling interest		(566)	(1 148)	(1 307)
Non-controlling interest		900	667	909
Total equity		23 125	20 261	19 775
Liabilities				
Non-redeemable non-participating preference shares		441	441	441
Retirement benefit obligation		1 216	1 229	1 531
Interest-bearing borrowings		8 098	19 146	18 396

Maintenance and warranty contracts			3 022	3 156
Deferred tax liabilities		1 137	1 115	881
Other financial liabilities		1 209	1 952	2 335
Trade, other payables and provisions		10 087	21 350	19 630
Current tax liabilities		236	337	673
Liabilities associated with assets held for distribution to owners of Imperial	10	24 954		
Liabilities associated with businesses held for sale				3 017
Total liabilities		47 378	48 592	50 060
Total equity and liabilities		70 503	68 853	69 835

Summarised consolidated statement of changes in equity
for the year ended 30 June 2018

R million	Share capital and premium	Shares repurchased	Other reserves	Retained earnings	Attributable to owners of Imperial	Put arrangement over non-controlling interest	Non-controlling interest	Total equity
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
Transfer of reserves on disposal of Mix Telematics Limited			(108)	108				
Movement in of statutory reserve			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 delivered to settle share-based obligations		39	(39)					
Share-based equity reserve hedge cost			(222)		(222)			(222)
Ordinary dividends paid				(1 461)	(1 461)			(1 461)
Cancellation of 7 865 456 ordinary shares		613		(613)				
Non-controlling interest acquired, net of disposals and shares issued							119	119
Net decrease in non-controlling interest through buyouts			(167)		(167)	159	(85)	(93)
Realisation on disposal of subsidiaries			(198)	258	60			60
Non-controlling interest share of dividends							(227)	(227)
At 30 June 2017	1 030	(574)	24	20 262	20 742	(1 148)	667	20 261
Total comprehensive income								

for the year			693	3 206	3 899		164	4 063
Share-based cost charged to profit or loss			219		219			219
Share-based equity reserve transferred to retained earnings on vesting			135	(135)				
Shares delivered to settle share-based obligations		170	(170)					
Share-based equity reserve hedge cost			(32)		(32)			(32)
Ordinary dividends paid				(1 285)	(1 285)			(1 285)
Repurchase of 712 857 shares at an average cost of R219 per share		(156)			(156)			(156)
Non-controlling interest acquired, net of disposals and shares issued							350	350
Net decrease in non-controlling interest through buyouts			(596)		(596)	582	(88)	(102)
Realisation on disposal of subsidiaries			(2)	2				
Non-controlling interest share of dividends							(193)	(193)
At 30 June 2018	1 030	(560)	271	22 050	22 791	(566)	900	23 125

Summarised consolidated statement of cash flows
for the year ended 30 June 2018

R million	Note	2018	2017*
Cash flows from operating activities			
Cash generated by operations before movements in net working capital		8 721	8 388
Movements in net working capital		811	688
Cash generated by operations before interest and taxes paid		9 532	9 076
Net finance cost		(1 386)	(1 670)
Tax paid		(1 336)	(1 520)
Cash generated by operations before capital expenditure on rental assets		6 810	5 886
Expansion capital expenditure - rental assets		(293)	(1 118)
Net replacement capital expenditure - rental assets		(786)	(591)
- Expenditure		(4 052)	(3 422)
- Proceeds		3 266	2 831
		5 731	4 177
Cash flows from investing activities			
Acquisition of subsidiaries and businesses		(1 211)	(1 706)
Disposal of subsidiaries and businesses		2 070	19
Net proceeds from sale of fixed assets - excluding rental assets		1 248	45
Net replacement capital expenditure - excluding rental assets		(1 008)	(999)
Net movement in other associates and joint ventures			514
Net movement in investments, loans and other financial instruments		(209)	188
		890	(1 939)
Cash flows from financing activities			
Hedge cost premium paid		(362)	(10)

Settlement of cross-currency swap instruments		(152)	
Repurchase of ordinary shares		(113)	
Dividends paid		(1 478)	(1 688)
Purchase of non-controlling interests		(684)	(252)
Capital raised from non-controlling interests		223	149
Net (decrease) increase in interest-bearing borrowings		(4 382)	613
		(6 948)	(1 188)
Net (decrease) increase in cash resources		(327)	1 050
Effects of exchange rate changes on cash resources in a foreign currency		129	(224)
Cash resources at beginning of year		4 499	3 673
Cash resources at end of year	11	4 301	4 499

* Restated, refer to note 3.2.

Notes to the summarised consolidated financial statements
for the year ended 30 June 2018

1. Basis of preparation

The summarised consolidated financial statements have been prepared in accordance with the framework concepts and recognition and measurement criteria of International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB) in issue and effective for the group at 30 June 2018 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 the minimum requirements of 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 2018.

The directors take full responsibility for the preparation of the summarised consolidated financial statements and that the financial information has been correctly extracted from the underlying annual financial statements.

These summarised consolidated financial statements and the full set of consolidated annual financial statements have been prepared under the supervision of R Mumford, CA(SA), and were approved by the board of directors on 20 August 2018.

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 2017.

3. Restatement of comparative information

3.1 Revenue restatement

Revenue for continuing operations for 2017 has been restated. In 2017, inter-company revenue of R950 million was incorrectly included in external revenue and as a consequence was not eliminated from the consolidated revenue. This error originated from the International Logistics segment. The restatement had no impact on profits, cash flows or the financial position, it only affected revenue and net operating expenses as detailed below:

Statement of profit or loss

R million	2017
Revenue (decrease)	(950)
Net operating expenses (decrease)	950
Profit from operations before depreciation and recoupments (no impact)	

3.2 Restatement of cash flows

The June 2017 statement of cash flows was restated to exclude short-term loans and overdrafts from cash and cash equivalents. The movements in short-term loans and overdrafts are now reflected as cash flows under financing activities as part of the net increase (decrease) in interest-bearing borrowings to facilitate improved understanding. The impact was an increase in outflow under financing activities of R896 million as illustrated below. The restatement had no impact on the group's financial position.

Statement of cash flows	
R million	2017
Financing activities	
Net decrease in interest-bearing borrowings	(896)
	(896)

4. Presentation of discontinued operations

The result of Imperial's automotive business (Motus) is presented as a single line item in the summarised consolidated statement of profit or loss under discontinued operations. The assets and related liabilities are shown under "Assets held for distribution to owners of Imperial" and "Liabilities directly associated with assets held for distribution to owners of Imperial" on the summarised consolidated statement of financial position. The summarised consolidated statement of changes in equity and the summarised consolidated statement of cash flows are shown in total for continuing operations (Imperial Logistics), Motus and Regent for 2017. Further disclosure for Motus is provided above and in note 10.

Certain notes to the consolidated statement of financial position include movements from Motus in the current and prior year up until the point of reclassification as held for distribution to owners of Imperial. The notes to the consolidated statement of profit or loss relate to continuing operations (Imperial Logistics). The earnings per share information is reconciled in total and distinguishes between continuing and discontinued operations for the per share values.

5. New and revised IFRS in issue but not yet effective

IFRS that will become applicable to the group in future reporting periods include 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). Details of these standards are outlined in the 30 June 2018 annual consolidated financial statements. The following updates are provided:

IFRS 9	The group anticipates that the application of IFRS 9 will have no material impact on amounts reported in respect of the group's financial assets and financial liabilities.
IFRS 15	A detailed review of the potential impact of IFRS 15 has been finalised. The group, especially in the Logistics operations, has a substantial number of long-term contracts. All material contracts have been assessed for any impact in terms of the five-step approach. This review shows that there will not be a material impact on the current measurement of revenue.
IFRS 16	The initial assessment has been done and it is estimated that the right of use asset and lease liability that will be recognised on adoption of the standard in the continuing operations will amount to R7,7 billion (Motus: R1,6 billion).

6. Foreign exchange rates

	2018	2017
The following major rates of exchange were used in the translation of the group's foreign operations:		
SA Rand:Euro		
- closing	16,01	14,92
- average	15,34	14,81
SA Rand:US Dollar		
- closing	13,71	13,06
- average	12,86	13,58
SA Rand:Pound Sterling		
- closing	18,10	17,02
- average	17,31	17,23

SA Rand:Australian Dollar		
- closing	10,13	10,04
- average	9,97	10,24

	Rm	Rm
7. Other non-operating items		
Remeasurement of financial instruments not held for trading	73	(29)
Remeasurement of put option liabilities	42	(39)
Gain on remeasurement of contingent consideration liabilities	31	2
Reclassification of gain on disposal of investment in associate		8
Capital items	(186)	(228)
Impairment of goodwill	(26)	(86)
Loss on disposal of subsidiaries, businesses and associates	(149)	(64)
Business acquisition costs	(11)	(78)
	(113)	(257)
8. Net finance cost		
Net interest paid	(649)	(826)
Fair value losses on interest-rate swap instruments		(5)
	(649)	(831)

R million	2018	2017
9. Goodwill and intangible assets		
Goodwill		
Cost	7 298	7 679
Accumulated impairment	(1 077)	(985)
	6 221	6 694
Carrying value at beginning of year	6 694	5 424
Net acquisition and disposal of businesses	213	2 012
Impairment charge	(92)	(123)
Currency adjustments	359	(619)
Reclassified to assets held for distribution to owners of Imperial	(953)	
Carrying value at end of year	6 221	6 694
Intangible assets	2 354	2 835
Goodwill and intangible assets	8 575	9 529

10. Assets and associated liabilities held for distribution to owners of Imperial

The assets and associated liabilities held for distribution to owners of Imperial relate to Motus.

The major classes of assets and liabilities held for distribution to owners of Imperial were as follows:

Assets	
Goodwill and intangible assets	1 230
Property, plant and equipment	6 787
Vehicles for hire	3 924
Investments, investment in associates and joint ventures	1 001
Inventory	15 636
Trade and other receivables	5 258
Income tax assets	1 084
Cash resources	1 483
Properties held for sale	234
Assets held for distribution to owners of Imperial	36 637
Liabilities	
Interest-bearing borrowings	7 328
Maintenance and warranty contracts	2 846
Trade and other payables and provisions	14 014
Income tax liabilities	672

Other liabilities	94	
Liabilities associated with assets held for distribution to owners of Imperial	24 954	

11. Cash resources

Cash resources - as disclosed on the statement of financial position	2 818	4 499
Cash resources - included in assets held for distribution to owners of Imperial	1 483	
	4 301	4 499

12. Fair value of financial instruments

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.

Fair value of financial assets and financial 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.

R million	Carrying value	Fair value*
Listed corporate bonds^	3 548	3 533
Listed non-redeemable non-participating preference shares	441	322

*Level 2 of the fair value hierarchy as derived from a market which is not considered active.

^Redeemed on 6 August 2018, refer to note 15.

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.

R million	Level 2	Level 3
Financial assets		
Interest-rate swap instruments and foreign exchange contracts (included in trade receivables)	9	
Foreign exchange contracts (included in assets held for distribution to owners of Imperial)	432	
Financial liabilities		
Put option liabilities (included in other financial liabilities)		1 015
Contingent consideration liabilities (included in other financial liabilities)		14
Cross-currency and interest-rate swap instruments (included in other financial liabilities)	22	
Foreign exchange contracts (included in trade, other payables and provisions)	15	
Foreign exchange contracts (included in liabilities held for distribution to owners of Imperial)	46	

Transfers between fair value hierarchy levels

The group recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred. There were no transfers between the fair value hierarchies during the year.

12. Fair value of financial instruments continued

Movement in level 3 financial instruments measured at fair value

The following table shows a reconciliation of the opening and closing carrying values of level 3 financial instruments carried at fair value:

R million	Put option liabilities	Contigent consideration liabilities	Total
Carrying value at beginning of the year	1 553	45	1 598
Arising on acquisition of business		102	102
Fair value to profit or loss	(42)	(31)	(73)
Settlements	(582)	(100)	(682)
Currency adjustments	86	(2)	84
Carrying value at end of year	1 015	14	1 029

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 include the assumed probability of achieving profit targets and the discount rates applied. The assumed profitabilities were based on historical performances but adjusted for expected growth.

R million	Carrying value	Increase in carrying value	Decrease in carrying value
FINANCIAL INSTRUMENT AND KEY ASSUMPTION			
Put option liabilities / earnings growth	1 015	3	(17)
Contingent consideration liabilities / assumed profits	14		(1)

R million	2018	2017
13. Contingencies and commitments		
Capital commitments	216	1 448
Contingent liabilities	415	649

14. Significant related party transactions

As part of the implementation process for separate listing of Imperial's automotive operations, known as Motus, the following significant transfer of businesses, between related parties within the group occurred during the year:

Imperial Group Limited transferred its logistics business to Imperial Logistics South Africa Holdings Proprietary Limited. Imperial Group Limited changed its name to Motus Group Limited.

Imperial Holdings Limited transferred its interest in Motus Group Limited, Motus Corporation Proprietary Limited and Motus Capital Limited to the newly formed Motus Holdings Limited. Prior to the transfer of Motus Corporation and Motus Capital to Motus Holdings, Imperial Holdings transferred its automotive subsidiaries in South Africa to Motus Corporation and its southern African automotive subsidiaries to Motus Capital. Motus Holdings Limited, the new parent of Motus Group, Motus Corporation and Motus Capital, is the designated entity for separate listing on the Johannesburg Stock Exchange.

The above transfers of businesses were completed in terms of asset-for-share transactions, at fair value.
The group's consolidated financial statements were not affected by the above transactions as all inter-group income and expenses were eliminated in full.

15. Events after the reporting period

On 6 August 2018 the group redeemed its listed corporate bonds at market value out of existing facilities at a premium of R14 million over their carrying value.

On 13 August 2018, the group proposed the repurchase and delisting of the non-redeemable, non-participating preference shares.

For dividend declarations, refer above.

Business combinations during the year

Businesses acquired	Nature of business	Operating segment	Date acquired	%	Rm
Surgipharm Limited	Markets and distributes pharmaceutical, medical, surgical and allied supplies in Kenya	Logistics African Regions	Jul 2017	70	485
Pentagon Motor Holdings Limited	Headquarted in Derbyshire, England, operates 20 prime retail dealerships for numerous leading car and van manufacturers	Vehicle Retail and Rental	Aug 2017	100	479
SWT Group Proprietary Limited	Based in Australia operates 16 car dealerships	Vehicle Retail and Rental	Sep 2017	75	261
Arco Motor Industry Co Limited	Based in Taiwan, retails motor vehicle engine parts around the world	Aftermarket Parts	Mar 2018	60	185
Individually immaterial acquisitions					119
					1 529

Fair value of assets acquired and liabilities assumed at date of acquisition

R million	Surgipharm	Individually immaterial acquisitions	Total Logistics	Pentagon	SWT	Arco	Individually immaterial acquisitions	Total Motus*
Assets								
Intangible assets (excluding goodwill)	191		191	2		43	7	52
Property, plant and equipment	33	5	38	338	26	4	7	375
Inventories	234	25	259	1 758	255	51	41	2 105
Trade and other receivables	280	34	314	427	55	25	12	519
Income tax assets	5		5	12	11			23

Cash resources	12	5	17	75	23	120		218
	755	69	824	2 612	370	243	67	3 292
Liabilities								
Interest-bearing borrowings	82		82	69	240		1	310
Other financial liabilities	198		198					
Income tax liabilities	35	3	38	4	8	15		27
Trade, other payables and provisions	234	24	258	2 230	58	26	10	2 324
	549	27	576	2 303	306	41	11	2 661
Acquirees' carrying amount at acquisition	206	42	248	309	64	202	56	631
Non-controlling interests	(62)	(13)	(75)	(19)	(16)	(81)		(116)
Net assets acquired	144	29	173	290	48	121	56	515
Purchase consideration transferred	485	52	537	479	261	185	67	992
Cash paid	393	42	435	479	261	185	67	992
Contingent consideration	92	10	102					
Excess of purchase price over net assets acquired	341	23	364	189	213	64	11	477

*The assets and liabilities of entities acquired by Motus have been reclassified to held for distribution to owners of Imperial at 30 June 2018.

Reasons for the acquisitions

Reasons for the acquisition are outlined in this report.

Details of contingent consideration

The contingent consideration requires the group to pay the vendors an additional total amount of R102 million over a period of six to 24 months if the entity's net profit after tax exceeds certain profit targets. The contingent consideration liability pertaining to Surgipharm was paid during the year.

Acquisition costs

Acquisition costs for business acquisitions concluded during the year for continuing operations amounted to R2 million (Motus: R6 million) and have been recognised as an expense in profit or loss in the 'Other non-operating items' line.

Impact of the acquisitions on the results of the group

R million	Logistics acquisitions	Motus acquisitions
The contributions of the new acquisitions during the year were as follows:		
Revenue	1 048	8 194
Operating profit	105	119
Profit after tax	48	38
The following was taken into account in arriving at the profit after tax:		
After tax funding cost for the new acquisitions	12	18
Amortisation of intangible assets arising on acquisition	33	3
Had the businesses been acquired at the beginning of the year their contributions would have been as follows:		
Revenue	1 154	10 070
Operating profit	117	132
Profit after tax	56	44

R million	Continuing operations	Discontinued operations
The results of the combined continuing operations and the combined discontinued operations would have been as follows:		
Revenue	51 409	79 256
Operating profit	2 825	3 606
Profit after tax	1 104	2 318

Separate identifiable intangible assets

As at the acquisition date, the fair value of the separately identifiable intangible assets for Surgipharm was R191 million and Arco was R42 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-from-royalty method for the brand name.

The significant unobservable valuation inputs were as follows:

	Surgipharm %	Arco %
Brand name/trademark		
- Discount rates	17,4	16,9
- Royalty rate	0,8	1,8
Contract-based intangible assets		
- Weighted average discount rates	15,0 - 15,8	14,5 - 14,9
- Terminal growth rates	5,6	2,0

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 acquired by Logistics had gross contractual amounts of R382 million of which R68 million were doubtful. The Motus acquisition had gross contractual receivables of R526 million with R7 million as 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 - continuing operations
for the year ended 30 June 2018

Profit or loss

	Imperial		Logistics South Africa		Logistics African Regions		Logistics International	
R million	2018	2017	2018	2017	2018	2017	2018	2017
Revenue	51 303	49 635	16 324	16 106	10 251	8 647	23 200	21 517
- South Africa	16 214	16 416	16 324	16 106				
- Rest of Africa	10 823	9 947			10 251	8 647		
- International	24 266	23 272					23 200	21 517
Operating profit	2 813	2 739	950	936	708	702	1 084	972
- South Africa	926	906	950	936				
- Rest of Africa	759	740			708	702		
- International	1 128	1 093					1 084	972
Depreciation, amortisation, impairments and recoupments	(1 477)	(1 448)	(509)	(386)	(288)	(239)	(643)	(637)
- South Africa	(526)	(407)	(509)	(386)				
- Rest of Africa	(297)	(260)			(288)	(239)		
- International	(654)	(781)					(643)	(637)
Net finance cost	(649)	(831)	(276)	(298)	(223)	(212)	(221)	(195)
- South Africa	(205)	(389)	(276)	(298)				
- Rest of Africa	(232)	(229)			(223)	(212)		

- International	(212)	(213)					(221)	(195)
Pre-tax profits*	1 837	1 344	683	771	292	85	702	563
- South Africa	758	659	683	771				
- Rest of Africa	332	101			292	85		
- International	747	584					702	563
Additional segment information								
Analysis of revenue by type								
- Sale of goods	9 747	8 751	1 072	860	8 664	7 106		
- Rendering of services	41 556	40 884	15 148	15 186	1 523	1 474	23 186	21 517
External revenue	51 303	49 635	16 220	16 046	10 187	8 580	23 186	21 517
Inter-group revenue			104	60	64	67	14	
	51 303	49 635	16 324	16 106	10 251	8 647	23 200	21 517
Analysis of depreciation, amortisation, impairments and recoupments	(1 477)	(1 448)	(509)	(386)	(288)	(239)	(643)	(637)
Depreciation and amortisation	(1 126)	(1 204)	(539)	(553)	(80)	(83)	(491)	(487)
Recoupments and impairments	66	261	78	211	(22)	10	25	66
Amortisation of intangible assets arising from business combinations	(417)	(505)	(48)	(44)	(186)	(166)	(177)	(216)
Share of results of associates (included in pre-tax profits)	56	61	7	5	14	19	29	28
Operating margin (%)	5,5	5,5	5,8	5,8	6,9	8,1	4,7	4,5

* Refer to glossary of terms below.

Profit or loss (continued)

R million	Businesses held for sale 2018	2017	Eliminations 2018	2017	Total Logistics 2018	2017	Head office and eliminations 2018	2017
Revenue	1 717	3 522	(93)	(77)	51 399	49 715	(96)	(80)
- South Africa	79	469	(93)	(77)	16 310	16 498	(96)	(82)
- Rest of Africa	572	1 300			10 823	9 947		
- International	1 066	1 753			24 266	23 270		2
Operating profit	111	159		(5)	2 853	2 764	(40)	(25)
- South Africa	2	(12)		(5)	952	919	(26)	(13)
- Rest of Africa	51	38			759	740		
- International	58	133			1 142	1 105	(14)	(12)
Depreciation, amortisation, impairments and recoupments	(21)	(166)	(7)	(6)	(1 468)	(1 434)	(9)	(14)
- South Africa	(1)	(5)	(7)	(6)	(517)	(397)	(9)	(10)
- Rest of Africa	(9)	(21)			(297)	(260)		
- International	(11)	(140)			(654)	(777)		(4)
Net finance cost	(22)	(52)	32	(11)	(710)	(768)	61	(63)
- South Africa		(10)	32	(11)	(244)	(319)	39	(70)
- Rest of Africa	(9)	(17)			(232)	(229)		
- International	(13)	(25)			(234)	(220)	22	7
Pre-tax profits*	80	17	33	(16)	1 790	1 420	47	(76)
- South Africa	2	(29)	33	(16)	718	726	40	(67)
- Rest of Africa	40	16			332	101		
- International	38	30			740	593	7	(9)
Additional segment information								
Analysis of revenue by type								
- Sale of goods		772	11	12	9 747	8 750		1
- Rendering of services	1 665	2 627	34	44	41 556	40 848		36
External revenue	1 665	3 399	45	56	51 303	49 598		37

Inter-group revenue	52	123	(138)	(133)	96	117	(96)	(117)
	1 717	3 522	(93)	(77)	51 399	49 715	(96)	(80)
Analysis of depreciation, amortisation, impairments and recoupments	(21)	(166)	(7)	(6)	(1 468)	(1 434)	(9)	(14)
Depreciation and amortisation	(15)	(87)	(7)	(6)	(1 132)	(1 216)	6	12
Recoupments and impairments					81	287	(15)	(26)
Amortisation of intangible assets arising from business combinations	(6)	(79)			(417)	(505)		
Share of results of associates (included in pre-tax profits)					50	52	6	9
Operating margin (%)					5,6	5,6		

* Refer to glossary of terms below.

Segmental information - discontinued operations
for the year ended 30 June 2018

Profit or loss

	Motus		Vehicle Import and Distribution		Vehicle Retail and Rental		Aftermarket Parts	
R million	2018	2017	2018	2017	2018	2017	2018	2017^
Revenue	77 659	66 540	20 128	18 157	62 759	53 362	6 632	6 153
- South Africa	53 798	50 842	19 144	17 116	40 051	38 850	6 464	6 120
- Rest of Africa	1 199	1 224	984	1 041	176	150	38	33
- International	22 662	14 474			22 532	14 362	130	
Operating profit	3 593	3 310	788	728	1 687	1 478	447	406
- South Africa	3 095	2 903	748	730	1 258	1 067	421	409
- Rest of Africa	94	52	40	(2)	54	57	(1)	(3)
- International	404	355			375	354	27	
Depreciation, amortisation, impairments and recoupments	(751)	(1 390)	(515)	(622)	(182)	(721)	(40)	(41)
- South Africa	(1 206)	(1 287)	(495)	(606)	(657)	(635)	(40)	(40)
- Rest of Africa	(62)	(42)	(20)	(16)	(42)	(25)		(1)
- International	517	(61)			517	(61)		
Net finance cost	(737)	(849)	(347)	(499)	(429)	(356)	(68)	(69)
- South Africa	(589)	(751)	(328)	(483)	(302)	(276)	(66)	(69)
- Rest of Africa	(31)	(27)	(19)	(16)	(12)	(11)		
- International	(117)	(71)			(115)	(69)	(2)	
Pre-tax profits*	3 448	2 090	432	(178)	1 842	1 127	388	364
- South Africa	2 516	1 789	435	(145)	935	809	362	345
- Rest of Africa	40	32	(3)	(33)	42	46		19
- International	892	269			865	272	26	
Additional segment information								
Analysis of revenue by type								
- Sale of goods	68 668	58 836	7 920	6 274	54 727	46 317	6 540	6 055
- Rendering of services	8 712	7 418	222	186	7 195	6 372	2	2
External revenue	77 380	66 254	8 142	6 460	61 922	52 689	6 542	6 057
Inter-group revenue	279	286	11 986	11 697	837	673	90	96
	77 659	66 540	20 128	18 157	62 759	53 362	6 632	6 153
Analysis of depreciation, amortisation, impairments and recoupments	(751)	(1 390)	(515)	(622)	(182)	(721)	(40)	(41)
Depreciation and amortisation	(1 340)	(1 371)	(527)	(637)	(760)	(690)	(39)	(37)

Recoupments and impairments	604	(3)	12	15	585	(20)	6	1
Amortisation of intangible assets arising from business combinations	(15)	(16)			(7)	(11)	(7)	(5)
Share of results of associates (included in pre-tax profits)	34	42	12	(6)	3	3	15	39
Operating margin (%)	4,6	5,0	3,9	4,0	2,7	2,8	6,7	6,6

* Refer to glossary of terms below.

^ Revenue of R2 271 million was incorrectly included in Vehicle Retail and Rental's inter-group revenue. 2017 had been restated to reallocate the R2 271 million from Vehicle Retail and Rental to Eliminations. The impact was a decrease in the revenue of Vehicles Retail and Rental with an opposite increase in Eliminations. Motus' total revenue remained the same.

Profit or loss (continued)

	Motor Related Financial Services		Businesses held for sale		Eliminations	
R million	2018	2017	2018	2017	2018	2017^
Revenue	2 166	2 036		427	(14 026)	(13 595)
- South Africa	2 166	2 036		315	(14 027)	(13 595)
- Rest of Africa					1	
- International				112		
Operating profit	889	833		(2)	(218)	(133)
- South Africa	889	833		(3)	(221)	(133)
- Rest of Africa					1	
- International				1	2	
Depreciation, amortisation, impairments and recoupments	(174)	(183)			160	177
- South Africa	(174)	(183)			160	177
- Rest of Africa						
- International						
Net finance cost	(49)	(10)		(11)	156	96
- South Africa	(49)	(10)		(10)	156	97
- Rest of Africa						
- International				(1)		(1)
Pre-tax profits*	844	828		(16)	(58)	(35)
- South Africa	844	828		(13)	(60)	(35)
- Rest of Africa					1	
- International				(3)	1	
Additional segment information						
Analysis of revenue by type						
- Sale of goods				371	(519)	(181)
- Rendering of services	1 098	823		50	195	(15)
External revenue	1 098	823		421	(324)	(196)
Inter-group revenue	1 068	1 213		6	(13 702)	(13 399)
	2 166	2 036		427	(14 026)	(13 595)
Analysis of depreciation, amortisation, impairments and recoupments	(174)	(183)			160	177
Depreciation and amortisation	(173)	(184)			159	177
Recoupments and impairments	(1)	1			2	
Amortisation of intangible assets arising from business combinations					(1)	
Share of results of associates						

(included in pre-tax profits) 4 5 1
Operating margin (%) 41,0 40,9

* Refer to glossary of terms below.

^ Revenue of R2 271 million was incorrectly included in Vehicle Retail and Rental's inter-group revenue. 2017 had been restated to reallocate the R2 271 million from Vehicle Retail and Rental to Eliminations. The impact was a decrease in the revenue of Vehicles Retail and Rental with an opposite increase in Eliminations. Motus' total revenue remained the same.

Segmental information - continuing operations
at 30 June 2018

Financial position

	Imperial		Logistics South Africa		Logistics African Regions		Logistics International	
R million	2018	2017	2018	2017	2018	2017	2018	2017
Assets								
Goodwill and intangible assets	8 575	9 529	860	920	2 601	2 210	5 105	5 540
Property, plant and equipment	3 042	10 371	1 333	1 256	387	356	1 433	2 278
Transport fleet	5 358	5 560	2 475	2 528	156	306	2 760	2 763
Vehicles for hire		3 963						
Investments in associates (excluding loans advanced to associates)	510	686	70	17	296	298	176	137
Investments	30	403	29	23			5	5
Inventories	2 194	16 953	417	324	1 623	1 157	154	249
Trade and other receivables	9 774	13 353	4 080	3 824	1 993	1 356	3 744	3 830
Cash resources		207						
Operating assets#	29 483	61 025	9 264	8 892	7 056	5 683	13 377	14 802
- South Africa	9 050	34 668	9 264	8 892				
- Rest of Africa	7 056	6 464			7 056	5 683		
- International	13 377	19 893					13 377	14 802
Liabilities								
Retirement benefit obligations	1 216	1 229					1 216	1 229
Maintenance and warranty contracts		3 022						
Trade and other payables and provisions	10 087	21 350	3 727	4 076	2 387	1 922	3 680	3 945
Other financial liabilities	194	399	24	33	157	76	2	
Operating liabilities#	11 497	26 000	3 751	4 109	2 544	1 998	4 898	5 174
- South Africa	4 055	15 773	3 751	4 109				
- Rest of Africa	2 544	2 223			2 544	1 998		
- International	4 898	8 004					4 898	5 174
Net working capital#	1 881	8 956	770	72	1 229	591	218	134
- South Africa	434	6 963	770	72				
- Rest of Africa	1 229	914			1 229	591		
- International	218	1 079					218	134
Net debt#	5 720	15 088	2 217	1 108	659	2 473	3 117	5 516
- South Africa	1 944	7 182	2 217	1 108				
- Rest of Africa	659	2 781			659	2 473		
- International	3 117	5 125					3 117	5 516
Net capital expenditure^#	(839)	(2 710)	(397)	141	216	(93)	(373)	(554)
- South Africa	(1 213)	(1 900)	(397)	141				

- Rest of Africa	161	(165)	216	(93)		
- International	213	(645)			(373)	(554)

* The assets and liabilities of Motus at 30 June 2018 have been reclassified to assets held for distribution to owners of Imperial and are therefore not included on this segment balance sheet for 2018. Refer to the Motus segment balance sheet.

^ Net capital expenditure for 2017 exclude Regent's net capital expenditure inflow of R47 million. The net capital expenditure on the statement of cash flows amounts to R2 663 million which include the R47 million inflow from Regent.

Refer to glossary of terms below.

Financial position (continued)

R million	Eliminations 2018	Eliminations 2017	Total Logistics 2018	Total Logistics 2017	Head office and eliminations 2018	Head office and eliminations 2017	Motus* 2018	Motus* 2017
Assets								
Goodwill and intangible assets	21	4	8 587	8 674	(12)	9		846
Property, plant and equipment	54	178	3 207	4 068	(165)	90		6 213
Transport fleet			5 391	5 597	(33)	(37)		
Vehicles for hire								3 963
Investments in associates (excluding loans advanced to associates)	(39)		503	452	7	8		226
Investments			34	28	(4)	54		321
Inventories			2 194	1 730				15 223
Trade and other receivables	(11)	83	9 806	9 093	(32)	(16)		4 276
Cash resources								207
Operating assets#	25	265	29 722	29 642	(239)	108		31 275
- South Africa	25	265	9 289	9 157	(239)	(15)		25 526
- Rest of Africa			7 056	5 683				781
- International			13 377	14 802		123		4 968
Liabilities								
Retirement benefit obligations			1 216	1 229				
Maintenance and warranty contracts								3 022
Trade and other payables and provisions	142	276	9 936	10 219	151	228		10 903
Other financial liabilities	(1)		182	109	12	172		118
Operating liabilities#	141	276	11 334	11 557	163	400		14 043
- South Africa	141	276	3 892	4 385	163	372		11 016
- Rest of Africa			2 544	1 998				225
- International			4 898	5 174		28		2 802
Net working capital#	(153)	(193)	2 064	604	(183)	(244)		8 596
- South Africa	(153)	(193)	617	(121)	(183)	(369)		7 453
- Rest of Africa			1 229	591				323
- International			218	134		125		820
Net debt#	(195)	198	5 798	9 295	(78)	14		5 779
- South Africa	(195)	198	2 022	1 306	(78)	817		5 059
- Rest of Africa			659	2 473				308
- International			3 117	5 516		(803)		412
Net capital expenditure^#	(24)	14	(578)	(492)	61	(45)	(322)	(2 173)
- South Africa	(24)	14	(421)	155	61	(44)	(853)	(2 012)
- Rest of Africa			216	(93)			(55)	(71)
- International			(373)	(554)		(1)	586	(90)

* The assets and liabilities of Motus at 30 June 2018 have been reclassified to assets held for distribution to

owners of Imperial and are therefore not included on this segment balance sheet for 2018. Refer to the Motus segment balance sheet.

^ Net capital expenditure for 2017 exclude Regent's net capital expenditure inflow of R47 million. The net capital expenditure on the statement of cash flows amounts to R2 663 million which include the R47 million inflow from Regent.

Refer to glossary of terms below.

Segmental information - discontinued operations
at 30 June 2018

Financial position

R million	Motus 2018	Motus 2017	Vehicle Import and Distribution 2018	Vehicle Import and Distribution 2017	Vehicle Retail and Rental 2018	Vehicle Retail and Rental 2017
Assets						
Goodwill and intangible assets	1 230	846	122	110	649	355
Property, plant and equipment	6 787	6 213	682	511	5 590	5 279
Vehicles for hire	3 924	3 963	1 685	1 991	2 231	1 959
Investments in associates (excluding loans advanced to associates)	263	226	27	21	53	17
Investments	653	321	4	4		
Inventories	15 636	15 223	3 798	5 445	10 167	8 350
Trade and other receivables	5 258	4 276	2 649	1 977	3 131	2 295
Cash resources		207				
Operating assets#	33 751	31 275	8 967	10 059	21 821	18 255
- South Africa	24 471	25 526	8 448	9 439	13 333	13 198
- Rest of Africa	710	781	519	620	172	139
- International	8 570	4 968			8 316	4 918
Liabilities						
Maintenance and warranty contracts	2 846	3 022				
Trade and other payables and provisions	14 014	10 903	5 766	5 212	9 435	6 936
Other financial liabilities	94	118	50	102	43	11
Operating liabilities#	16 954	14 043	5 816	5 314	9 478	6 947
- South Africa	11 571	11 016	5 593	5 105	4 365	4 132
- Rest of Africa	253	225	223	209	23	13
- International	5 130	2 802			5 090	2 802
Net working capital#	6 880	8 596	681	2 210	3 863	3 709
- South Africa	5 183	7 453	493	1 916	2 429	2 871
- Rest of Africa	229	323	188	294	32	18
- International	1 468	820			1 402	820
Net debt#	5 845	5 779	1 099	2 895	4 648	3 678
- South Africa	4 796	5 059	960	2 658	3 638	3 239
- Rest of Africa	196	308	139	237	39	52
- International	853	412			971	387
Net capital expenditure#	(322)	(2 173)	(124)	(1 227)	(170)	(1 112)
- South Africa	(853)	(2 012)	(120)	(1 212)	(706)	(967)
- Rest of Africa	(55)	(71)	(4)	(15)	(51)	(55)
- International	586	(90)			587	(90)

Refer to glossary of terms below.

Financial position (continued)

R million	Aftermarket Parts 2018	Aftermarket Parts 2017	Motor Related Financial Services 2018	Motor Related Financial Services 2017	Eliminations 2018	Eliminations 2017

Assets						
Goodwill and intangible assets	455	364	4	9		8
Property, plant and equipment	420	413	109	11	(14)	(1)
Vehicles for hire			1 732	1 915	(1 724)	(1 902)
Investments in associates (excluding loans advanced to associates)	122	119	52	61	9	8
Investments			653	317	(4)	
Inventories	1 446	1 121	270	397	(45)	(90)
Trade and other receivables	691	592	453	682	(1 666)	(1 270)
Cash resources				207		
Operating assets#	3 134	2 609	3 273	3 599	(3 444)	(3 247)
- South Africa	2 912	2 588	3 273	3 599	(3 495)	(3 298)
- Rest of Africa	19	21				1
- International	203				51	50
Liabilities						
Maintenance and warranty contracts			2 895	2 915	(49)	107
Trade and other payables and provisions	1 127	987	709	747	(3 023)	(2 979)
Other financial liabilities	1	5				
Operating liabilities#	1 128	992	3 604	3 662	(3 072)	(2 872)
- South Africa	1 082	989	3 604	3 662	(3 073)	(2 872)
- Rest of Africa	7	3				
- International	39				1	
Net working capital#	1 010	726	14	332	1 312	1 619
- South Africa	933	716	14	332	1 314	1 618
- Rest of Africa	10	10			(1)	1
- International	67				(1)	
Net debt#	945	555	(1 426)	(1 450)	579	101
- South Africa	1 068	536	(1 426)	(1 450)	556	76
- Rest of Africa	18	19				
- International	(141)				23	25
Net capital expenditure#	(14)	(263)	8	(596)	(22)	1 025
- South Africa	(14)	(262)	8	(596)	(21)	1 025
- Rest of Africa		(1)				
- International					(1)	

Refer to glossary of terms below.

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 of proceeds on sale.

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 in the prior year 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 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 = (after tax cost of debt % multiplied by average debt weighting) + (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.

Corporate information

Directors

SP Kana# (Chairman), A Tugendhaft##, (Deputy Chairman), RJA Sparks# (Lead Independent Director), M Akoojee (Acting Chief Executive Officer and Chief Financial Officer), OS Arbee, P Cooper#, GW Dempster#, P Langeni#, MV Moosa##, T Skweyiya#, M Swanepoel

#Independent non-executive ##Non-executive

Company Secretary

RA Venter

Group investor relations manager

E Mansingh

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Share transfer secretaries

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1st Floor, Rosebank Towers
15 Biermann Avenue
Rosebank, 2196

Auditors

Deloitte & Touche
20 Woodlands Drive
The Woodlands
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2052

Sponsor

Merrill Lynch SA Proprietary Limited
The Place, 1 Sandton Drive
Sandton, 2196

The results announcement is available on the Imperial website: http://www.imperial.co.za/results/annual-results-2018/index.php