

IMPERIAL HOLDINGS LIMITED

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Unaudited interim results for the six months ended 31 December 2017

ABOUT IMPERIAL

Imperial Holdings is a JSE listed South African-based holding company, employing over 49 000 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 41% and 45% of group* revenue and operating profit respectively, with 62% of foreign operating profit; and
- Motus: an integrated motor vehicle group, operating across the value chain (import, distribution, retail, rental, aftermarket parts, and vehicle-related financial services) generating 59% and 55% of group* revenue and operating profit respectively, with 13% of foreign operating profit.

* Excludes head office and eliminations.

PERFORMANCE AND OVERVIEW OF RESULTS

Our performance

Group financial highlights

- Record half year revenue up 11% to R66,5 billion
- HEPS up 16% to 717 cents per share
- Operating profit up 5% to R3,1 billion (35% foreign)
- Free cash flow (post maintenance capital expenditure) of R1,3 billion (2017: outflow of R451 million)
- EPS up 9% to 671 cents per share
- Free cash conversion ratio to up 0,9 times (-0.3 times in 2017)
- Net debt to equity ratio improved from 98% in December 2016 to 80% (71% including Schirm proceeds received in January 2018)
- Weighted average cost of capital 9,2% (2017: 9,3%)
- Return on equity 12,5% (2017: 12,1%)
- Return on invested capital 12,2% (2017: 12,0%)
- Interim cash dividend of 323 cents per share, 45% of HEPS (2017: 320 cents per share)

* Excludes discontinued operations, businesses held for sale and head office and eliminations.

Note: Prior year restated for VAPS reallocated from discontinued to continuing operations (R36 million increase in operating profit) and prior year restatement (R40 million increase in operating profit). ROE, ROIC and WACC are calculated on a 12 month basis based on continuing operations.

CONTINUED PROGRESS

Results overview

The transformation and development of Imperial in recent years has been directed at value creation through strategic clarity, managerial focus and shareholder insight. The first is being achieved through portfolio rationalisation, the second through organisation structure and the third through disclosure.

- Imperial produced solid results and an improvement in all key financial metrics in the six months to 31 December 2017, supported by acquisitions, increased vehicle sales in Motus and a good performance from Imperial Logistics,

particularly in South Africa.

- Excluding current and prior period acquisitions and disposals, total revenue for the group increased by 5% and operating profit remained stable.
- Operating margin declined from 4,9% to 4,6%, resulting from a reduction in 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) businesses.
- Foreign revenue increased 20% to R30,7 billion (46% of group revenue) and foreign operating profit increased 4% to R1,1 billion (35% of group operating profit).
- Non-vehicle revenue increased 5% to R27,0 billion (41% of group revenue) and operating profit increased 7% to R1,4 billion (45% of group operating profit).
- A full reconciliation from earnings to headline earnings is provided in the group financial performance section. Core earnings is no longer a relevant financial measure and has been discontinued.
- Net working capital of R8,9 billion was in line with June 2017 (R11,1 billion at December 2016).
- Disposals of non-strategic businesses and properties during the six-month period generated proceeds of R693 million (excluding Schirm). Net assets held for sale amounted to approximately R2,5 billion, comprising non-strategic properties, Schirm and Transport Holdings.
- An interim cash dividend of 323 cents per ordinary share has been declared.

Environment

Imperial's activities on the African continent produced 63% and 80% respectively of group revenues and operating profits during the six months to 31 December 2017, with the remainder generated mainly in Europe and the United Kingdom.

South Africa

Structural challenges, including high unemployment, struggling State Owned Enterprises (SOEs) and pressure on government finances continue to erode consumer and business confidence. There are however early indications that new political leadership will give rise to less corrupt, more accountable government and a general improvement in confidence and growth in South Africa, where R35,8 billion or 54% of group revenue and R2,0 billion or 65% of group operating profit was generated in the six months to 31 December 2017.

Positive emerging market sentiment and the weakening of the USD resulted in the R/USD exchange rate strengthening by 10% during the period, with short-term volatility exacerbated by local factors.

The impact of this environment on Imperial Logistics' operating profit, 38% of which is generated in South Africa, has been depressed volumes and competitive pressures. The impact on the operating profit of Motus, approximately 87% of which is generated in South Africa, is a highly competitive vehicle market where national vehicle unit sales as reported by NAAMSA increased 5%.

Rest of Africa

Firming commodity prices and gradually strengthening domestic demand improved economic prospects in sub-Saharan Africa, where R6,2 billion or 9% of group revenue and R466 million or 15% of group operating profit was generated in the six months to 31 December 2017.

Notable developments affecting Imperial Logistics were: an improvement in the cost of and access to currency in Nigeria; hesitant investment and consumer purchasing in Kenya resulting from political uncertainty and disruptive elections; Namibia's 5th successive quarter of recession, and increased competition and subdued demand from key aid and relief markets. Motus has limited activity in the region.

Eurozone, United Kingdom (UK) and Australia

Our operations in the Eurozone generated R24,5 billion or 37% of group revenue and R618 million or 20% of group operating profit in the six months to 31 December 2017.

Economic conditions in Europe are buoyant but economic growth and the vehicle market in the United Kingdom is being depressed by the uncertainties of Brexit. The Australian vehicle market is showing steady growth. Conditions in Imperial's remaining operating jurisdictions are stable.

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

Strategy

The transformation and development of Imperial in recent years has been directed at value creation through strategic clarity, managerial focus and shareholder insight. The first is being achieved through portfolio rationalisation, the second through organisation structure and the third through disclosure. This approach has exposed the absence of operational or financial synergies and resulted in the rapid establishment of Imperial Logistics and Motus as two large independent divisions. Both are now managed and reported on separately, with decreasing functional support and associated costs emanating from the holding company. To date our progress has exceeded expectations.

At this stage, the key strategic question facing Imperial Holdings is whether the long term fortunes of Imperial Logistics and Motus will be enhanced by them being separately listed. To answer this we are currently assessing whether value will accrue from the management of each division having direct access and accountability to debt and equity markets. We are also determining whether investors will attribute additional value to direct investment in either division. The self-sufficiency, independence and balance sheet capacity necessary for both division's growth strategies is a key priority and Imperial continues to assess all options available to achieve further flexibility in this regard. Progress to date has been good and we expect this to be in place by June 2018.

The board expects to take the decision as to whether to pursue separate listings in late June or early July 2018. As announced previously, the board believes that the unbundling of Motus would be the most effective path to achieving that result.

Capital allocation

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

1 To release capital and sharpen executive focus, by disposing of non-core, strategically misaligned, underperforming or low return on effort assets.

In HY1 2018, we disposed of:

- Non-strategic properties for proceeds of R606 million. A further 27 properties with a carrying value of R543 million are held for sale;
- 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.

Disposals post HY1 2018 include:

- 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 billion). The transaction was concluded on 17 January 2018 and payment was received on 30 January 2018;
- Transport Holdings in Botswana for R200 million, subject to funding approval.
- Although the bulk of identified disposals have been concluded, continual analysis of the strategic and financial performance of businesses will result in refinements to the portfolio of Imperial Logistics and Motus over the medium term.

2 We will invest capital in South Africa to maintain the quality of assets and market leadership in our logistics and motor vehicle businesses.

- Net capital expenditure of R1,3 billion was invested in operations during the period, mainly in vehicles for hire.
- 3 We will invest capital in the African Regions primarily to achieve our 2020 objective for the revenue and profits generated in that region to equal that of our South African logistics business, and secondarily to expand our vehicle-related businesses in the region.
- Imperial Logistics acquired 70% of Surgipharm Limited in Kenya for USD35 million (R490 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 below expectation during the period, due to political uncertainty and disruptive elections in Kenya.
- 4 We will invest the cash generated from operations and divestments to grow our businesses beyond the continent, but with an emphasis on logistics.
- We acquired Pentagon Motor Holdings, which operates 21 prime retail dealerships in the UK, for £28 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. Performance in our first four months of ownership was 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. Forecasts for the current six months are promising.
 - We 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.
 - Net capital expenditure of R312 million was invested in operations mainly in Europe and the United Kingdom.
- 5 The development and sustainability of Imperial will be underpinned by investment in human capital and information systems.
- Group-wide investments in human capital development and information systems amounted to R235 million*.

* Only includes capital expenditure on human capital development and IT systems

DIVISIONAL PERFORMANCE

Results overview

Imperial Logistics

	HY1 2018	HY1 2017	% change on HY1 2017	HY2 2017	% change on HY2 2017
Revenue (Rm)	27 033	25 862	5	24 803	9
Operating profit (Rm)	1 391	1 300	7	1 464	(5)
Operating margin (%)	5,1	5,0		5,9	
Return on invested capital (%)	11,7	11,4			
Weighted average cost of capital (%)	8,2	8,4			
Targeted ROIC (WACC+3%)	11,2	11,4			
Debt:equity ratio (%)	114	167			
Debt:equity ratio (%) post Schirm proceeds	91				

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

Revenue R27 033 million 5%
 Operating profit R1 391 million 7%
 Operating margin 5,1%

Imperial Logistics is a mainly African and European provider of integrated outsourced value-add logistics, supply chain and route-to-market solutions, customised to ensure the relevance and competitiveness of its clients. With

established capabilities in transportation, warehousing, distribution and synchronisation management, and expanding capabilities in international freight management, the division operates in specific industry verticals: healthcare, consumer packaged goods, manufacturing and mining, chemicals and energy, automotive, machinery and equipment, and agriculture.

Imperial Logistics recorded growth in revenue and operating profit of 5% and 7% respectively. Excluding businesses held for sale, revenue and operating profit increased by 7% and 5% respectively. These results comprised a good performance from Logistics South Africa in challenging trading conditions, a solid performance from Ecohealth in Nigeria and CIC in Namibia, the disposal and closures of some smaller, underperforming businesses in South Africa and African Regions and solid results from the international shipping and automotive segments in Logistics International. The disposal of the Schirm business was only concluded in January 2018 and is therefore included in businesses held for sale during this reporting period. The net debt to equity ratio (91% including the proceeds from Schirm) has improved significantly following the sale of non-core or underperforming businesses and non-strategic properties, disciplined working capital management and capital expenditure and recapitalisation of African Regions. Despite the improvement in gearing during the last 12 months, the current level is not optimal and further improvement of the balance sheet capacity is necessary for the pursuit of its strategy. The ROIC of 11,7% compares to 11,4% in the prior period and is above the target hurdle rate of WACC+3%.

Net capital expenditure reduced significantly to R324 million from R611 million in the prior period when investment was incurred on additional chemical manufacturing capacity in Europe and two additional convoys in South America. Capital expenditure in the current period comprised mainly replacement of transport fleet in South Africa, reduced by the proceeds from asset disposals of R451 million, including property disposals of R287 million.

Logistics South Africa

	HY1 2018	HY1 2017	% change on HY1 2017	HY2 2017	% change on HY2 2017
Revenue (Rm)	8 510	8 335	2	8 163	4
Operating profit (Rm)	522	461	13	458	14
Operating margin (%)	6,1	5,5		5,6	
Return on invested capital (%)	13,8	10,4			
Weighted average cost of capital (%)	10,4	10,4			
Targeted ROIC (WACC+3%)	13,4	13,4			
Debt:equity ratio (%)	83	91			

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

Revenue R8 510 million 2%
 Operating profit R522 million 13%
 Operating margin 6,1%

Logistics South Africa performed well in difficult trading conditions, increasing revenue and operating profit by 2% and 13% respectively, and 4% and 3% respectively excluding businesses held for sale.

Performance was enhanced by increased volumes in the commodities operations, a six month contribution from the Itumele Bus Lines acquisition, solid results from fuel and gas, managed solutions and some of the transport and distribution operations, significantly reduced losses from Imperial Cold Logistics and the disposal and closures of some smaller, underperforming businesses in the current and prior periods. The consumer logistics business did not perform to expectation due to lower sales volumes in the healthcare and retail logistics businesses.

ROIC improved significantly to 13,8% from 10,4% mainly due to increased profitability, and the sale of non-strategic properties and underperforming businesses.

The disposal of 30% of Imperial Logistics South Africa to a BBBEE partner is progressing steadily. The application and screening process was completed in October 2017, and negotiations are proceeding with a party who has satisfied the major transaction criteria, namely pricing, proof of funding, long-term commitment and the capabilities to add value. We expect to finalise this transaction by June 2018.

Logistics African Regions

	HY1 2018	HY1 2017	% change on HY1 2017	HY2 2017	% change on HY2 2017
Revenue (Rm)	5 551	5 359	4	4 588	21
Operating profit (Rm)	408	392	4	348	17
Operating margin (%)	7,4	7,3		7,6	
Return on invested capital (%)	20,6	22,6			
Weighted average cost of capital (%)	11,5	10,7			
Targeted ROIC (WACC+4%)	15,5	14,7			
Debt:equity ratio (%)	130	>150			

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

Revenue R5 551 million 4%
 Operating profit R408 million 4%
 Operating margin 7,4%

Imperial Logistics African Regions increased revenue and operating profit by 4% with a mixed performance across the portfolio. Revenue and operating profit, excluding businesses held for sale (Transport Holdings), increased by 12% and 3% respectively.

Results were supported by a solid performance from Ecohealth, Nigeria's leading distributor of pharmaceuticals, the acquisition of Surgipharm where a positive contribution was depressed by political uncertainty and disruptive elections in Kenya, a good result from the FMCG route-to-market business enhanced by the disposal of the loss-making Global Holdings and the disposal of certain unprofitable transport entities in the prior financial year.

The FMCG route-to-market Namibian operations performed satisfactorily despite the effects of Namibia's 5th successive quarter of recession. Transport operations in Namibia are experiencing reduced volumes, vindicating our strategy to reduce asset intensity. Imres underperformed due to increased competition, subdued demand from its key aid and relief markets and longer lead times experienced in converting orders to sales in its key markets. Managed Solutions businesses in SADC performed well. Loss of the USAID contract depressed the sub-Saharan Healthcare logistics business.

ROIC at 20,6% declined from 22,6% mainly due to an increase in our investment in Ecohealth, from 68% to 87% and higher working capital.

Logistics International

	HY1 2018	HY1 2017	% change on HY1 2017	HY2 2017	% change on HY2 2017
Revenue (Euro million)	821	795	3	843	3
Operating profit (Euro million)	28,8	29,3	(2)	46	(37)
Operating margin (%)	3,5	3,7		5,5	
Revenue (Rm)	12 972	12 168	7	12 052	8
Operating profit (Rm)	461	447	3	658	(30)
Operating margin (%)	3,6	3,7		5,5	
Return on invested capital (%)	8,3	8,6			
Weighted average cost of capital (%)	6,2	6,5			

Targeted ROIC (WACC+3%)	8,2	8,5
Debt:equity ratio (%)	133	161
Debt:equity ratio (%) post Schirm proceeds	86	

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

Revenue €821 million	3%
Operating profit €28,8 million	(2%)
Operating margin	3,5%

Logistics International's revenue and operating profit increased by 3% and decreased by 2% respectively in Euro, and increased by 7% and 3% respectively in Rand, which weakened 3% on average against the Euro during the period. Revenue and operating profit in Euro terms, excluding businesses held for sale (Schirm), increased by 3% and 4% respectively.

The performance of the Transport Solutions business was supported by solid results from international and liquid bulk shipping, road transport and automotive contract logistics. Following the commissioning of two additional convoys in March 2017, the South American operation is operating at full capacity in a strong market with optimal water levels, utilising seven push boats with 84 barges. Dry bulk shipping in Germany underperformed due to prolonged low water levels on the River Rhine during the period.

Profitability of the Supply Chain Solutions business was depressed by reduced profitability from chemical manufacturing and lower volumes from key customers in the retail and industrial operations; partially offset by strong performances from the automotive contract logistics businesses. Palletways experienced good volume and revenue growth but its profitability was depressed by increased costs in the UK and Italy.

ROIC declined marginally to 8,3% from 8,6%.

Motus

Motus

	HY1 2018	HY1 2017	% change on HY1 2017	HY2 2017	% change on HY2 2017
Revenue (Rm)	39 678	34 095	16	32 455	22
Operating profit (Rm)	1 716	1 642	5	1 668	3
Operating margin (%)	4,3	4,8		5,1	
Return on invested capital (%)	12,0	12,5			
Weighted average cost of capital (%)	10,4	10,4			
Targeted ROIC (WACC+3%)	13,4	13,4			
Debt:equity ratio (%)	62	78			

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

Since the publication of the HY1 2017 results there have been adjustments to the sub-divisions of Motus, requiring the segmental report to be amended and the reported HY1 2017 numbers to be restated in the FY 2017 results. These changes comprised reallocations of: appropriate eliminations to Motus out of group head office and eliminations; the transfer of the African distributorship operations from the Vehicle Retail and Rental sub-division to the Vehicle Import and Distribution sub-division; and the transfer of Beekmans from the Vehicle Import and Distribution sub-division to the After Market Parts sub-division. The numbers were also adjusted to include the VAPs business in Financial Services.

Revenue R39 678 million	16%
Operating profit R1 716 million	5%

Operating margin 4,3%

Motus is Southern Africa's largest vehicle group, operating across the motor value chain, importing, distributing, retailing and renting vehicles and aftermarket parts, supported and augmented by Motor Related Financial Services.

Revenue and operating profit for Motus increased by 16% and 5% respectively, with all four sub-divisions recording revenue and profit growth. This was mainly due to competitive vehicle pricing and a strong improvement in entry level and pre-owned vehicle sales in South Africa, where stable interest rates improved affordability. The acquisitions of Pentagon in the UK and SWT in Australia contributed positively to revenue, but at lower margins. Excluding businesses held for sale, revenue and operating profit increased by 18% and 4% respectively.

During the period Motus grew unit vehicle sales by 7% compared to national unit vehicle sales growth of 5% as reported by NAAMSA. The Motus passenger and commercial vehicle businesses, including the UK and Australia, retailed 73 353 (2017: 59 696) new and 40 067 (2017: 36 580) pre-owned vehicles during the six months.

Property disposals and reduced investment in property and vehicles for hire resulted in net capital expenditure declining from R1,8 billion in the prior period to R1,1 billion.

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.

Despite acquisitions, Motus' debt to equity ratio at 62% is below the prior period, mainly as a result of disciplined working capital management, proceeds received from the disposal of non-strategic properties and reduced capital expenditure in vehicles for hire.

Vehicle Import and Distribution

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

			% change		% change
	HY1 2018	HY1 2017	on HY1 2017	HY2 2017	on HY2 2017
Revenue (Rm)	10 043	9 117	10	9 040	11
Operating profit (Rm)	303	286	6	442	(31)
Operating margin (%)	3,0	3,1		4,9	
Return on invested capital (%)	9,4	6,2			
Weighted average cost of capital (%)	10,8	10,0			
Debt:equity ratio (%)	47	>100			

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

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

Revenue R10 043 million 10%
Operating profit R303 million 6%
Operating margin 3,0%

Revenue and operating profit from this sub-division increased by 10% and 6% respectively, as sales volumes increased by 10% (Hyundai up 5%, Kia up 27% and Renault up 38%) with our vehicle mix aligned to market demand. The Motus importer segment market share increased from 14,6% in the prior period to 15,3%.

At the end of January 2018, Hyundai and Kia forward cover on the US Dollar and Euro imports extends to August 2018 at average rates of R13,50 to the US Dollar and R15,76 to the Euro. New trading arrangements with Renault have rendered

forward cover redundant. With the exception of Renault, Imperial's 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 distributorships performed below expectations due to weak consumer demand in most of the markets in which we operate. The capital deployed in these operations has been reduced and the viability of these operations are under review.

During the period ROIC increased to 9,4% from 6,2%, resulting from a significant reduction in working capital, lower investment in vehicles for hire and the sale of non-strategic properties.

Vehicle Retail and Rental

Representative in South Africa of 22 OEMs through 343 vehicle dealerships (including 94 pre-owned), 245 franchised dealerships and 20 commercial vehicle dealerships, with 113 car rental outlets (Europcar and Tempest).

Manages and operates 58 commercial and 32 passenger vehicle dealerships in the UK, 33 passenger vehicle dealerships in Australia and 16 car rental outlets (Europcar and Tempest) in Southern Africa.

	HY1 2018	HY1 2017	% change on HY1 2017	HY2 2017	% change on HY2 2017
Revenue (Rm)	32 359	28 175	15	27 458	18
Operating profit (Rm)	814	784	4	694	17
Operating margin (%)	2,5	2,8		2,5	
Return on invested capital (%)	8,6	13,0			
Weighted average cost of capital (%)	9,8	10,1			
Debt:equity ratio (%)	85	38			

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

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

Revenue R32 359 million 15%
 Operating profit R814 million 4%
 Operating margin 2,5%

The Vehicle Retail and Rental operations recorded an increase in revenue and operating profit of 15% and 4% respectively, assisted by the inclusion of the UK (Pentagon) and Australian (SWT) acquisitions which enhanced revenue but reduced margins.

The Motus passenger and light commercial vehicle (LCV) businesses in South Africa experienced a 6% increase in new vehicle sales units from 27 008 to 28 645. Dealerships of the importer brands performed particularly well mainly 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. Nine underperforming dealerships were closed during the period. The commercial vehicle business in South Africa performed well in challenging trading conditions and increased operating profit off a low base. The parts and aftersales segments continue to perform well.

Revenue and operating profit in the UK business increased by 84% and 23% respectively due to strong performance from the UK Commercials operations and the acquisition of Pentagon. The passenger segment performed below expectations 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 is expected to improve in the second half of the financial year as PSA implements its new trading policies.

Car rental increased its revenue and operating profit by 16% and 9% respectively due to increased vehicle rental volumes from the inbound and leisure segments, and higher post rental vehicle sales. The vehicle rental utilisation

was maintained at 70%, while accident costs remain high but lower than the prior period.

The Australian vehicle market recorded marginal growth in the reporting period but margins on new vehicles remain under pressure. The Australian operations increased revenue by 12% but operating profit decreased by 8% compared to the prior period in which two new model launches in the Ford franchise were exceptionally successful. This was partially offset by the acquisition of SWT, concluded in October 2017, which is performing in line with expectations.

ROIC reduced to 8,6% from 13,0% due to increased working capital and the acquisition of the lower margin Pentagon and SWT auto dealer groups.

Aftermarket Parts

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

	HY1 2018	HY1 2017	% change on HY1 2017	HY2 2017	% change on HY2 2017
Revenue (Rm)	3 354	3 125	7	3 028	11
Operating profit (Rm)	205	190	8	216	(5)
Operating margin (%)	6,1	6,1		7,1	
Return on invested capital (%)	19,4	23,2			
Weighted average cost of capital (%)	11,0	11,2			
Debt:equity ratio (%)	58	79			

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

Revenue R3 354 million 7%
 Operating profit R205 million 8%
 Operating margin 6,1%

Revenue and operating profit grew by 7% and 8% respectively, supported by tighter cost control and strong performances from Alert Engine Parts and Beekmans. Midas' (AAAS) performance was flat, depressed by market contraction, increased pricing pressure and consumers trading down.

ROIC decreased to 19,4% from 23,2% due to increased working capital and an investment in a warehouse facility which was included in invested capital.

Motor Related Financial Services

Markets and administers service, maintenance and warranty plans, and other value-added products (~664 000 vehicles under management). Develops and distributes innovative vehicle-related financial products and services through dealer and vehicle finance channels, online and a national call centre. Provides fleet management services.

	HY1 2018	HY1 2017	% change on HY1 2017	HY2 2017	% change on HY2 2017
Revenue (Rm)	1 083	965	12	1 071	1
Operating profit (Rm)	465	458	2	375	24
Operating margin (%)*	42,9	47,5		35,0	
Return on invested capital (%)	59,6	55,6			
Weighted average cost of capital (%)	13,8	14,0			
Debt:equity ratio (%)	(78)**	(92)			

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 R728 million.

Revenue R1 083 million 12%

Operating profit R465 million 2%
 Operating margin 42,9%

Motor Related Financial Services grew revenue and operating profit by 12% and 2% respectively, supported by higher profitability in demo vehicle sales and maintenance funds, with the loan book and returns from alliances with financial institutions recording strong growth. Increased sales of monthly versus longer term service and maintenance plans depressed margins. Arising from the Regent transaction, the prior period includes once-off income of R46 million included in the VAPS business, which is not included in the current period.

We continue to focus on growing the fleet management business and building synergies within the retail motor sub-divisions.

ROIC increased from 55,6% to 59,6% due to higher profitability during the rolling 12 month period.

Group financial performance
 Results overview

Group profit and loss (extracts)

R million	Total HY1 2018	Continuing HY1 2017	Continuing % change
Revenue	66 520	59 727	11
Operating profit	3 093	2 955	5
Operating margin (%)	4,6%	4,9%	
Net finance costs	(753)	(828)	(9)
Income from associates	41	49	(16)
Forex losses	(84)	(121)	(31)
Profit before tax	1 942	1 719	13
Tax	(575)	(498)	
Net profit after tax	1 367	1 221	12
Attributable to non-controlling interests	(61)	(21)	
Attributable to shareholders of Imperial	1 306	1 200	9
Effective tax rate (%)	30	29	
Return on invested capital (%)	12,2	12,0	
Weighted average cost of capital (%)	9,2	9,3	

Note: 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).

Group profit before tax increased 13%, attributable to:

- an increase in group operating profit of R138 million;
- a R75 million decrease in net finance costs due to lower average debt levels;
- foreign exchange losses decreased by R37 million to R84 million mainly due to:
 - Forex losses in Imperial Logistics (due mainly to a strengthening Rand in African Regions) were contained to R39 million against R153 million in the prior period; and
 - Motus losses of R52 million compared to a gain of R12 million in the prior period due mainly to mark to market losses on forward exchange options used as hedges against the strengthening of the Rand.
- acquisition costs were R24 million lower than the prior period which included transaction costs for Palletways; and
- amortisation of intangibles arising from business combinations decreased by R37 million due to certain intangible assets being fully amortised in F2017.

The above was offset by impairment losses of R72 million relating to assets held for sale and income from associates which declined due to Mix Telematics being sold in the prior period and the underperformance of MDS Logistics in Nigeria.

The effective tax rate for the group at 30% is in line with the prior year.

Profits to non-controlling interests increased compared to the prior period mainly due to improved results from Renault and Ecohealth. The recent acquisitions of Surgipharm and Itumele Bus Lines also contributed to the increase.

Reconciliation from earnings to headline earnings

R million	HY1 2018	Continuing HY1 2017	% change
Net profit attributable to Imperial shareholders (earnings)	1 306	1 200	9
Profit on disposal of assets/investments	(64)	(43)	
Impairments of goodwill and other assets	58		
Net loss on sale of businesses	18	46	
Impairment losses on assets of disposal groups	72		
Other		(13)	
Tax and non-controlling interests	7	11	
Headline earnings	1 397	1 201	16

Earnings and headline earnings per share

R million	Total HY1 2018	Continuing HY1 2017	Continuing % change
Basic EPS (cents)	671	618	9
Basic HEPS (cents)	717	618	16

* Prior year restated for VAPS reallocated from discontinued to continuing operations (R36 million increase in operating profit) and prior year restatement (R40 million increase in operating profit).

Financial position

R million	December 2017	June 2017	% change
Goodwill and intangible assets	9 172	9 529	(4)
Property, plant and equipment	9 667	10 371	(7)
Investment in associates and joint venture	1 204	1 002	20
Transport fleet	5 345	5 560	(4)
Vehicles for hire	4 489	3 963	13
Investments and other financial assets	1 213	805	51
Net working capital	8 884	8 956	(1)
Other assets	2 145	1 839	17
Assets held for sale	3 097	979	
Net debt	(16 808)	(14 647)	15
Non-redeemable, non-participating preference shares	(441)	(441)	
Other liabilities	(6 887)	(7 655)	(10)
Liabilities directly associated with assets held for sale	(627)		

Total shareholders' equity	20 453	20 261	
Total assets	70 499	68 853	2
Total liabilities	(50 046)	(48 592)	3

The three most significant factors impacting the financial position at 31 December 2017 compared to 30 June 2017 were:

- since 30 June 2017, the Rand strengthened by 6% to the USD, 2% to the GBP and 1% to the Euro. This resulted in the overall balance sheet decreasing with a net R312 million negative impact to the foreign currency translation reserve;
- the disposals of Schirm and Transport Holdings Botswana resulted in assets to the value of R2,6 billion and liabilities of R627 million being reclassified as held for sale on the balance sheet; and
- the acquisitions of Surgipharm (R490 million), Pentagon (R479 million) and SWT (R261 million), and a further 19% in Ecohealth (R627 million) during the period.

Goodwill and intangible assets decreased by 4% to R9,2 billion due to:

- the strengthening of the Rand;
 - reclassification to assets of disposal groups; and
 - amortisation of intangible assets arising from business combinations contributed R226 million to the decline.
- The above was partly offset by the acquisitions of Surgipharm (R537 million), Pentagon (R185 million) and SWT (R212 million).

Property, plant and equipment decreased by 7% to R9,7 billion due to:

- reclassification of PPE in Schirm and Transport Holdings Botswana as held for sale;
- currency adjustments; and
- disposals of PPE.

The above was partly offset by additions to PPE net of depreciation (mainly in Logistics) and the acquisitions of Pentagon, SWT and Surgipharm.

Investment in associates and joint ventures increased by 20% resulting from the acquisitions of IC Arco Motor Industry Limited, 58 Fleet Investment and Imperial Mobility Associates.

Vehicles for hire increased by 13% mainly due to re-fleeting ahead of the peak season.

Net working capital was in line with 30 June 2017 but improved significantly when compared to the prior period largely due to disciplined working capital management, an increase in the FEC liability due to the strengthening Rand and extended credit terms from suppliers in Motus.

Investment and other financial assets increased 51% due to the reclassification of dividends receivable from cell captives from trade and other receivables and an increase in investments (long-term deposits) in Motor Related Financial Services, partially offset by dividends received from the cell captives.

Other assets increased by 17% mainly due to an increase in deferred tax assets. The increase in the deferred tax asset balance is mainly due to the deferred tax recognised on the re-measurement of foreign currency instruments in the hedging reserve.

The decrease in other liabilities by 10% is mainly due to the settlement of the put option in Ecohealth.

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

- the strengthening of the Rand which resulted in a loss in the foreign currency translation reserve of R324 million;
- a decrease in the hedging reserve of R199 million; and

- the repurchase of ordinary shares totalling R113 million to hedge the share scheme (average price of R212,49 per share).

The above was partially offset by capital raised from non-controlling interests.

Movement in equity for the six months to December 2017

R million	HY1 2018
Net profit attributable to Imperial shareholders	1 306
Net profit attributable to non-controlling interests	61
Decrease in the foreign currency translation reserve	(324)
Decrease in the hedge accounting reserve	(199)
Movement in share-based reserve	14
Dividends paid	(649)
Resolve Solutions and Ecohealth non-controlling interest (Buy-out)	(68)
Increase due to new acquisitions and non-controlling interests capital injection (Surgipharm, Renault)	295
Non-controlling share of dividends	(131)
Shares repurchased	(113)
Total change	192

Cash flow R million	HY1 2018	HY1 2017	% change
Cash generated by operations before movements in working capital	4 231	4 330	(2)
Movements in net working capital (excludes currency movements and net acquisitions)	(208)	(2 379)	
Cash generated after working capital movements	4 023	1 951	
Interest paid	(753)	(823)	
Tax paid	(567)	(660)	
Cash generated by operations before capital expenditure on rental assets	2 703	468	478
Capital expenditure on rental assets	(1 161)	(1 399)	
Cash flows from operating activities	1 542	(931)	
Net acquisitions of subsidiaries and businesses	(1 042)	(1 671)	
Capital expenditure (non-rental assets)	(265)	(1 017)	
Net movement in associates	(204)	542	
Equities, investments and loans	(312)	(109)	
Dividends paid	(781)	(991)	
Hedging of share scheme	(357)	(3)	
Change in non-controlling interest	(705)	(89)	
Other	(90)	150	
(Increase) in net debt (excludes currency movements and net acquisitions)	(2 214)	(4 119)	
Free cash flow	1 300	(451)	
Free cash flow to headline earnings (times)	0,9	(0,3)	

Cash generated by operations after working capital movements, interest and tax payments was R2,7 billion

(2017: R468 million).

Net working capital decreased compared to the prior period due to disciplined working capital management and an increase in the FEC liability due to the strengthening Rand and extended credit terms from suppliers in Motus.

Net capital expenditure reduced from R2,4 billion to R1,4 billion, down 41%. Capital expenditure in the prior year included the majority of the contributions towards the chemical manufacturing plant and the additional convoys in South America. The current year capital expenditure was reduced by the proceeds from the property disposals of R606 million and reduced investment in vehicles for hire and properties in Motus.

Net debt increased by 15% or R2,2 billion (in line with expectations) from June 2017 but decreased by 13% or R2,5 billion from December 2016.

The proceeds of the disposal of Schirm (~R2,0 billion) was received on 30 January 2018. Adjusted for this, net debt at 31 December 2017 equates to R14,9 billion, bringing the net debt:equity ratio to 71%.

The main contributors to the net outflow of R1,0 billion relating to acquisitions and disposals were the acquisitions of Surgipharm, Pentagon and SWT.

Outflows from equities, investments and loans amounted to R312 million, resulting mainly from:

- net increase in investments mainly from longer-term deposits in Motor Related Financial Services;
- net cash outflow on the settlement of Surgipharm warranty payment; and
- repayment of loans in Surgipharm and Ecohealth.

Dividends amounting to R781 million were paid during the period.

The change in non-controlling interest outflow mainly relates to cash paid for the purchase of a further 19% interest in Ecohealth of R627 million.

Liquidity

The group's liquidity position is strong with R11,0 billion of unutilised banking facilities, excluding asset backed finance facilities. 75% of the group debt is long term in nature and 41% of the debt is at fixed rates. The group's international and national scale credit rating by Moody's is unchanged at Baa3 and Aa1.za.

Dividend

An interim cash dividend of 323 cents per ordinary share (2017: 320 cents per share) has been declared, in line with our targeted pay-out ratio of 45% of HEPS, subject to prevailing circumstances. The prior period's dividend was based on results including discontinued operations. The comparable dividend for HY1 2018 excluding discontinued operations increased by 11%.

Board changes

Messrs Roboijane (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. We thank them for their service to Imperial and wish both every success with their future endeavours.

Prospects

We are encouraged by the quantitative and qualitative progress of Imperial. Over the past six months the group has produced a satisfactory financial result in testing trading conditions, while approaching the advanced stages of one of the most comprehensive organisation renewals by a South African based multinational.

Imperial's 70th Anniversary coincides with a new more hopeful era of political leadership in South Africa. The structural problems facing our country will not be solved easily or quickly, but we believe that President Ramaphosa will model his office on the values, style and inclusive statesmanship of Nelson Mandela. This is evident in the earliest days of his presidency and we will demonstrate full support for his declared agenda.

Our near term expectations are unchanged. We anticipate solid operating and financial results in the year to June 2018, subject to stable currencies in the economies in which we operate, and South Africa retaining its investment grade.

In the six months to June 2018 for continuing operations we expect:

- Capital efficiency to improve.
- Logistics and Motus to increase revenues and operating profit at a higher rate than the first half.
- Imperial Holdings to increase revenues and operating profit at a higher rate than the first half.
- Imperial Holdings to produce a double-digit growth in headline earnings per share substantially higher than the first half, off the low base of 2017.

With thanks to all stakeholders, we will continue to execute on our espoused strategies.

Mark J Lamberti
Chief Executive Officer

Mohammed Akoojee
Chief Financial Officer

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

Declaration of interim preference and ordinary dividends
for the six months ended 31 December 2017

Preference shareholders

Notice is hereby given that a gross interim preference dividend of 425,38356 cents per preference share has been declared by the board of Imperial, payable to holders of 4 540 041 non-redeemable, non-participating preference shares. The dividend will be paid out of reserves.

The preference dividend will be subject to a local dividend tax rate of 20%. The net preference dividend, to those shareholders who are not exempt from paying dividend tax, is therefore 340,30685 cents per share.

Ordinary shareholders

Notice is hereby given that a gross interim ordinary dividend in the amount of 323,00000 cents per ordinary share has been declared by the board of Imperial, payable to holders of 201 139 981 ordinary shares. The dividend will be paid out of reserves.

The ordinary dividend will be subject to a local dividend tax rate of 20%. The net ordinary dividend, to those shareholders who are not exempt from paying dividend tax, is therefore 258,40000 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	Monday, 19 March
Preference and ordinary shares commence trading ex-preference dividend and ex-ordinary dividend respectively	Tuesday, 20 March
Record date	Friday, 23 March
Payment date	Monday, 26 March

The company's income tax number is 9825178719.

Share certificates may not be dematerialised/re-materialised between Tuesday, 20 March 2018 and Friday, 23 March 2018, both days inclusive.

On Monday, 26 March 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 26 March 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, 26 March 2018.

On behalf of the board

RA Venter
Group Company Secretary

19 February 2018

Condensed consolidated statement of profit or loss
for the six months ended 31 December 2017

R million	Notes	% change	Unaudited six months ended 31 December 2017	Unaudited six months ended 31 December 2016*	Audited financial year ended 30 June 2017
Continuing operations					
Revenue		11	66 520	59 727	116 839
Net operating expenses			(62 167)	(55 504)	(108 261)
Profit from operations before depreciation and recoupments			4 353	4 223	8 578
Depreciation, amortisation, impairments and recoupments			(1 260)	(1 268)	(2 529)
Operating profit		5	3 093	2 955	6 049
Recoupments from sale of properties, net of impairments			11	7	212
Amortisation of intangible assets arising on business combinations			(226)	(263)	(521)
Foreign exchange losses			(84)	(121)	(619)
Other non-operating items	6		(140)	(80)	(357)
Profit before net finance costs		6	2 654	2 498	4 764
Net finance costs	7	(9)	(753)	(828)	(1 680)
Profit before share of result of associates and joint ventures			1 901	1 670	3 084
Share of result of associates and joint ventures			41	49	103
Profit before tax		13	1 942	1 719	3 187
Income tax expense			(575)	(498)	(901)
Profit for the period from continuing operations		12	1 367	1 221	2 286
Discontinued operations					
Profit for the period from discontinued operations				163	279

Net profit for the period	(1)	1 367	1 384	2 565
Net profit attributable to:				
Owners of Imperial		1 306	1 331	2 601
- Continuing operations		1 306	1 200	2 373
- Discontinued operations			131	228
Non-controlling interests		61	53	(36)
- Continuing operations		61	21	(87)
- Discontinued operations			32	51
		1 367	1 384	2 565
Earnings per share (cents)				
Continuing operations				
- Basic	9	671	618	1 221
- Diluted	8	652	604	1 187
Discontinued operations				
- Basic			67	118
- Diluted			66	115
Total operations				
- Basic	(2)	671	685	1 339
- Diluted	(3)	652	670	1 302

* Restated. Refer to note 3.1.

Condensed consolidated statement of comprehensive income
for the six months ended 31 December 2017

	Unaudited six months ended 31 December 2017	Unaudited six months ended 31 December 2016*	Audited financial year ended 30 June 2017
R million			
Net profit for the period	1 367	1 384	2 565
Other comprehensive loss	(523)	(1 191)	(405)
Items that may be reclassified subsequently to profit or loss	(523)	(1 253)	(521)
Exchange losses arising on translation of foreign operations	(324)	(836)	(724)
Reclassification of gain on disposal of investment in associate		(8)	(8)
Movement in hedge accounting reserve	(319)	(462)	244
Income tax relating to items that may be reclassified to profit or loss	120	53	(33)
Items that will not be reclassified to profit or loss		62	116
Remeasurement of defined benefit obligations		97	199
Income tax on remeasurement of defined benefit obligations		(35)	(83)
Total comprehensive income for the period	844	193	2 160
Total comprehensive income attributable to:			
Owners of Imperial	806	267	2 209
Non-controlling interests	38	(74)	(49)
	844	193	2 160

* Restated. Refer to note 3.1.

Earnings per share information
for the six months ended 31 December 2017

	Unaudited	Unaudited	Audited
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R million	% change	six months ended 31 December 2017	six months ended 31 December 2016*	financial year ended 30 June 2017
Headline earnings reconciliation				
Earnings		1 306	1 331	2 601
Recoupment for disposal of property, plant and equipment (IAS 16)		(64)	(39)	(323)
Recoupment for disposal of intangible assets (IAS 38)			2	3
Impairment of property, plant and equipment (IAS 36)		27		32
Impairment of intangible assets (IAS 36)		9		30
Impairment of goodwill (IAS 36)		22		123
Impairment of investments in associates and joint ventures (IAS 28)			(6)	34
Loss on disposal of subsidiaries and businesses (IFRS 10)		18	46	151
Impairment loss on assets of disposal groups		72		
Reclassification of loss on disposal of available-for-sale investment (IAS 39)			(8)	(8)
Tax effects of remeasurements		7	10	66
Non-controlling interests share of remeasurements			1	(9)
Headline earnings		1 397	1 337	2 700
Headline earnings per share (cents)				
Continuing operations				
- Basic	16	717	618	1 240
- Diluted	15	698	605	1 205
Discontinued operations				
- Basic			70	150
- Diluted			68	146
Total operations				
- Basic	4	717	688	1 390
- Diluted	4	698	673	1 351
Additional information				
Net asset value per share (cents)	2	10 179	9 997	10 550
Dividend per ordinary share (cents)	1	323	320	650
Number of ordinary shares in issue (million)				
- total shares		201,1	200,3	201,1
- net of shares repurchased		198,0	196,6	196,6
- weighted average for basic		194,7	194,2	194,3
- weighted average for diluted		200,2	198,7	199,8
Number of other shares (million)				
- Deferred ordinary shares to convert into ordinary shares		6,7	7,5	6,7

* Restated. Refer to note 3.1.

Condensed consolidated statement of financial position
at 31 December 2017

R million	Notes	Unaudited 31 December 2017	Unaudited 31 December 2016*	Audited 30 June 2017
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of Mix Telematics			(109)		109				
Movements in statutory reserve			11		(11)				
Share-based equity cost charged to profit or loss			63			63		63	
Share-based equity reserve transferred to retained earnings on vesting			68		(68)				
Shares cancelled and delivered to settle share-based obligations									
Share-based equity reserve hedge cost			11			11		11	
Ordinary dividend of 425 cents per share in September 2016					(831)	(831)		(831)	
Share cancellation of 7 864 456 ordinary shares		613			(613)				
Non-controlling interest acquired, net of disposals and shares issued							268	268	
Net decrease in non-controlling interests through buy-out			(73)			(73)	(16)	(89)	
Realisation on disposal of subsidiaries			45			45		45	
Non-controlling interests share of dividends							(160)	(160)	
At 31 December 2016 - Unaudited and restated	1 030	(613)	(108)	19 346		19 655	(1 307)	927	19 275
Total comprehensive income for the period			619	1 323		1 942		25	1 967
Net attributable profit for the period				1 270		1 270		(89)	1 181
Total other comprehensive income			619	53		672		114	786
Transfer of reserves on disposal of Mix Telematics			1		(1)				
Movements in statutory reserve									
Share-based equity cost charged to profit or loss			87			87			87
Share-based equity reserve transferred to retained earnings on vesting			34		(34)				
Shares cancelled and delivered to settle share-based obligations		39	(39)						
Share-based equity reserve hedge cost			(233)			(233)			(233)
Ordinary dividend of 320 cents per share in March 2017					(630)	(630)			(630)
Non-controlling interest acquired, net of disposals and shares issued							(149)	(149)	
Net decrease in non-controlling interests through buy-out			(94)			(94)	159	(69)	(4)
Realisation on disposal of subsidiaries			(243)	258		15			15
Non-controlling interest share of dividends							(67)	(67)	
At 30 June 2017 - Audited	1 030	(574)	24	20 262		20 742	(1 148)	667	20 261
Total comprehensive income for the period			(500)	1 306		806		38	844
Net attributable profit for the period				1 306		1 306		61	1 367
Other comprehensive loss			(500)			(500)		(23)	(523)
Share-based cost charged to profit or loss			89			89			89
Share-based equity reserve transferred to retained earnings			146		(146)				
Share-based equity reserve hedge cost			(74)			(74)		(1)	(75)
Shares delivered to settle share-based obligations		140	(140)						

Repurchase of 533 772 shares at an average cost of R212,49 per share		(113)			(113)		(113)
Ordinary dividend of 330 cents per share in September 2017				(649)	(649)		(649)
Non-controlling interests acquired, net of disposals and shares issued						295	295
Net decrease in non-controlling interests through buy-out		(647)			(647)	627	(48)
Non-controlling interests share of dividends							(131)
At 31 December 2017 - Unaudited	1 030	(547)	(1 102)	20 773	20 154	(521)	820
							20 453

Condensed consolidated statement of cash flows for the six months ended 31 December 2017

R million	Note	% change	Unaudited six months ended 31 December 2017	Unaudited six months ended 31 December 2016*	Audited financial year ended 30 June 2017*
Cash flows from operating activities					
Cash generated by operations before movements in net working capital			4 231	4 330	8 388
Movements in net working capital			(208)	(2 379)	688
Cash generated by operations before interest and taxes paid		106	4 023	1 951	9 076
Net finance cost paid			(753)	(823)	(1 670)
Tax paid			(567)	(660)	(1 520)
Cash generated by operations before capital expenditure on rental assets			2 703	468	5 886
Expansion capital expenditure - rental assets			(417)	(1 026)	(1 118)
Net replacement capital expenditure - rental assets			(744)	(373)	(591)
- Expenditure			(2 312)	(1 451)	(3 422)
- Proceeds			1 568	1 078	2 831
Cash generated by operations after capital expenditure on rental assets			1 542	(931)	4 177
Cash flows from investing activities					
Net acquisitions of subsidiaries and businesses			(1 042)	(1 671)	(1 687)
Net expansion capital inflow (expenditure) - excluding rental assets			394	(471)	45
Net replacement capital expenditure - excluding rental assets			(659)	(546)	(999)
Net movement in associates and joint ventures			(204)	542	514
Net movement in investments, loans and other financial instruments			(312)	(109)	188
			(1 823)	(2 255)	(1 939)
Cash flows from financing activities					
Hedge cost premium paid			(357)	(3)	(10)
Ordinary shares repurchased			(113)		
Dividends paid			(781)	(991)	(1 688)
Purchase of non-controlling interests			(705)	(89)	(252)
Capital raised from non-controlling interests			223	150	149
Settlement of cross currency swap instruments			(200)		
Net increase in interest-bearing borrowings*			570	4 386	613
			(1 363)	3 453	(1 188)
Net (decrease) increase in cash resources			(1 644)	267	1 050
Effects of exchange rate changes on cash resources in foreign currencies			(31)	(222)	(224)
Cash resources at beginning of period*			4 499	3 673	3 673

Cash resources at end of period*	9	(24)	2 824	3 718	4 499
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* Restated. Refer to note 3.2. The restatement to June 2017 has not been audited.

Notes to the condensed consolidated financial statements
for the six months ended 31 December 2017

1. Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with the 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 31 December 2017 and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and financial reporting pronouncements as issued by the Financial Reporting Standards Council. The results are presented in accordance with IAS 34 - Interim Financial Reporting and comply with the Listings Requirements of the Johannesburg Stock Exchange Limited and the Companies Act of South Africa, 2008. These condensed consolidated financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated annual financial statements as at and for the year ended 30 June 2017.

These condensed consolidated financial statements have been prepared under the supervision of R Mumford, CA(SA) and were approved by the board of directors on 19 February 2018.

2. Accounting policies

The accounting policies adopted and methods of computation used in the preparation of the condensed 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 prior periods

3.1 As a consequence of restating the group's June 2016 annual financial statements, as disclosed in the group's annual financial statements for the year ended 30 June 2017, the December 2016 interim financial statements have been restated with the impact of the restatements shown below.

STATEMENT OF FINANCIAL POSITION	Rm
ASSETS	
Investment in associates and joint ventures	7
Property, plant and equipment	137
Deferred tax assets	10
Investments and other financial assets	135
Tax in advance	2
Cash resources	10
Assets of disposal groups	(296)
Total assets	5
EQUITY AND LIABILITIES	
Retained earnings	(40)
Attributable to owners of Imperial	(40)
Non-controlling interest	45
Total equity	5
LIABILITIES	
Trade and other payables and provisions	82
Liabilities of disposal group	(82)
Total liabilities	
Total equity and liabilities	5

3.1 Statement of profit or loss	VAPS restatement Rm	Error restatement Rm	Total restatement Rm
Continuing operations			
Revenue	36		36
Net operating expenses		40	40
Operating profit	36	40	76
Share of result of associates and joint ventures	2		2
Profit before tax	38	40	78
Income tax expense	(8)	(8)	(16)
Profit for the period from continuing operations	30	32	62
Discontinued operations			
Profit for the period from discontinued operations	(30)		(30)
Net profit for the period		32	32
Net profit attributable to:			
Owners of Imperial		12	12
- Continuing operations	30	32	62
- Discontinued operations	(30)	(20)	(50)
Non-controlling interest		20	20
- Continuing operations			
- Discontinued operations		20	20
Statement of Comprehensive income			
Net profit for the period		32	32
Total comprehensive income for the period		32	32
Total comprehensive income attributable to:			
Owners of Imperial		12	12
Non-controlling interest		20	20
		32	32

3.2 The December 2016 and the June 2017 statements of cash flows were 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. The impact of the restatement was as follows:

Statement of cash flows	31 December 2016 Rm	30 June 2017 Rm
Financing activities		
Net increase (decrease) in interest-bearing borrowings	1 968	(896)
	1 968	(896)

4. New and revised International Financial Reporting Standards in issue but not yet effective
International Financial Reporting Standards that will become applicable to the group in future reporting periods 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 2017 annual financial statements. An update of the group's assessment of the potential impacts of the new standards on the group's financial statements is as follows:

IFRS 9 - Financial Instruments. The group anticipates that the application of IFRS 9 may have minor impacts on amounts reported in respect of the group's financial assets and financial liabilities. The group's doubtful debt provisions are being examined as it will be based on expected credit losses and not incurred losses, but anticipates that the impact is minor. The implementation will also simplify hedge accounting and result in increased disclosure.

The detailed review of the potential impact of IFRS 9 is ongoing.

IFRS 15 - Revenue From Contracts With Customers. A detailed review of the potential impact of IFRS 15 is ongoing. The group, especially in the Logistics operations, has a substantial number of long-term contracts. All material contracts are being assessed for any impact in terms of the five step approach. The initial review shows that there should not be a material impact on the current measurement of revenue. The implementation will also result in increased disclosure.

IFRS 16 - Leases. The group anticipates that the application of IFRS 16 will have a material impact on amounts reported, resulting in the recognition of right-of-use assets and lease liabilities in respect of lease payments. A detailed review of the potential impact of IFRS 16 is ongoing. The group has a substantial value of operating leases with an annual expense of R2 225 million and operating lease commitments of R4 415 million. These contracts are in the process of being individually analysed. The implementation will also result in increased disclosure.

	31 December 2017	31 December 2016	30 June 2017
5. Foreign exchange rates			
The following major rates of exchange were used in the translation of the group's foreign operations:			
SA Rand : Euro			
- closing	14,77	14,40	14,92
- average	15,79	15,31	14,81
SA Rand : US Dollar			
- closing	12,31	13,69	13,06
- average	13,43	13,96	13,58
SA Rand : Pound Sterling			
- closing	16,64	16,89	17,02
- average	17,69	17,83	17,23
SA Rand : Australian Dollar			
- closing	9,62	9,85	10,04
- average	10,45	10,52	10,24
	31 December 2017	31 December 2016	30 June 2017
6. Other non-operating items			
Remeasurement of financial instruments not held-for-trading	6	(2)	(29)
Charge for remeasurement of put option liability	(25)	(13)	(39)
Remeasurement of contingent consideration liabilities	31	3	2
Realised gain on disposal of available-for-sale investments		8	8
Capital items	(146)	(78)	(328)
Impairment of goodwill	(22)		(123)
Impairment of non-current receivable	(20)		
Profit (loss) on disposal of investments in associates and joint ventures		6	(34)
Loss on disposal of subsidiaries and businesses	(18)	(46)	(89)
Impairment loss on assets of disposal groups	(72)		
Business acquisition costs	(14)	(38)	(82)

	(140)	(80)	(357)
7. Net finance costs			
Net interest paid	(752)	(823)	(1 670)
Fair value loss on interest-rate swap instruments	(1)	(5)	(10)
	(753)	(828)	(1 680)
8. Goodwill and intangible assets			
Goodwill			
Cost	7 597	7 106	7 679
Accumulated impairments	(1 007)	(409)	(985)
	6 590	6 697	6 694
Carrying value at beginning of period	6 694	5 424	5 424
Net acquisition of subsidiaries and businesses	723	1 987	2 012
Impairment charge	(22)		(123)
Currency adjustments	(198)	(714)	(619)
Reclassified to assets of disposal groups	(607)		
Carrying value at end of period	6 590	6 697	6 694
Intangible assets	2 582	3 067	2 835
Goodwill and intangible assets	9 172	9 764	9 529
9. Cash resources			
Cash resources	2 758	2 349	4 499
Cash resources included in assets of discontinued operations and of disposal groups	66	1 369	
	2 824	3 718	4 499

10. Fair value of financial instruments

10.1 Fair value hierarchy

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

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

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

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

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

31 December 2017	Total Rm	Level 2 Rm	Level 3 Rm
Financial assets carried at fair value			
Unlisted investments (Included in Investments)	637		637
Cross-currency and interest-rate swap instruments (Included in Other financial assets)	22	22	
Foreign exchange contracts and other derivative instruments (Included in Trade and other receivables)	17	17	
Financial liabilities carried at fair value			

Put option liabilities (Included in Other financial liabilities)	934		934
Contingent consideration liabilities (Included in Other financial liabilities)	48		48
Cross currency swap instruments (Included in Other financial liabilities)	31	31	
Foreign exchange contracts and other derivative instruments (Included in Trade, other payables and provisions)	555	555	

There were no transfers between the fair value hierarchies during the period.

Movements in level 3 financial instruments measured at fair value

The following table shows a reconciliation of the opening and closing balances of level 3 financial instruments carried at fair value at 31 December 2017.

R million	Unlisted investments	Total
Financial assets		
Carrying value at beginning of period	648	648
Fair valued through profit or loss	67	67
Cash receipts	(78)	(78)
Carrying value at the end of the period	637	637

Movements in level 3 financial instruments measured at fair value continued

R million	Put option liabilities	Contingent consideration liabilities	Total
Financial liabilities			
Carrying value at beginning of period	1 553	45	1 598
Arising on acquisition and disposal of businesses		92	92
Fair valued through profit or loss	25	(31)	(6)
Settlements	(627)	(57)	(684)
Currency adjustments	(17)	(1)	(18)
Carrying value at the end of the period	934	48	982

Level 3 sensitivity information

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

The following table shows how the fair value of the level 3 financial instruments as at 31 December 2017 would change if the significant assumptions were to be replaced by a reasonable possible alternative.

Financial instruments	Valuation technique	Key assumption	Carrying value Rm	Increase in carrying value Rm	Decrease in carrying value Rm
Unlisted investments (asset)	Income approach	Present value of expected cash flows	637	70	(74)
Put option liabilities	Income approach	Earnings growth	934	4	(7)
Contingent consideration liabilities	Income approach	Assumed profits	48		(5)

10.2 Fair values of financial assets and liabilities carried at amortised cost

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

	Carrying value Rm	Fair value* Rm
31 December 2017		
Listed corporate bonds (included in interest-bearing borrowings)	4 316	4 279
Listed non-redeemable, non-participating preference shares	441	331

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

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

11. Assets and liabilities of the disposal groups

The assets and liabilities of the disposal groups relate to businesses in the Logistics division as well as land and buildings that are held for sale. These assets will be recovered through disposal rather than through continuing use. The amounts shown are net of inter-group eliminations.

	Unaudited 31 December 2017
R million	
Assets	
Goodwill and intangible assets	737
Property	922
Plant and equipment	599
Transport fleet	72
Income tax assets	8
Investments and other financial assets	17
Inventories	252
Trade and other receivables	424
Cash resources	66
Assets of disposal groups	3 097
Liabilities	
Income tax liabilities	45
Trade, other payables and provisions	582
Liabilities of disposal groups	627

	31 December 2017	31 December 2016	30 June 2017
R million			
12. Contingencies and commitments			
Capital commitments	807	860	1 448
Contingent liabilities	510	723	649

13. Acquisitions and disposals during the period

Acquisitions

Please refer to page 34 for acquisitions during the period.

Disposals

Please refer to page 6 for disposals during the period.

14. Events after the reporting period

Disposal of Schirm GmbH

Please refer to page 6.

Dividend declaration

Shareholders are advised that a preference and an ordinary dividend has been declared by the board of Imperial on 19 February 2018. For more details please refer to the dividend declaration on page 19.

Business combinations during the period

Businesses acquired	Nature of business	Operating segment	Date acquired	Interest acquired %	Purchase consideration Rm
Surgipharm Limited	Markets and distributes pharmaceutical, medical, surgical and allied supplies in Kenya	Logistics African Regions	July 2017	70	490
Pentagon Motor Holdings Limited	Headquartered in Derbyshire, England, operates 21 prime retail dealerships for numerous leading car and van manufacturers	Vehicle Retail and Rental	August 2017	100	479
SWT Group Proprietary Limited	Based in Australia operates 16 car dealerships	Vehicle Retail and Rental	September 2017	75	261
					1 230

Reasons for the acquisitions are outlined on page 6.

FAIR VALUE OF ASSETS ACQUIRED AND LIABILITIES ASSUMED AT DATE OF ACQUISITION* R million	AT DATE OF ACQUISITION*			
	Surgipharm	Pentagon	SWT	Total
Assets				
Intangible assets (excluding goodwill)	191	2		193
Property, plant and equipment	33	357	26	416
Deferred tax assets			10	10
Inventories	234	775	256	1 265
Trade and other receivables	280	423	48	751
Current tax assets	22	10		32
Cash resources	12	74	23	109
	772	1 641	363	2 776
Liabilities				
Deferred tax liabilities	37	4		41
Interest-bearing borrowings	82	69	240	391
Other financial liabilities	198			198
Trade and other payables and provisions	249	1 253	50	1 552
Current tax liabilities			8	8
	566	1 326	298	2 190
Acquirees' carrying amount at acquisition	206	315	65	586
Non-controlling interests	(62)	(21)	(16)	(99)
Net assets acquired	144	294	49	487
Purchase consideration transferred	490	479	261	1 230
Cash paid	398	479	261	1 138
Contingent consideration	92			92
Excess of purchase price over net assets acquired	346	185	212	743

* The initial accounting for the business combinations is incomplete and based on provisional figures.

Details of contingent consideration

The contingent consideration requires the group to pay the vendors an additional total amount of R92 million over a

period of eighteen months if Surgipharm's net profit after tax exceeds certain profit targets.

Acquisition costs

Acquisition costs for business acquisitions concluded during the period amounted to R7 million and have been recognised as an expense in profit or loss in the 'Other non-operating items' line.

Impact of the acquisition on the results of the group

From the dates of acquisition the businesses acquired during the period contributed revenue of R4 581 million, operating profit of R59 million and after tax profit of R1 million. The after tax profit of R1 million includes the after tax impact of the funding cost of R11 million calculated on the cash consideration paid on acquisitions and the amortisation of intangible assets arising out of the business combinations of R17 million.

Had all the acquisitions been consolidated from 1 July 2017, they would have contributed revenue of R6 357 million, operating profit of R22 million and after tax loss of R32 million. The group's total revenue for the period would have been R68 296 million, operating profit would have been R3 056 million and after tax profit R1 336 million.

Separate identifiable intangible assets

As at the acquisition date the fair value of the separate identifiable intangible assets for Surgipharm was R191 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:

	%
Brand name	
- Discount rate	17,4
- Royalty rate	0,75
Contract-based intangible assets	
- Weighted average discount rates	15,0 - 15,8
- Terminal growth rate	5,6

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

Other details

Trade and other receivables had gross contractual amounts of R825 million of which R74 million was doubtful. Non-controlling interests have been calculated based on their proportionate share in the acquiree's net assets. None of the goodwill is deductible for tax purposes.

Segment profit or loss

for the six months ended 31 December 2017

	IMPERIAL LOGISTICS							
	Imperial Holdings		Logistics		Logistics		Logistics	
			South Africa		African Regions		International	
	2017	2016	2017	2016	2017	2016	2017	2016
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Revenue	66 520	59 727	8 563	8 265	5 383	4 728	12 114	11 410
- South Africa	35 836	34 099	8 563	8 265				
- Rest of Africa	6 169	6 177			5 383	4 728		
- International	24 515	19 451					12 114	11 410

Operating profit	3 093	2 955	519	504	396	385	435	406
- South Africa	2 016	1 920	519	504				
- Rest of Africa	466	455			396	385		
- International	611	580					435	406
Depreciation, amortisation, impairments and recoupments	(1 475)	(1 524)	(269)	(259)	(149)	(134)	(327)	(355)
- South Africa	(900)	(908)	(269)	(259)				
- Rest of Africa	(188)	(156)			(149)	(134)		
- International	(387)	(460)					(327)	(355)
Interest expense	(753)	(828)	(145)	(153)	(119)	(108)	(126)	(114)
- South Africa	(444)	(557)	(145)	(153)				
- Rest of Africa	(135)	(121)			(119)	(108)		
- International	(174)	(150)					(126)	(114)
Pre-tax profit	2 074	1 759	387	334	118	42	223	188
- South Africa	1 584	1 396	387	334				
- Rest of Africa	153	92			118	42		
- International	337	271					223	188
Additional segment information								
Analysis of revenue by type								
Sale of goods	40 187	34 738	540	553	4 412	3 605		
Rendering of services	26 333	24 989	7 965	7 647	936	1 070	12 114	11 410
	66 520	59 727	8 505	8 200	5 348	4 675	12 114	11 410
Inter-group revenue			58	65	35	53		
	66 520	59 727	8 563	8 265	5 383	4 728	12 114	11 410
Analysis of depreciation, amortisation, impairments and recoupments	(1 475)	(1 524)	(269)	(259)	(149)	(134)	(327)	(355)
Depreciation and amortisation	(1 277)	(1 298)	(272)	(262)	(36)	(49)	(249)	(262)
Recoupments and impairments	28	37	28	20	(17)	(1)	12	8
Amortisation of intangible assets arising on business combinations	(226)	(263)	(25)	(17)	(96)	(84)	(90)	(101)
Associate income included in pre-tax profits	41	49	3	1	6	16	16	8
Operating margin %	4,6	4,9	6,1	6,1	7,4	8,1	3,6	3,6

~ Previously included in Logistics South Africa.

^ Since the publication of the H1 2017 results there have been adjustments to the sub-divisions of Motus, requiring the segmental report to be amended and the reported H1 2017 numbers to be restated as above. These changes comprise reallocations of: appropriate eliminations to Motus out of group head office and eliminations; the transfer of the African distributorship operations from the Vehicle Retail and Rental sub-division to the vehicle Import and Distribution sub-division; and the transfer of Beekmans from the Vehicle Import and distribution sub-division to Aftermarket parts sub-division. The above numbers are also adjusted to include the VAPS business in Financial Services.

Segment profit or loss (continued)
for the six months ended 31 December 2017

IMPERIAL LOGISTICS

	Businesses				Total Logistics	
	held for sale	Eliminations~				
	2017	2016	2017	2016	2017	2016
	Rm	Rm	Rm	Rm	Rm	Rm
Revenue	1 026	1 507	(53)	(48)	27 033	25 862
- South Africa		118	(53)	(48)	8 510	8 335
- Rest of Africa	168	631			5 551	5 359
- International	858	758			12 972	12 168
Operating profit	38	11	3	(6)	1 391	1 300
- South Africa		(37)	3	(6)	522	461
- Rest of Africa	12	7			408	392
- International	26	41			461	447
Depreciation, amortisation, impairments and recoupments	(26)	(79)	(3)	(3)	(774)	(830)
- South Africa			(3)	(3)	(272)	(262)
- Rest of Africa	(13)	(7)			(162)	(141)
- International	(13)	(72)			(340)	(427)
Interest expense	(1)	(14)	32	(9)	(359)	(398)
- South Africa		(6)	32	(9)	(113)	(168)
- Rest of Africa	1	(4)			(118)	(112)
- International	(2)	(4)			(128)	(118)
Pre-tax profit	29	(44)	36	(20)	793	500
- South Africa		(42)	36	(20)	423	272
- Rest of Africa	11	2			129	44
- International	18	(4)			241	184
Additional segment information						
Analysis of revenue by type						
Sale of goods		499	7	5	4 959	4 662
Rendering of services	997	995	18	21	22 031	21 143
	997	1 494	25	26	26 990	25 805
Inter-group revenue	29	13	(78)	(74)	43	57
	1 026	1 507	(53)	(48)	27 033	25 862
Analysis of depreciation, amortisation, impairments and recoupments	(26)	(79)	(3)	(3)	(774)	(830)
Depreciation and amortisation	(17)	(38)	(3)	7	(577)	(604)
Recoupments and impairments		2			23	29
Amortisation of intangible assets arising on business combinations	(9)	(43)		(10)	(220)	(255)
Associate income included in pre-tax profits					25	25
Operating margin %					5,1	5,0

~ Previously included in Logistics South Africa.

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Vehicle Import and distribution sub-division to Aftermarket parts sub-division. The above numbers are also adjusted to include the VAPS business in Financial Services.

Segment profit or loss (continued)
for the six months ended 31 December 2017

MOTUS

	Vehicle Import and Distribution		Vehicle Retail and Rental		Aftermarket Parts		Motor Related Financial Services	
	2017	2016^	2017	2016^	2017	2016^	2017	2016^
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Revenue	10 043	9 117	32 359	28 175	3 354	3 125	1 083	965
- South Africa	9 542	8 395	20 717	20 916	3 336	3 109	1 083	965
- Rest of Africa	501	722	99	81	18	16		
- International			11 543	7 178				
Operating profit	303	286	814	784	205	190	465	458
- South Africa	280	256	624	609	206	191	465	458
- Rest of Africa	23	30	35	34	(1)	(1)		
- International			155	141				
Depreciation, amortisation, impairments and recoupments	(307)	(311)	(366)	(344)	(16)	(21)	(86)	(91)
- South Africa	(303)	(307)	(297)	(299)	(16)	(21)	(86)	(91)
- Rest of Africa	(4)	(4)	(22)	(12)				
- International			(47)	(33)				
Interest expense	(171)	(170)	(261)	(242)	(31)	(32)	(20)	(8)
- South Africa	(161)	(166)	(204)	(202)	(31)	(32)	(20)	(8)
- Rest of Africa	(10)	(4)	(7)	(5)				
- International			(50)	(35)				
Pre-tax profit	80	133	562	537	181	175	442	453
- South Africa	85	113	436	408	181	165	442	453
- Rest of Africa	(5)	20	28	29		10		
- International			98	100				
Additional segment information								
Analysis of revenue by type								
Sale of goods	3 959	3 310	28 243	23 528	3 290	3 086		
Rendering of services	115	(25)	3 583	3 073	1	1	540	375
	4 074	3 285	31 826	26 601	3 291	3 087	540	375
Inter-group revenue	5 969	5 832	533	1 574	63	38	543	590
	10 043	9 117	32 359	28 175	3 354	3 125	1 083	965
Analysis of depreciation, amortisation, impairments and recoupments	(307)	(311)	(366)	(344)	(16)	(21)	(86)	(91)
Depreciation and amortisation	(297)	(317)	(380)	(338)	(20)	(19)	(86)	(91)
Recoupments and impairments	(10)	6	18		6			
Amortisation of intangible assets arising on business combinations			(4)	(6)	(2)	(2)		

Associate income included in pre-tax profits	4	(2)	2	(1)	10	21	(2)	3
Operating margin %	3,0	3,1	2,5	2,8	6,1	6,1	42,9	47,5

~ Previously included in Logistics South Africa.

^ Since the publication of the H1 2017 results there have been adjustments to the sub-divisions of Motus, requiring the segmental report to be amended and the reported H1 2017 numbers to be restated as above. These changes comprise reallocations of: appropriate eliminations to Motus out of group head office and eliminations; the transfer of the African distributorship operations from the Vehicle Retail and Rental sub-division to the vehicle Import and Distribution sub-division; and the transfer of Beekmans from the Vehicle Import and distribution sub-division to Aftermarket parts sub-division. The above numbers are also adjusted to include the VAPS business in Financial Services.

Segment profit or loss (continued)
for the six months ended 31 December 2017

MOTUS

	Businesses held for sale		Eliminations		Total Vehicles and Head office and eliminations			
	2017 Rm	2016^ Rm	2017 Rm	2016^ Rm	2017 Rm	2016^ Rm	2017 Rm	2016 Rm
Revenue		384	(7 161)	(7 671)	39 678	34 095	(191)	(230)
- South Africa		281	(7 161)	(7 670)	27 517	25 996	(191)	(232)
- Rest of Africa				(1)	618	818		
- International		103			11 543	7 281		2
Operating profit		(4)	(71)	(72)	1 716	1 642	(14)	13
- South Africa		(3)	(74)	(73)	1 501	1 438	(7)	21
- Rest of Africa			1	1	58	64		(1)
- International		(1)	2		157	140	(7)	(7)
Depreciation, amortisation, impairments and recoupments		(4)	80	75	(695)	(696)	(6)	2
- South Africa		(4)	80	74	(622)	(648)	(6)	2
- Rest of Africa				1	(26)	(15)		
- International					(47)	(33)		
Interest expense		(9)	85	70	(398)	(391)	4	(39)
- South Africa		(8)	85	71	(331)	(345)		(44)
- Rest of Africa				(1)	(17)	(10)		1
- International		(1)			(50)	(36)	4	4
Pre-tax profit		(18)	15	(3)	1 280	1 277	1	(18)
- South Africa		(12)	13	7	1 157	1 134	4	(10)
- Rest of Africa			1	(11)	24	48		
- International		(6)	1	1	99	95	(3)	(8)
Additional segment information								
Analysis of revenue by type								
Sale of goods		375	(264)	(221)	35 228	30 078		(2)
Rendering of services		10	44	391	4 283	3 826	19	20

	385	(220)	170	39 511	33 904	19	18
Inter-group revenue	(1)	(6 941)	(7 841)	167	191	(210)	(248)
	384	(7 161)	(7 671)	39 678	34 095	(191)	(230)
Analysis of depreciation, amortisation, impairments and recoupments	(4)	80	75	(695)	(696)	(6)	2
Depreciation and amortisation	(6)	80	75	(703)	(696)	3	2
Recoupments and impairments	2			14	8	(9)	
Amortisation of intangible assets arising on business combinations				(6)	(8)		
Associate income included in pre-tax profits		(1)		13	21	3	3
Operating margin %				4,3	4,8		

~ Previously included in Logistics South Africa.

^ Since the publication of the H1 2017 results there have been adjustments to the sub-divisions of Motus, requiring the segmental report to be amended and the reported H1 2017 numbers to be restated as above. These changes comprise reallocations of: appropriate eliminations to Motus out of group head office and eliminations; the transfer of the African distributorship operations from the Vehicle Retail and Rental sub-division to the vehicle Import and Distribution sub-division; and the transfer of Beekmans from the Vehicle Import and distribution sub-division to Aftermarket parts sub-division. The above numbers are also adjusted to include the VAPS business in Financial Services.

Segment financial position
at 31 December 2017

	IMPERIAL LOGISTICS					
	Imperial Holdings		Logistics South Africa		Logistics African Regions	
	2017	2016	2017	2016	2017	2016
	Rm	Rm	Rm	Rm	Rm	Rm
Assets						
Intangible assets	9 172	9 764	811	1 006	2 431	2 258
Property plant and equipment	9 667	10 134	1 350	826	346	642
Transport fleet	5 345	5 887	2 601	2 591	198	345
Vehicles for hire	4 489	4 320				
Equity investments in associates	915	673	9	29	294	290
Inventories	16 803	16 377	356	327	1 423	1 245
Trade and other receivables	14 606	14 017	4 191	4 041	1 782	1 480
Investments	867	173	24	9		
Cash resources	70	84				
Operating assets	61 934	61 429	9 342	8 829	6 474	6 260
- South Africa	34 307	34 230	9 342	8 829		
- Rest of Africa	7 173	7 197			6 474	6 260
- International	20 454	20 002				
Liabilities						

Retirement benefit obligations	1 046	1 274				
Maintenance and warranty contracts	2 953	3 033				
Trade and other payables and provisions	22 525	19 271	3 782	3 769	2 181	2 063
Other financial liabilities	341	417	29	64	171	79
Operating liabilities	26 865	23 995	3 811	3 833	2 352	2 142
- South Africa	15 057	14 217	3 811	3 833		
- Rest of Africa	2 599	2 540			2 352	2 142
- International	9 209	7 238				
Net working capital	8 884	11 123	765	599	1 024	662
- South Africa	5 943	8 232	765	599		
- Rest of Africa	1 203	1 025			1 024	662
- International	1 738	1 866				
Net debt	17 249	21 113	2 254	2 583	1 922	2 234
- South Africa	7 935	12 340	2 254	2 583		
- Rest of Africa	2 123	2 471			1 922	2 234
- International	7 191	6 302				
Net capital expenditure	(1 426)	(2 416)	(347)	(229)	237	(48)
- South Africa	(1 288)	(1 942)	(347)	(229)		
- Rest of Africa	174	(84)			237	(48)
- International	(312)	(390)				

* Restated "Vehicles for hire" and "Trade and other payables and provisions" by R423 million for the omission of inter-group rental vehicles and payables. The restatement had no impact on total Motus or the Groups main financial statements as the omission was an error between the two segments within Motus.

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Segment financial position (continued)
at 31 December 2017

	IMPERIAL LOGISTICS					
	Logistics		Eliminations~		Total Logistics	
	2017	2016	2017	2016	2017	2016
	Rm	Rm	Rm	Rm	Rm	Rm
Assets						
Intangible assets	4 735	5 636	4	3	7 981	8 903
Property plant and equipment	1 342	2 071	61	178	3 099	3 717

	2 580	2 990			5 379	5 926
Transport fleet						
Vehicles for hire						
Equity investments in associates	146	153			449	472
Inventories	111	316			1 890	1 888
Trade and other receivables	3 594	3 769	60	105	9 627	9 395
Investments	5	5	(1)		28	14
Cash resources						
Operating assets	12 513	14 940	124	286	28 453	30 315
- South Africa			124	286	9 466	9 115
- Rest of Africa					6 474	6 260
- International	12 513	14 940			12 513	14 940
Liabilities						
Retirement benefit obligations	1 046	1 274			1 046	1 274
Maintenance and warranty contracts						
Trade and other payables and provisions	3 395	3 261	161	274	9 519	9 367
Other financial liabilities		1			200	144
Operating liabilities	4 441	4 536	161	274	10 765	10 785
- South Africa			161	274	3 972	4 107
- Rest of Africa					2 352	2 142
- International	4 441	4 536			4 441	4 536
Net working capital	310	824	(101)	(169)	1 998	1 916
- South Africa			(101)	(169)	664	430
- Rest of Africa					1 024	662
- International	310	824			310	824
Net debt	5 670	6 382	95	255	9 941	11 454
- South Africa			95	255	2 349	2 838
- Rest of Africa					1 922	2 234
- International	5 670	6 382			5 670	6 382
Net capital expenditure	(210)	(353)	(4)	19	(324)	(611)
- South Africa			(4)	19	(351)	(210)
- Rest of Africa					237	(48)
- International	(210)	(353)			(210)	(353)

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Segment financial position (continued)
at 31 December 2017

MOTUS

	Vehicle Import and Distribution		Vehicle Retail and Rental		Aftermarket Parts		Motor Related Financial Services	
	2017 Rm	2016* [^] Rm	2017 Rm	2016 [^] Rm	2017 Rm	2016 [^] Rm	2017 Rm	2016 [^] Rm
Assets								
Intangible assets	125	94	691	377	360	361	5	
Property plant and equipment	626	590	5 593	5 272	424	439	10	9
Transport fleet								
Vehicles for hire	2 102	2 070	2 378	2 084			2 130	1 987
Equity investments in associates	35	(44)	57	39	298	120	53	80
Inventories	3 486	5 247	9 891	8 012	1 340	1 042	269	361
Trade and other receivables	2 172	2 750	3 057	2 621	614	597	354	745
Investments	4	4					842	220
Cash resources							70	84
Operating assets	8 550	10 711	21 667	18 405	3 036	2 559	3 733	3 486
- South Africa	8 061	9 903	13 714	13 326	3 016	2 543	3 733	3 486
- Rest of Africa	489	808	191	113	20	16		
- International			7 762	4 966				
Liabilities								
Retirement benefit obligations								
Maintenance and warranty contracts							2 842	2 942
Trade and other payables and provisions	5 477	5 377	8 726	6 880	1 045	809	644	598
Other financial liabilities	98	41	17	26	2	5		
Operating liabilities	5 575	5 418	8 743	6 906	1 047	814	3 486	3 540
- South Africa	5 349	5 035	3 994	4 186	1 043	812	3 486	3 540
- Rest of Africa	226	383	16	13	4	2		
- International			4 733	2 707				
Net working capital	181	2 620	4 222	3 753	909	830	(21)	508
- South Africa	37	2 277	2 845	2 748	901	818	(21)	508
- Rest of Africa	144	343	29	8	8	12		
- International			1 348	997				
Net debt	1 187	5 569	6 095	3 078	716	706	(728)	(893)
- South Africa	1 079	5 385	4 405	2 363	699	687	(728)	(893)
- Rest of Africa	108	184	76	34	17	19		
- International			1 614	681				
Net capital expenditure	(374)	(714)	(757)	(892)	(4)	(251)	(301)	(578)
- South Africa	(372)	(712)	(594)	(822)	(4)	(250)	(301)	(578)
- Rest of Africa	(2)	(2)	(61)	(33)		(1)		
- International			(102)	(37)				

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Segment financial position (continued)
at 31 December 2017

	MOTUS					
	Eliminations		Total Vehicles		Head office and eliminations	
	2017	2016*^	2017	2016^	2017	2016
	Rm	Rm	Rm	Rm	Rm	Rm
Assets						
Intangible assets	1	1	1 182	833	9	28
Property plant and equipment	(1)	1	6 652	6 311	(84)	106
Transport fleet					(34)	(39)
Vehicles for hire	(2 121)	(1 821)	4 489	4 320		
Equity investments in associates	(5)		438	195	28	6
Inventories	(73)	(155)	14 913	14 507		(18)
Trade and other receivables	(1 258)	(2 115)	4 939	4 598	40	24
Investments	(1)	27	845	251	(6)	(92)
Cash resources			70	84		
Operating assets	(3 458)	(4 062)	33 528	31 099	(47)	15
- South Africa	(3 506)	(4 062)	25 018	25 196	(177)	(81)
- Rest of Africa	(1)		699	937		
- International	49		7 811	4 966	130	96
Liabilities						
Retirement benefit obligations						
Maintenance and warranty contracts	21	102	2 863	3 044	90	(11)
Trade and other payables and provisions	(3 169)	(3 862)	12 723	9 802	283	102
Other financial liabilities			117	72	24	201
Operating liabilities	(3 148)	(3 760)	15 703	12 918	397	292
- South Africa	(3 149)	(3 760)	10 723	9 813	362	297
- Rest of Africa			246	398	1	
- International	1		4 734	2 707	34	(5)
Net working capital	1 838	1 592	7 129	9 303	(243)	(96)
- South Africa	1 839	1 592	5 601	7 943	(322)	(141)
- Rest of Africa	(1)		180	363	(1)	
- International			1 348	997	80	45
Net debt	8	11	7 278	8 471	30	1 188
- South Africa	(16)	11	5 439	7 553	147	1 949
- Rest of Africa			201	237		
- International	24		1 638	681	(117)	(761)
Net capital expenditure	295	611	(1 141)	(1 824)	39	19

- South Africa	295	611	(976)	(1 751)	39	19
- Rest of Africa			(63)	(36)		
- International			(102)	(37)		

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Glossary of terms

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

Corporate information

Directors

SP Kana# (Chairman), A Tugendhaft##, (Deputy Chairman), RJA Sparks# (Lead Independent Director),
MJ Lamberti (Chief Executive), M Akoojee (Chief Financial Officer), OS Arbee, P Cooper#, G 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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Bedfordview, 2007

Share transfer secretaries

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Rosebank Towers
15 Biermann Avenue, Rosebank, 2196
(PO Box 61051, Marshalltown, 2107)

Sponsor

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

The results announcement is available on the Imperial website: www.imperial.co.za