



UNAUDITED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

CONTENTS

02 PERFORMANCE AND OVERVIEW OF RESULTS
15 DECLARATION OF PREFERENCE AND ORDINARY DIVIDENDS
16 PRESENTING CONTINUING AND DISCONTINUED OPERATIONS
18 CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
19 CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
20 EARNINGS PER SHARE INFORMATION
22 CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
23 CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
24 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
26 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 BUSINESS COMBINATIONS DURING THE PERIOD
34 SEGMENTAL INFORMATION
38 GLOSSARY OF TERMS
IBC CORPORATE INFORMATION

Imperial Holdings is a JSE listed South African-based international group of companies operating in the logistics and vehicle sectors as:

> Imperial Logistics: consumer and industrial logistics which make up 42% and 46% of Group revenue and operating profit respectively, with 63% of the operating profit generated internationally; and*

> Motus: vehicle import, distribution, dealerships, rental, aftermarket parts, and vehicle-related financial services, which make up 58% and 54% of Group revenue and operating profit respectively, with 13% of the operating profit generated internationally.*

** Excluding discontinued operations, business held for sale head office and eliminations*

IMPERIAL EMPLOYS OVER **51 000** PEOPLE WHO
GENERATE ANNUAL REVENUES IN EXCESS OF

R120 BILLION

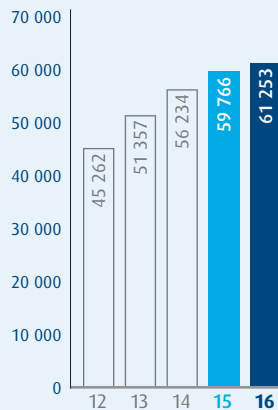
MAINLY IN AFRICA AND EUROPE.

PERFORMANCE AND OVERVIEW OF RESULTS

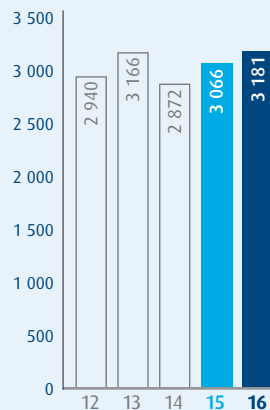
- Our performance -

GROUP FINANCIAL HIGHLIGHTS

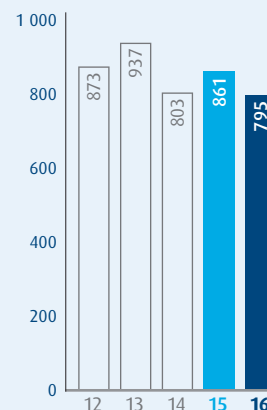
Revenue
(R million)



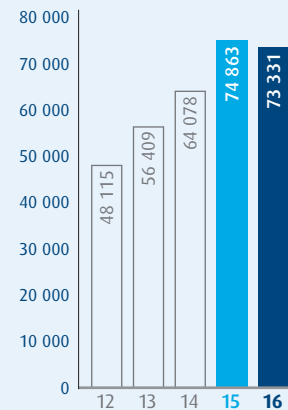
Operating profit
(R million)



Core earnings per share
(Cents)



Total assets
(R million)



REVENUE up
⬆ 2% to
**R61,3
BILLION**
(42% foreign)

OPERATING
PROFIT up
⬆ 4% to
**R3,2
BILLION**
(36% foreign)

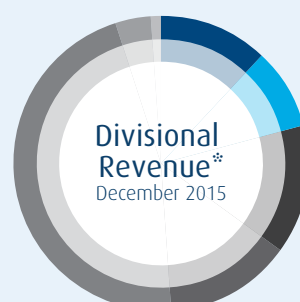
CORE EPS
⬆ 8% to
**795
CENTS**
PER SHARE

Return on
equity
13,2%

Return on
invested capital
12,2%



12% Logistics South Africa
7% Logistics African Regions
18% Logistics International
13% Vehicle Import and Distribution
44% Vehicle Retail and Rental
5% Aftermarket Parts
1% Motor Related Financial Services

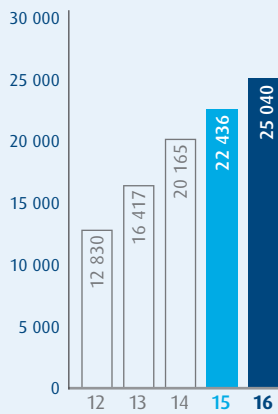


12% Logistics South Africa
9% Logistics African Regions
14% Logistics International
14% Vehicle Import and Distribution
46% Vehicle Retail and Rental
4% Aftermarket Parts
1% Motor Related Financial Services

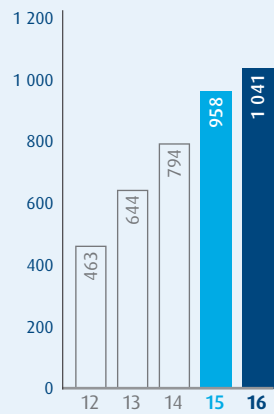
* Excluding discontinued, head office and eliminations. Motor Related Financial Services now included in Vehicles.

PERFORMANCE AND OVERVIEW OF RESULTS

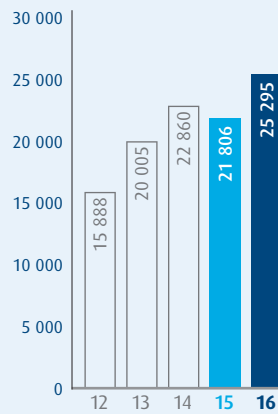
Revenue foreign business
(R million)



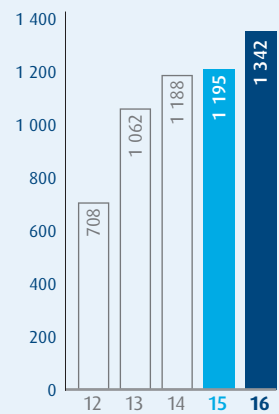
Operating profit foreign business
(R million)



Revenue non-vehicle business*
(R million)



Operating profit non-vehicle business*
(R million)



* Excluding discontinued, head office and eliminations. Motor Related Financial Services now included in Vehicles. (2015 and 2016 excludes businesses held for sale)

HEPS down
✓ 15% to
682
CENTS
PER SHARE

EPS
✓ 23% to
679
CENTS
PER SHARE

INTERIM CASH
DIVIDEND
✓ 14% to
320
CENTS
PER SHARE

Weighted average cost
of capital
10,0%

CASH GENERATED BY
OPERATIONS OF
R4,3 BILLION



17% Logistics South Africa
13% Logistics African Regions
15% Logistics International
13% Vehicle Import and Distribution
23% Vehicle Retail and Rental
6% Aftermarket Parts
13% Motor Related Financial Services



15% Logistics South Africa
14% Logistics African Regions
14% Logistics International
14% Vehicle Import and Distribution
25% Vehicle Retail and Rental
6% Aftermarket Parts
12% Motor Related Financial Services

* Excluding discontinued, head office and eliminations. Motor Related Financial Services now included in Vehicles.

PERFORMANCE AND OVERVIEW OF RESULTS

RESULTS OVERVIEW

These results reflect continued progress with Imperial's strategic, capital, operational, organisational and managerial restructuring, which commenced in late 2014.

- > Total revenue and operating profit grew 2% to R61,3 billion and 4% to R3,2 billion respectively, supported by the inclusion of the Palletways acquisition for the six months, and solid results from the Logistics South Africa and Motor-Related Financial Services sub-divisions. Excluding current year acquisitions, total revenue and operating profit declined 3%.
- > Revenue and operating profit from continuing operations, excluding Regent, were both up 3% to R59,7 billion and R2,9 billion respectively.
- > The Group's operating margin from continuing operations at 4,8% was maintained at the same level as the prior period.
- > Foreign revenue increased by 12% to R25,0 billion (42% of Group* revenue) and foreign operating profit increased 9% to R1,0 billion (36% of Group* operating profit).
- > Non-vehicle revenue increased 16% to R25,3 billion (42% of Group* revenue) and operating profit increased 12% to R1,3 billion (46% of Group* operating profit).
- > A full reconciliation from earnings to headline earnings and core earnings is provided in the Group Financial Performance section.
- > Cash flow from operating activities before capital expenditure on rental assets reduced to R468 million from R1,7 billion in the prior period.
- > Net working capital from continuing operations increased to R11,2 billion from R9,9 billion at June 2016, but reduced from R11,5 billion at December 2015.
- > The net debt to equity ratio (including preference shares as equity) increased to 98% from 76% in December 2015 (73% at June 2016) mainly due to the Palletways acquisition.
- > Strategic disposals during 2017 to generate proceeds of approximately R4,6 billion. R1,4 billion has been received to date.

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

ENVIRONMENT

With a footprint in more than 30 countries on six continents, Imperial is affected by the well-publicised geopolitical and economic developments that have created a general climate of uncertainty affecting business conditions and the volatility of currencies.

South Africa

The trading environment remains challenging in South Africa, where R35,2 billion or 59% of Group* revenue and R1,9 billion or 64% of Group* operating profit was generated in the six months to December 2016.

Specific factors that affected Imperial during the period were: the strengthening of the Rand which created foreign exchange hedging losses, and made inventory and placed orders uncompetitive price-wise; a 13% decline in national new vehicle sales; declining business confidence; fragile consumer health and higher inflation that depressed personal consumption expenditure.

Eurozone, United Kingdom (UK) and Australia

Slow economic recovery continues and trading conditions remain satisfactory in the Eurozone and Australia, where R19,3 billion or 32% of Group* revenue and R588 million or 20% of Group* operating profit was generated for the six months to December 2016.

Specific factors that affected Imperial during the period were: pro-longed low water levels on the River Rhine that continues to depress the profitability of inland shipping; lower demand and pricing pressures from the steel, energy, commodities and construction industries; steady UK economic growth; and the strengthening of the Rand against the Pound by an average of 15% which depressed the Rand denominated results of the UK businesses. The Rand weakened against the Euro and the Australian Dollar by an average of 2% and 7% respectively which improved the Rand denominated results in these regions.

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

PERFORMANCE AND OVERVIEW OF RESULTS

African Regions

Falling commodity demand, low oil prices and the consequent impact on currencies and private consumption has negatively impacted the growth rate in the African Regions, where R5,7 billion or 9% of Group* revenue and R461 million or 16% of Group* operating profit was generated during the period.

Specific factors that affected Imperial during the financial year were: slowing GDP growth rates; rising inflation and interest costs; lower consumer demand; currency volatility; and devaluation.

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

STRATEGY AND STRUCTURE

Significant progress was registered to consolidate and integrate Imperial's activities within two large, increasingly self-sufficient divisions. In many instances progress is ahead of original plans.

Since 1st July 2016, Imperial's entire logistics interests are being led by one CEO and board as one division named *Imperial Logistics*, and managed and reported on as three sub-divisions: South Africa; African Regions; and International.

Concurrently, work commenced on the consolidation and integration of Imperial's entire vehicle interests which from 1st January 2017 are being led by one CEO and board as one division named *Motus Corporation*, and managed and reported on as four sub-divisions: Import and Distribution; Retail and Rental; Aftermarket Parts; and Motor Related Financial Services.

As previously stated, the objective of this restructuring is to create value through intra-divisional efficiencies and collaboration, and to deeper penetrate the supply chains in both sectors through better co-ordinated and competitive value propositions to clients.

This financial report is based on the new divisional structure with increased detail reflecting our commitment to disclosure that enables shareholders to analyse and fairly value their investment.

DELIVERING ON OUR INVESTMENT CASE

Imperial strives to create long-term value for stakeholders through strategic clarity, financial discipline, operational excellence and strictly defined capital allocation principles.

Notwithstanding current external challenges, Imperial's investment thesis remains unchanged and steady progress was made with each of the following 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.

During the reporting period, we disposed of:

- > non-strategic properties: R1,5 billion is expected to be realised in the 2017 calendar year and a further R700 million expected during 2018;
- > minority stake in MixTelematics for R470 million with payment received on 30 August 2016;
- > 51% (control) of 10 entities in the Vehicle Import, Distribution and Dealerships division to a related party for R55 million, concluded on 30 August 2016; and the following smaller disposals amounting to approximately R8 million:
 - a panelshop in Cape Town owned by the Vehicle Retail and Rental sub division of Motus;
 - 75% interest in Bronchem Laboratories BV, a subsidiary of Lehnkering Logistics Group;
 - 51% interest in Virtual Logistics, a subsidiary of Pharmed Pharmaceuticals;
 - 50,1% interest in Commerce Edge, a subsidiary of Resolve Solutions; and
 - 51% interest in MiFone, a subsidiary of Logistics African Regions.
- > Disposals concluded after the reporting period included the following:
 - The Regent Group's non-South African operations for an upfront payment of R697 million, with payment received at the end of January 2017. The sale of the South African business is still subject to regulatory approvals.
 - LTS Kenzam was sold for R10 million cash in January 2017.
 - Jurgens and Prestige Safari were sold for R233 million in February 2017.

Since 2015: 42 businesses with total revenue of R11,9 billion and operating profit of R937 million have been or are in the process of being disposed of for approximately R4,1 billion including Regent. In addition, 82 properties have been or are in the process of being sold for approximately R2,1 billion. The total capital employed in these businesses and properties totalled R5,1 billion.

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 both divisions over the medium term.

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

PERFORMANCE AND OVERVIEW OF RESULTS

DELIVERING ON OUR INVESTMENT CASE (CONTINUED)

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

Acquisitions during the period include:

- > a 70% stake in Sasfin Premier Logistics for R38 million in July 2016;
- > 55% of Itumele Bus Lines for R147 million in November 2016
- > and the remaining 10% minority stake in Midas for R87,5 million.

In addition, R1,9 billion of capital expenditure was invested in South Africa in continuing operations.

3. We will invest capital in the African Regions primarily to achieve our 2020 objective for the revenue and profits generated in that region to equal that of our South African logistics business, and secondarily to expand our vehicle businesses in the region.

- > The acquisition of 70% of Surgipharm Limited in Kenya for a consideration of USD35 million (ZAR470 million) was announced on 15 February 2017, subject to regulatory approvals.
- > The capital light Imperial Managed Logistics business was expanded in Nigeria and Ghana.

4. We will invest the cash generated from operations and divestments to grow our businesses beyond the continent, but with an emphasis on logistics.

- > The most notable acquisition during the period was a 95% stake in Palletways for £155,1 million (R3,0 billion which includes the purchase of debt at acquisition date), concluded on 5 July 2016.
- > Palletways acquired 100% of Topco in Italy for R14 million.
- > Capital expenditure of R390 million was invested mainly in logistics in Europe and South America.

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 R538 million.

DIVISIONAL PERFORMANCE

Imperial Logistics

	HY1 2016	HY1 2017	% CHANGE	HY2 2016	% CHANGE ON HY2 2016
Revenue (Rm)*	21 806	25 259	16	23 170	9
Operating profit (Rm)*	1 195	1 342	12	1 405	(4)
Operating margin (%)*	5,5	5,3		6,1	
Return on Invested Capital (%)	11,5	10,4			
Weighted average cost of capital (%)	8,0	8,4			

* Excludes businesses held for sale.

Imperial Logistics recorded 16% growth in revenue and 12% growth in operating profit, supported mainly by the Palletways acquisition in Logistics International and a solid performance from Logistics South Africa despite challenging trading conditions and lower demand in certain key markets. Excluding Palletways, operating profit was down 2%.

Net capital expenditure of R500 million was incurred (2016: R1,1 billion) in the Imperial Logistics division, attributable mainly to the transport fleet and an increase in plant, equipment and intangible assets in South Africa; and additional capacity for the chemical manufacturing business and part payment for two additional convoys in South America.

Imperial Logistics remains focused on expanding and leveraging its footprint in selected African and European countries, with a bias towards less capital intensive businesses that enhance revenue growth and returns. Integrated logistics capabilities are also being strengthened to enable deeper penetration of clients' supply chains.

PERFORMANCE AND OVERVIEW OF RESULTS

Logistics South Africa

	HY1 2016*	HY1 2017	% CHANGE	HY2 2016	% CHANGE ON HY2 2016
Revenue (Rm)	7 440	8 217	10	7 533	9
Operating profit (Rm)	416	498	20	340	46
Operating margin (%)	5,6	6,1		4,5	

* Restated to exclude businesses held for sale.

Logistics South Africa performed strongly, increasing revenue and operating profit by 10% and 20% respectively. The significant contributors to this were increased volumes in the commodities, fuel and gas operations, and strong performances from Managed Logistics and Resolve.

The bulk commodities business delivered strong performance, recording revenue and operating profit growth compared to a break-even result in the prior period. This was driven by a higher demand for Iron Ore and Manganese. The acquisition of Itumele Bus Lines also contributed positively to the business, although only included for two months.

The consumer logistics businesses recorded revenue and operating profit growth supported by an improvement from Imperial Cold Logistics, which reduced its losses from the prior period although capacity remains underutilised. Volumes in the other retail facing businesses were lower due to subdued trading conditions.

With a renewed focus on customers' needs and relationship development, the business will add further impetus to its drive to develop customised solutions to better service clients and improve their efficiencies.

Logistics African Regions

	HY1 2016*	HY1 2017	% CHANGE	HY2 2016	% CHANGE ON HY2 2016
Revenue (Rm)	5 341	4 874	(9)	5 872	(17)
Operating profit (Rm)	395	397	-	388	2
Operating margin (%)	7,4	8,1		6,6	

* Restated to exclude businesses held for sale.

Logistics African Regions' performance was undermined by slowing growth rates and rising inflation and interest rates, which resulted in lower consumer demand in many of its African markets. Revenue declined by 9% mainly due to the weakening of the Naira and the Metical by 37% on a combined average; subdued demand from Imres' key markets; and a weak performance from CIC due to lower consumer demand in Botswana and downsizing of the business in Mozambique. Despite these factors, operating profit for the period was maintained due to a strong performance from EcoHealth, Nigeria's leading distributor of ethical pharmaceuticals.

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

PERFORMANCE AND OVERVIEW OF RESULTS

Logistics International

	HY1 2016*	HY1 2017	% CHANGE	HY2 2016	% CHANGE ON HY2 2016
Revenue (Rm)	9 025	12 168	35	10 487	16
Operating profit (Rm)	384	447	16	616	(27)
Operating margin (%)	4,3	3,7		5,9	
Revenue (Euro million)	602	795	32	610	30
Operating profit (Euro million)	25,7	29,3	14	36	(19)
Operating margin (%)	4,3	3,7		5,9	

* Restated to exclude Neska.

Logistics International's revenue and operating profit in Euros increased 32% and 14% respectively, boosted by the acquisition of Palletways, but excluding Neska, which was sold in December 2015. The performance in Rand terms was enhanced by a weaker average Rand/Euro exchange rate. The remaining international operations performed well below expectations and the prior period.

The Transport Solutions business was negatively affected by lower shipping volumes in South America resulting from a poor corn harvest in Brazil and lower iron ore volumes. In Germany, bulk-shipping volumes declined due to low water levels on the River Rhine, and lower demand and pricing pressures from the steel, energy, commodities and construction industries. The South American business is utilising five push boats with 60 barges, some redeployed from Europe. Two additional push boats with 24 barges will be commissioned in March 2017.

The Supply Chain Solutions business performed well with a strong performance from the automotive and industrial operations more than offsetting lower volumes from key customers in the retail and contract chemical operations.

Despite the uncertainty of Brexit, the weakening of the Pound and budgeted losses from the start-up operations in Germany, Palletways performed well during the period and in line with expectations. The franchise network of Palletways in the UK has continued to expand and gain new business. The expansion of the network in European markets remains on track, with the service offering extending to Poland.

Motus

	HY1 2016	HY1 2017	% CHANGE	HY2 2016	% CHANGE ON HY2 2016
Revenue (Rm)*	34 105	35 015	3	33 854	3
Operating profit (Rm)*	1 481	1 568	6	1 758	(11)
Operating margin (%)*	4,3	4,5		5,2	
Return on Invested Capital (%)	12,6	12,9			
Weighted average cost of capital (%)	10,3	11,0			

* Restated for the new segment format and excludes businesses held for sale.

Revenue and operating profit for Motus increased by 3% and 6% respectively during the period, impacted by the low growth of consumer durable expenditure in South Africa and significant increases in vehicle prices resulting in contraction of the vehicle market. These factors were reflected in national vehicle sales as reported by NAAMSA, which contracted 13% over the reporting period. The strengthening of the Rand against the Pound reduced the Rand denominated results of the UK business. The weakening of the Rand against the Australian Dollar improved the Rand results of the Australian operations.

The passenger and light commercial vehicle businesses, including the UK and Australia, retailed 54 707 (2016: 61 749) new and 38 748 (2016: 37 649) pre-owned vehicles during the period.

Net capital expenditure of R1,8 billion was incurred (2016: R1,9 billion) largely on vehicles for hire.

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

PERFORMANCE AND OVERVIEW OF RESULTS

Vehicle Import and Distribution

Exclusive importer and distributor of 16 automotive brands; the major exclusive imported brands being Hyundai, Kia and Renault; and distributorships in six African countries.

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

	HY1 2016	HY1 2017	% CHANGE
Revenue (Rm)	9 000	8 903	(1)
Operating profit (Rm)	384	390	2
Operating margin (%)	4,3	4,4	

Importer unit sales of passenger and light commercial vehicles, as defined by NAAMSA, decreased by 11% to 39 791 units from 44 506 units on the prior period due to the decrease in sales through the dealer network.

Notwithstanding the challenging trading environment in South Africa, revenue from this sub-division declined marginally by 1% arising from lower volumes and delays in new vehicle launches, partially offset by price increases. Operating profit improved by 2% supported by solid performances from Hyundai and Kia, enhanced by manufacturer assistance, a change in the vehicle mix and price increases. This was offset by a weak performance from Renault where competitiveness and volumes were depressed.

Our importer segment market share of 15% increased 1% from the prior period due mainly to a strong unit volume performance by Hyundai.

Forward cover on the US Dollar and Euro imports currently extends to August 2017, at an average of R15,02 to the US Dollar and R16,47 to the Euro.

Vehicle Retail and Rental

In South Africa retail and rental through:

- > 268 passenger vehicle dealerships representing 22 OEMs, which includes 63 dedicated pre-owned retail outlets (Auto Pedigree).
- > 193 franchised dealerships
- > 19 commercial vehicle dealerships and workshops representing 12 brands in South Africa
- > 110 car rental outlets (Europcar and Tempest)
- > Panel shops

In the rest of the world retail and rental through:

- > 38 commercial vehicle dealerships in the UK
- > 5 dealerships in Australia
- > 15 car rental outlets (Europcar and Tempest) in Southern Africa

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

	HY1 2016	HY1 2017	% CHANGE
Revenue (Rm)	28 575	29 285	2
Operating profit (Rm)	681	694	2
Operating margin (%)	2,4	2,4	

The Vehicle Retail and Rental operations recorded a 2% increase in revenue and operating profit impacted by lower volumes but assisted by price increases and an increase in pre-owned vehicle sales. This was despite the disposal of eight dealerships over the past 12 months.

South Africa's passenger and light commercial vehicle businesses experienced a 14% decline in new vehicle sales to 50 718 units compared to 58 869 units in the prior period. The commercial vehicle markets also experienced a reduction in new retail unit sales, reducing revenue and operating profit.

Revenue and operating profit in the UK Commercial business increased marginally but the strengthening of the Rand by 15% against the Pound over the period reduced the Rand denominated results.

PERFORMANCE AND OVERVIEW OF RESULTS

Vehicle Retail and Rental (continued)

Car rental increased its revenue, operating profit and market share. Despite a challenging and competitive operating environment, all sectors, with the exception of the government sector, performed well during the period. There has been a marked improvement in the utilization of vehicles, but accident costs remain high. In addition to process optimization, automation of the vehicle inspection, claims and recovery processes, the business is on track to implement technological solutions to improve efficiencies and customer service.

Total pre-owned retail unit sales increased by 3%, benefiting from the higher new vehicle prices, which are driving consumers to purchasing pre-owned vehicles. Consequently, the sub-division's pre-owned to new vehicle ratio continues to increase, consistent with the tightening economy and in line with the broader market.

Panel shops performed well, increasing revenue and operating profit.

The African Regions' operations, which increased revenue and operating profit during the period, continued to contribute positively.

The Australian operations returned a strong performance off a low base, driven by increased unit sales due to the introduction of new brands in the multi-franchise dealerships and an increase in the Ford range.

Aftermarket Parts

Distributor, wholesaler and retailer of accessories, and parts for older vehicles, through 764 Midas (AAAS), Alert Engine Parts and Turbo Exchange owned and franchised stores.

	HY1 2016	HY1 2017	% CHANGE
Revenue (Rm)	2 769	2 990	8
Operating profit (Rm)	157	173	10
Operating margin (%)	5,7	5,8	

The Aftermarket Parts business improved revenue and operating profit by 8% and 10% respectively enhanced by parts sales and price increases, and a change in the sales mix.

Financial Services

Developer and distributor of innovative vehicle-related financial products and services through dealer and vehicle finance channels, and a national call centre; full maintenance leasing services.

	HY1 2016	HY1 2017	% CHANGE
Motor Related Financial Services			
Revenue (Rm)	801	855	7
Operating profit (Rm)	335	388	16
Operating margin (%)	42	45	
Insurance (discontinued operations)			
Revenue(Rm)	1 565	1562	-
Operating profit (Rm)	274	302	10
Adjusted investment income (Rm)	120	124	3
Adjusted underwriting result (Rm)	244	269	10
Intergroup eliminations (Rm)	(90)	(91)	
Operating margin (%)	17,5	19,3	
Underwriting margin (%)	15,6	17,2	

Despite lower vehicle sales, the Motor Related Financial Services business grew revenue and operating profit by 7% and 16% respectively. Higher profitability was experienced in demo sales and rental income due to higher business volumes. Profitability of the maintenance funds increased as cost increases did not materialize. The book growth and returns from the alliances with financial institutions was tempered by slowing vehicle sales.

We continue to focus on growing the leasing business via Imperial Fleet Management and building synergies within the retail motor divisions to leverage scale for our customers.

PERFORMANCE AND OVERVIEW OF RESULTS

Regent is currently held for sale, with the disposal subject to regulatory approvals by the South African authorities. The disposal of the Regent Group's non-South African operations for an upfront consideration of R697 million was concluded in January 2017. During the year Regent's underwriting result increased by 10% due to an improved performance in the life business and lower loss ratios in the short-term business. Investment income increased by 3%.

The underwriting performance in Regent's short-term business benefited from the absence of a loss-making portfolio of business that was terminated in the prior financial year. New business penetration of motor related value added products remained under pressure due to declining vehicle sales.

GROUP FINANCIAL PERFORMANCE

Group profit and loss (extracts)

R million	TOTAL H1 2017	CONTINUING H1 2017	DISCONTINUED H1 2017	TOTAL H1 2016	CONTINUING H1 2016	DISCONTINUED H1 2016	TOTAL % CHANGE	CONTINUING % CHANGE
Revenue	61 253	59 691	1 562	59 766	58 201	1 565	2	3
Operating profit	3 181	2 879	302	3 066	2 792	274	4	3
Operating margin (%)	5,2	4,8	19,3	5,1	4,8	17,5		
Net finance costs	(828)	(828)	-	(651)	(651)	-	27	27
Income from associates	47	47	-	58	58	-	(19)	(19)
Profit before tax	1 938	1 641	297	2 475	2 230	245	(22)	(26)
Tax	(586)	(482)	(104)	(692)	(615)	(77)	(15)	(22)
Net profit after tax	1 352	1 159	193	1 783	1 615	168	(24)	(28)
Attributable to non-controlling interests	(33)	(21)	(12)	(84)	(57)	(27)	(61)	(63)
Attributable to shareholders of Imperial	1 319	1 138	181	1 699	1 558	141	(22)	(27)
Effective tax rate	31,0	29,4		28,6	27,6		-	-
Return on Invested Capital (%)	12,2			13,1*				
Weighted average cost of capital (%)	10,0			9,5*				

* Restated to new calculation method. See glossary of terms.

Total group revenue increased by 2% to R61,3 billion and operating profit increased by 4% to R3,2 billion. Excluding acquisitions, mainly Palletways, revenue and operating profit decreased by 3%.

The group profit before tax declined by 22% mainly due to:

- > Foreign exchange losses of R121 million compared to gains of R126 million in the prior period on various monetary items including working capital items, inter-group loan funding and hedging instruments
- > Higher finance costs due to higher costs of funding and higher debt levels resulting from the Palletways acquisition and delays in the receipt of proceeds from assets and businesses held for sale;
- > Higher amortisation of intangible assets of R263 million from R207 million in the prior period, arising from acquisitions; and
- > The prior period benefited from the profit on sale of Neska of R447 million, partially offset by intangible impairments of R303 million.

Income from associates and joint ventures decreased by R11,0 million compared to the prior period largely as a result of the sale of Mix Telematics.

PERFORMANCE AND OVERVIEW OF RESULTS

The effective tax rate for the group is 31,0%, up from 28,6% in the prior period mainly due to loss making operations where we have not recognised a tax credit in the income statement, largely Renault and Imperial Cold Logistics..

The profits attributable to the non-controlling shareholders were down on the prior period. This is due to the purchase of the non-controlling shareholders' interest in Associated Motor Holdings and AAAD (Midas), and in the second half of 2016 the sale of the Goscor group, which had a 32,5% non-controlling shareholder.

Reconciliation from Earnings to Headline and Core Earnings

R million	H1 2017	H1 2016	% CHANGE
Net profit attributable to Imperial shareholders (earnings)	1 319	1 699	(22)
Profit on disposal of assets	(37)	(41)	
Impairments of goodwill and other assets	-	303	
Loss/(profit) on sale of businesses	40	(445)	
Impairment (reversals)/losses on assets of disposal group	(8)	10	
Other	10	85	
Tax and non-controlling interests	1	(66)	
Headline earnings	1 325	1 545	(14)
Amortisation of intangibles	263	207	
Foreign exchange gain on intergroup monetary items	-	(92)	
Re-measurement of contingent consideration, put option liabilities and business acquisition costs	51	54	
Tax	(72)	(35)	
Non-controlling interests	(23)	(19)	
Core earnings	1 544	1 660	(7)

Earnings, Headline Earnings and Core Earnings per Share

	GROUP		GROUP		GROUP	
	TOTAL	CONTINUING	TOTAL	CONTINUING	TOTAL	CONTINUING
Cents	H1 2017	H1 2017	H1 2016	H1 2016	% CHANGE	% CHANGE
Basic EPS	679	586	881	808	(23)	(27)
Basic HEPS	682	587	801	728	(15)	(19)
Basic Core EPS	795	699	861	781	(8)	(11)

Financial position

R million	DECEMBER 2016	JUNE 2016	% CHANGE	DECEMBER 2015	% CHANGE
Goodwill and intangible assets	9 764	7 501	30	7 866	24
Property, plant and equipment	9 997	11 465	(13)	11 736	(15)
Investment in associates and joint ventures	915	986	(7)	1 618	(43)
Transport fleet	5 887	5 953	(1)	6 372	(8)
Vehicles for hire	4 320	3 469	25	3 841	12
Investments and loans	294	291	1	357	(18)
Net working capital	11 205	9 936	13	11 475	(2)
Other assets	2 109	1 867	13	1 597	32
Assets held for sale	7 312	6 552	12	6 530	12
Net debt	(20 682)	(16 079)	29	(17 709)	17
Non-redeemable, non-participating preference shares	(441)	(441)	-	(441)	-
Other liabilities	(8 425)	(8 584)	(2)	(8 808)	(4)
Liabilities directly associated with assets held for sale	(2 985)	(3 114)	(4)	(3 243)	(8)
Total shareholders' equity	19 270	19 802	(3)	21 191	(9)
Total assets	73 331	69 830	5	74 863	(2)
Total liabilities	(54 061)	(50 028)	8	(53 672)	(1)

PERFORMANCE AND OVERVIEW OF RESULTS

Goodwill and intangible assets rose by 30% to R9,8 billion primarily due to the acquisition of the Palletways Group of R3,3 billion and Itumele Bus Lines of R101 million. This was partially offset by the amortisation of intangibles and Rand strength.

Property, plant and equipment decreased by R1,5 billion to R10,0 billion primarily from disposal of properties and the reclassification of properties to "assets held for sale" during the period.

Investment in associates and joint ventures decreased by R71 million, mainly as a result of the Rand strength.

The transport fleet decreased by 1% or R66 million. The net investment in trucks and barges of R293 million and acquisitions of R269 million was offset by currency adjustments of R311 million resulting from a stronger Rand and depreciation of R344 million.

Vehicles for hire increased by R851 million due to an increase in the car rental fleet and higher sales to external car rental companies by the importers.

Assets held for sale now includes Regent, properties and other businesses identified during 2016 as being available for sale. These additional businesses are: Logistics – Imperial Express, LTS Kenzam and Motus – Jurgens, Safari Centre.

Total assets increased by 5% to R73,3 billion due mainly to acquisitions and capital expenditure, partly reduced by currency adjustments as a result of the strengthening Rand.

Total equity including non-controlling interest (minority) is R19,3 billion, down 3% (R532 million) from June 2016. Due to the Rand strengthening, the foreign currency translation reserve decreased equity by R831 million and the hedge accounting reserve reduced equity by R337 million.

Movement in equity for the six months to December

R million	2016
Net profit attributable to Imperial shareholders	1 319
Net profit attributable to non-controlling interests	33
Decrease in the foreign currency translation reserve	(831)
Reduction in the hedge accounting reserve	(337)
Re-measurement of defined benefit obligations	62
Movement in share based reserve	63
Dividends paid	(991)
Non-controlling interests:	
Palletways (share issue)	150
Midas (NCI buy out)	(61)
Itumele (new acquisition)	115
Other movements	(54)
Total change	(532)

Cash flow

R million	H1 2017	H1 2016	% CHANGE
Cash generated by operations before movements in working capital	4 330	4 485	(3)
Movements in net working capital (excludes currency movements & net acquisitions)	(2 379)	(1 194)	
Cash generated after working capital movements	1 951	3 291	(41)
Interest paid	(823)	(696)	
Tax paid	(660)	(945)	
Cash generated by operations before capital expenditure on rental assets	468	1 650	(72)
Capital expenditure on rental assets	(1 399)	(1 561)	
Cash flows from operating activities	(931)	89	
Net acquisitions & disposals of subsidiaries and businesses	(1 671)	726	
Capital expenditure (non-rental assets)	(1 017)	(1 501)	
Equities, investments and loans	433	(43)	
Dividends paid	(991)	(1 030)	
Other	58	(550)	
Increase in net debt (excludes currency movements & debt from acquisitions)	(4,119)	(2 309)	(78)

PERFORMANCE AND OVERVIEW OF RESULTS

Cash flow (continued)

Cash generated by operations of R4,3 billion and the increase in net debt of R4,1 billion funded the following: increase in working capital of R2,4 billion; capital expenditure of R2,4 billion; dividend payments of R1,0 billion; tax payments of R660 million; interest payments of R823 million; acquisitions net of disposals of R1,7 billion; and other inflows of R490 million, which mainly included the sale of Mix Telematics. The higher net working capital was mainly due to higher cost of inventory and increased stock levels in the vehicle businesses, and an increase in trade receivables in Logistics International.

Liquidity

The group's liquidity position is strong with R12,5 billion of unutilised banking facilities, excluding asset backed finance facilities. 78% of the Group debt is long-term in nature and 63% of the debt is at variable rates. The group's international scale credit rating by Moody's is unchanged at Baa3. The net debt to equity ratio is currently at 98%.

DIVIDEND

In recent years, although no formal dividend policy exists, the Imperial ordinary dividend was determined by reference to Core Earnings. In future the dividend will be determined by reference to HEPS, which is the conventional metric on which dividend is based, and the board will determine the dividend cover with due regard to the company's circumstances. An interim cash dividend of 320 cents per ordinary share (2016: 370 cents per share) being 47% of HEPS has been declared.

BOARD CHANGES

Effective 1 March 2017, Mr Mohammed Akoojee, currently Chief Executive Officer of Imperial Logistics African Regions, will become the Group Chief Financial Officer. He will succeed Mr Osman Arbee who remains on the board in his new role as Chief Executive Officer of Motus Corporation, the recently created Vehicles division.

PROSPECTS

Since late 2014, in less than favourable conditions, Imperial has focussed on unlocking value through fundamental and far-reaching changes to the portfolio focus, capital intensity, organisation structure, management profile and now, disclosure to shareholders. While continuous change is the hallmark of any successful organisation, the changes to date have established a solid foundation for improved growth and returns in the medium term.

In the short term – the balance of F2017 – we face pressure on revenue and margins, most particularly in our logistics operations beyond South Africa and our Vehicle Import and Distribution business where fully priced inventory and out of the money forward cover must work through the system.

The expected sub-divisional segmental performance for the year to June 2017 is as follows:

Imperial Logistics:

- > South Africa: Growth of revenues and operating profit.
- > African Regions: Decline in revenues and operating profit attributable primarily to the indirect impact of currency movements on volumes and translation of profits into Rands.
- > International: Growth of revenues and operating profit, attributable to the acquisition of Palletways, and a recovery in the German and South American businesses, which are dependent on weather conditions and customer volumes.

Motus:

- > Import and Distribution: Flat revenues and a decline in operating profit, impacted by challenging trading conditions and the high cost of foreign exchange cover to August 2017.
- > Retail and Rental: Decline in revenues and operating profit attributable to challenging trading conditions in South Africa.
- > Aftermarket Parts: Increase in revenues and operating profit, enhanced by the sale of Jurgens.
- > Motor Related Financial Services: Growth of revenues and operating profit.

Subject to stable currencies in the economies in which we operate, and South Africa retaining its investment grade, we expect the Imperial group to achieve a single digit increase in revenues and unchanged operating profit for the year to June 2017. However, a significant increase in foreign exchange losses and higher financing costs will negatively impact headline earnings for the year to June 2017.

We thank shareholders for their support and will continue to execute on our espoused strategies.

MARK J. LAMBERTI – Chief Executive Officer
OSMAN S. ARBEE – Chief Financial Officer

The results to and financial position at 31 December 2016 and forecast financial information herein has not been reviewed or reported on by Imperial's auditors.

DECLARATION OF PREFERENCE AND ORDINARY DIVIDENDS for the six months ended 31 December 2016

PREFERENCE SHAREHOLDERS

Notice is hereby given that a gross interim preference dividend of 434.31164 cents per preference share has been declared by the Board of Imperial, payable to holders of 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 15%. The net preference dividend, to those shareholders who are not exempt from paying dividend tax, is therefore 369.16489 cents per share.

Ordinary shareholders

Notice is hereby given that a gross interim ordinary dividend in the amount of 320.00000 cents per ordinary share has been declared by the Board of Imperial, payable to holders of ordinary shares. The dividend will be paid out of reserves.

The ordinary dividend will be subject to a local dividend tax rate of 15%. The net ordinary dividend, to those shareholders who are not exempt from paying dividend tax, is therefore 272.00000 cents per share.

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

2017

Last day for preference shares and ordinary shares respectively to trade cum-preference dividend and cum ordinary dividend	Monday, 20 March
Preference shares and ordinary shares commence trading ex-preference dividend and ex-ordinary dividend respectively	Wednesday, 22 March
Record date	Friday, 24 March
Payment date	Monday, 27 March

The company's income tax number is 9825178719.

Share certificates may not be dematerialised/rematerialised between Wednesday, 22 March 2017 and Friday, 24 March 2017, both days inclusive.

On Monday, 27 March 2017, amounts due in respect of the preference dividend and the ordinary dividend will be electronically transferred to the bank accounts of certificated shareholders that utilise this facility. In respect of those who do not, cheques dated Monday, 27 March 2017 will be posted on or about that date. Shareholders who have dematerialised their shares will also have their accounts, held at their CSDP or Broker, credited on Monday, 27 March 2017.

On behalf of the board

RA Venter

Group Company Secretary

20 February 2017

> PRESENTING CONTINUING AND DISCONTINUED OPERATIONS

The results of the Insurance businesses, which are in the process of being disposed, are presented in the condensed consolidated statement of profit or loss as discontinued operations. The assets and related liabilities of the Insurance businesses has been reclassified to 'Assets of discontinued operations' and 'Liabilities of discontinued operations' respectively on the condensed consolidated statement of financial position. The assets and related liabilities of the disposal groups have been reclassified to "Assets of other disposal groups" and "Liabilities of other disposal groups" respectively on the condensed consolidated statement of financial position.

The following shows the combined result of the continued and discontinued operations after eliminating inter-group transactions. The results of other disposal groups are included in continuing operations.

		TOTAL OPERATIONS 31 DECEMBER 2016 Rm	CONTINUING OPERATIONS 31 DECEMBER 2016 Rm	DISCONTINUED OPERATIONS 31 DECEMBER 2016 Rm	TOTAL OPERATIONS 31 DECEMBER 2015 Rm	CONTINUING OPERATIONS 31 DECEMBER 2015 Rm	DISCONTINUED OPERATIONS 31 DECEMBER 2015 Rm
	% change						
Revenue	2	61 253	59 691	1 562	59 766	58 201	1 565
Net operating expenses		(56 804)	(55 544)	(1 260)	(55 374)	(54 083)	(1 291)
Profit from operations before depreciation and recoupments		4 449	4 147	302	4 392	4 118	274
Depreciation, amortisation, impairments and recoupments		(1 268)	(1 268)		(1 326)	(1 326)	
Operating profit	4	3 181	2 879	302	3 066	2 792	274
Recoupments from sale of properties, net of impairments		7	7		6	6	
Amortisation of intangible assets arising on business combinations		(263)	(263)		(207)	(207)	
Impairment of intangible assets arising on business combinations					(151)	(151)	
Other non-operating items		(206)	(201)	(5)	354	383	(29)
Profit before net finance costs	(11)	2 719	2 422	297	3 068	2 823	245
Net finance costs	27	(828)	(828)		(651)	(651)	
Profit before share of result of associates and joint ventures		1 891	1 594	297	2 417	2 172	245
Share of result of associates and joint ventures		47	47		58	58	
Profit before tax	(22)	1 938	1 641	297	2 475	2 230	245
Income tax expense		(586)	(482)	(104)	(692)	(615)	(77)
Profit for the period	(24)	1 352	1 159	193	1 783	1 615	168
Tax rate (%)		31,0			28,6		
Net profit attributable to:							
Owners of Imperial	(22)	1 319	1 138	181	1 699	1 558	141
Non-controlling interests	(61)	33	21	12	84	57	27
		1 352	1 159	193	1 783	1 615	168
Earnings per share (cents)							
– Basic	(23)	679	586	93	881	808	73
– Diluted	(24)	664	573	91	869	798	71
Headline earnings per share (cents)							
– Basic	(15)	682	587	95	801	728	73
– Diluted	(16)	667	574	93	791	720	71
Core earnings per share (cents)							
– Basic	(8)	795	699	96	861	781	80
– Diluted	(8)	777	683	94	849	771	78

> DISCONTINUED OPERATIONS

The major classes of assets and liabilities of discontinued operations classified at 31 December 2016 as held for sale were as follows:

The major classes of assets and liabilities of the disposal groups are disclosed in note 12 on page 29.

	31 DECEMBER 2016 Rm	30 JUNE 2016 Rm
Assets		
Goodwill and intangible assets	244	204
Investment in associates and joint ventures	39	40
Property, plant and equipment	104	164
Income tax assets	17	24
Investments and other financial assets	3 264	3 197
Trade, other receivables	235	217
Cash resources	1 346	1 237
Assets of discontinued operations	5 249	5 083
Liabilities		
Insurance and investment contracts	1 359	1 384
Income tax liabilities	239	214
Trade, other payables and provisions	1 069	1 140
Liabilities of discontinued operations	2 667	2 738
Investments and other financial assets consists of:		
Listed investments at fair value (level 1)	2 576	2 481
Fixed and negotiable deposits at fair value (level 2)	397	589
Reinsurance debtors and other financial assets at amortised cost	291	127
	3 264	3 197

The cash flows from discontinued operations were as follows:

	31 DECEMBER 2016 Rm	31 DECEMBER 2015 Rm	30 JUNE 2016 Rm
Cash flows from operating activities	198	159	390
Cash flows from investing activities		103	(30)
Cash flows from financing activities	(5)	(9)	(1)

> CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the six months ended 31 December 2016

	Notes	% CHANGE	UNAUDITED SIX MONTHS ENDED 31 DECEMBER 2016 RM	UNAUDITED SIX MONTHS ENDED 31 DECEMBER 2015* RM	AUDITED FINANCIAL YEAR ENDED 30 JUNE 2016 RM
CONTINUING OPERATIONS					
Revenue		3	59 691	58 201	115 738
Net operating expenses			(55 544)	(54 083)	(107 286)
Profit from operations before depreciation and recoupments			4 147	4 118	8 452
Depreciation, amortisation, impairments and recoupments			(1 268)	(1 326)	(2 559)
Operating profit		3	2 879	2 792	5 893
Recoupments from sale of properties, net of impairments			7	6	28
Amortisation of intangible assets arising on business combinations			(263)	(207)	(437)
Impairment of intangible assets arising on business combinations				(151)	(151)
Other non-operating items	7		(201)	383	(102)
Profit before net finance costs		(14)	2 422	2 823	5 231
Net finance costs	8	27	(828)	(651)	(1 440)
Profit before share of result of associates and joint ventures			1 594	2 172	3 791
Share of result of associates and joint ventures			47	58	133
Profit before tax		(26)	1 641	2 230	3 924
Income tax expense			(482)	(615)	(1 049)
Profit for the period from continuing operations		(28)	1 159	1 615	2 875
DISCONTINUED OPERATIONS					
Profit for the period from discontinued operations			193	168	333
Net profit for the period		(24)	1 352	1 783	3 208
Net profit attributable to:					
Owners of Imperial			1 319	1 699	3 049
– Continuing operations			1 138	1 558	2 747
– Discontinued operations			181	141	302
Non-controlling interests			33	84	159
– Continuing operations			21	57	128
– Discontinued operations			12	27	31
			1 352	1 783	3 208
Earnings per share (cents)					
Continuing operations					
– Basic		(27)	586	808	1 425
– Diluted		(28)	573	798	1 388
Discontinued operations					
– Basic		27	93	73	156
– Diluted		28	91	71	152
Total operations					
– Basic		(23)	679	881	1 581
– Diluted		(24)	664	869	1 540

* The December 2015 profit and loss has been represented to disclose the impairment of intangible assets arising on business combinations separate from the amortisation of intangible assets arising on business combinations.

> CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 31 December 2016

	UNAUDITED SIX MONTHS ENDED 31 DECEMBER 2016 RM	UNAUDITED SIX MONTHS ENDED 31 DECEMBER 2015 RM	AUDITED FINANCIAL YEAR ENDED 30 JUNE 2016 RM
Net profit for the period	1 352	1 783	3 208
Other comprehensive income	(1 191)	1 387	147
Items that may be reclassified subsequently to profit or loss	(1 253)	1 387	306
Exchange (losses) gains arising on translation of foreign operations	(836)	909	607
Share of associates' and joint ventures movement in foreign currency translation reserve		18	16
Reclassification of gain on available-for-sale investment	(8)		
Movement in hedge accounting reserve	(462)	463	(374)
Income tax relating to items that may be reclassified to profit or loss	53	(3)	57
Items that will not be reclassified to profit or loss	62		(159)
Remeasurement of defined benefit obligations	97		(228)
Income tax on remeasurement of defined benefit obligations	(35)		69
Total comprehensive income for the period	161	3 170	3 355
Total comprehensive income attributable to:			
Owners of Imperial	255	2 915	3 190
Non-controlling interests	(94)	255	165
	161	3 170	3 355

> EARNINGS PER SHARE INFORMATION

for the six months ended 31 December 2016

	% CHANGE	UNAUDITED SIX MONTHS ENDED 31 DECEMBER 2016 RM	UNAUDITED SIX MONTHS ENDED 31 DECEMBER 2015 RM	AUDITED FINANCIAL YEAR ENDED 30 JUNE 2016 RM
Headline earnings reconciliation				
Earnings – basic	(22)	1 319	1 699	3 049
Saving of finance costs by associate on potential sale of Imperial shares			21	
Earnings – diluted		1 319	1 720	3 049
Recoupment for disposal of property, plant and equipment (IAS 16)		(39)	(40)	(97)
Loss (profit) on disposal of intangible assets (IAS 38)		2	(1)	(1)
Impairment of property, plant and equipment (IAS 36)				12
Impairment of intangible assets (IAS 36)			151	167
Impairment of goodwill (IAS 36)			152	258
(Profit) loss on disposal of investments in associates and joint ventures (IAS 28)		(6)	2	89
Loss (profit) on disposal of subsidiaries and businesses (IFRS 10)		46	(447)	(520)
Impairment loss on assets of disposal groups				90
Reclassification of gain on disposal of available-for-sale investment (IAS 39)		(8)		
Remeasurements included in share of result of associates and joint ventures			10	2
Tax effects of remeasurements		10	85	60
Non-controlling interests share of remeasurements		1	(66)	(63)
Headline earnings – diluted		1 325	1 566	3 046
Saving of finance costs by associate on potential sale of Imperial shares			(21)	
Headline earnings – basic	(14)	1 325	1 545	3 046
Headline earnings per share (cents)				
Continuing operations				
– Basic	(19)	587	728	1 423
– Diluted	(20)	574	720	1 386
Discontinued operations				
– Basic	30	95	73	156
– Diluted	31	93	71	152
Total operations				
– Basic	(15)	682	801	1 579
– Diluted	(16)	667	791	1 538
Core earnings reconciliation				
Headline earnings – basic	(14)	1 325	1 545	3 046
Saving of finance costs by associate on potential sale of Imperial shares			21	
Headline earnings – diluted	(15)	1 325	1 566	3 046
Amortisation of intangible assets arising on business combinations		263	207	437
Foreign exchange gain on inter-group monetary item			(92)	(92)
Business acquisition costs		38	3	63
Remeasurement of contingent consideration and put option liabilities		10	33	50
Change in economic assumptions on insurance funds		3	18	4
Tax effects of core earnings adjustments		(72)	(35)	(98)
Non-controlling interests share of core earnings adjustments		(23)	(19)	(41)
Core earnings – diluted	(8)	1 544	1 681	3 369
Saving of finance costs by associate on potential sale of Imperial shares			(21)	
Core earnings – basic	(7)	1 544	1 660	3 369

> EARNINGS PER SHARE INFORMATION (continued)

for the six months ended 31 December 2016

		UNAUDITED SIX MONTHS ENDED 31 DECEMBER 2016 RM	UNAUDITED SIX MONTHS ENDED 31 DECEMBER 2015 RM	AUDITED FINANCIAL YEAR ENDED 30 JUNE 2016 RM
	% CHANGE			
Core earnings per share (cents)				
Continuing operations				
- Basic	(10)	699	781	1 589
- Diluted	(11)	683	771	1 548
Discontinued operations				
- Basic	20	96	80	158
- Diluted	21	94	78	154
Total operations				
- Basic	(8)	795	861	1 747
- Diluted	(8)	777	849	1 702
ADDITIONAL INFORMATION				
Net asset value per share (cents)	(6)	10 018	10 635	10 287
Dividend per ordinary share (cents)	(14)	320	370	795
Number of ordinary shares in issue (million)				
- total shares		200,3	202,8	208,1
- net of shares repurchased		196,6	194,2	196,6
- weighted average for basic		194,2	192,8	192,9
- weighted average for diluted		198,7	198,0	198,0
Number of other shares (million)				
- Deferred ordinary shares to convert into ordinary shares		7,5	8,3	7,5

> CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2016

	NOTES	UNAUDITED 31 DECEMBER 2016 RM	UNAUDITED 31 DECEMBER 2015 RM	AUDITED 30 JUNE 2016 RM
ASSETS				
Goodwill and intangible assets	9	9 764	7 866	7 501
Investment in associates and joint ventures		915	1 618	986
Property, plant and equipment		9 997	11 736	11 465
Transport fleet		5 887	6 372	5 953
Deferred tax assets		1 395	1 245	1 376
Investments and loans		294	357	291
Other financial assets		12	30	8
Vehicles for hire		4 320	3 841	3 469
Inventories		16 377	17 815	16 717
Tax in advance		702	322	483
Trade and other receivables		14 017	14 391	12 712
Cash resources		2 339	2 740	2 317
Assets of discontinued operations		5 249	4 863	5 083
Assets of disposal groups*	12	2 063	1 667	1 469
Total assets		73 331	74 863	69 830
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital and share premium		1 030	382	1 030
Shares repurchased		(613)	(742)	(1 226)
Other reserves		(108)	2 036	1 003
Retained earnings		19 386	18 977	19 418
Attributable to owners of Imperial		19 695	20 653	20 225
Put arrangement over non-controlling interests		(1 307)	(1 188)	(1 307)
Non-controlling interests		882	1 726	884
Total equity		19 270	21 191	19 802
Liabilities				
Non-redeemable, non-participating preference shares		441	441	441
Retirement benefit obligations		1 274	1 369	1 531
Interest-bearing borrowings		23 021	20 449	18 396
Maintenance and warranty contracts		3 033	3 229	3 156
Deferred tax liabilities		1 264	1 069	881
Other financial liabilities		2 154	2 438	2 335
Trade, other payables and provisions		19 189	20 731	19 493
Current tax liabilities		700	703	681
Liabilities of discontinued operations		2 667	2 737	2 738
Liabilities of disposal groups*	12	318	506	376
Total liabilities		54 061	53 672	50 028
Total equity and liabilities		73 331	74 863	69 830

* Assets and liabilities relating to other disposal groups. The results of the other disposal groups are included in the results of continuing operations.

> CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2016

	NOTE	% CHANGE	UNAUDITED SIX MONTHS ENDED 31 DECEMBER 2016 RM	UNAUDITED SIX MONTHS ENDED 31 DECEMBER 2015 RM	AUDITED FINANCIAL YEAR ENDED 30 JUNE 2016 RM
Cash flows from operating activities					
Cash generated by operations before movements in net working capital		(3)	4 330	4 485	8 952
Movements in net working capital			(2 379)	(1 194)	(828)
Cash generated by operations before interest and taxes paid		(41)	1 951	3 291	8 124
Net finance costs paid	18		(823)	(696)	(1 461)
Tax paid			(660)	(945)	(1 910)
Cash generated by operations before capital expenditure on rental assets			468	1 650	4 753
Expansion capital expenditure – rental assets			(1 026)	(504)	(772)
Net replacement capital expenditure – rental assets			(373)	(1 057)	(839)
– Expenditure			(1 451)	(2 330)	(3 539)
– Proceeds			1 078	1 273	2 700
Cash generated by operations after capital expenditure on rental assets			(931)	89	3 142
Cash flows from investing activities					
Net (acquisitions) disposals of subsidiaries and businesses			(1 671)	726	760
Expansion capital expenditure – excluding rental assets			(471)	(917)	(1 130)
Net replacement capital expenditure – excluding rental assets			(546)	(584)	(1 397)
Net movement in associates and joint ventures			542	(114)	71
Net movement in investments, loans and other financial instruments			(109)	71	(30)
			(2 255)	(818)	(1 726)
Cash flows from financing activities					
Hedge cost premium paid			(3)	(145)	(193)
Ordinary shares repurchased*				(74)	(558)
Dividends paid			(991)	(1 030)	(1 909)
Change in non-controlling interests			(89)	(355)	(439)
Capital raised from non-controlling interests			150	24	26
Net increase in interest-bearing borrowings			2 418	1 071	2 193
			1 485	(509)	(880)
Net (decrease) increase in cash and cash equivalents			(1 701)	(1 238)	536
Effects of exchange rate changes on cash resources in foreign currencies			(222)	314	145
Cash and cash equivalents at beginning of period			719	38	38
Cash and cash equivalents at end of period	10	36	(1 204)	(886)	719

* The repurchase of the 7 864 456 ordinary shares during the period was an inter-group transaction with no impact on the Group's cash flows.

> CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 31 December 2016

	SHARE CAPITAL AND SHARE PREMIUM Rm	SHARES RE- PURCHASED Rm
At 30 June 2015 – Audited	382	(668)
Total comprehensive income for the period		
Net attributable profit for the period		
Other comprehensive income		
Movement in statutory reserves		
Share-based cost charged to profit or loss		
Share-based equity reserve transferred to retained earnings on vesting		
Share-based equity reserve hedge cost		
Ordinary dividend paid		
Repurchase of 438 300 ordinary shares from the open market at an average price of R169,48 per share		(74)
Realisation on disposal of subsidiaries		
Non-controlling interests acquired, net of disposals and shares issued		
Net decrease in non-controlling interests through buy-outs		
Non-controlling interests share of dividends		
At 31 December 2015 – Unaudited	382	(742)
Total comprehensive income for the period		
Net attributable profit for the period		
Other comprehensive income		
Movement in statutory reserves		
Share-based cost charged to profit or loss		
Share-based equity reserve transferred to retained earnings on vesting		
Share-based equity reserve hedge cost		
Ordinary dividend paid		
Repurchase of 2 949 207 ordinary shares from the open market at an average price of R164,11 per share		(484)
Share of changes in net assets of associates and joint ventures		
Realisation on disposal of subsidiaries		
Non-controlling interests disposed, net of acquisitions and shares issued		
Net decrease in non-controlling interests through buy-outs	648	
Non-controlling interest share of dividends		
At 30 June 2016 – Audited	1 030	(1 226)
Total comprehensive income for the period		
Net attributable profit for the period		
Other comprehensive income		
Transfer of reserves on disposal of MiX Telematics Limited		
Movement in statutory reserves		
Share-based cost charged to profit or loss		
Share-based equity reserve transferred to retained earnings on vesting		
Share-based equity reserve hedge refund		
Ordinary dividend paid		
Cancellation of 7 864 456 ordinary shares		613
Realisation on disposal of subsidiaries		
Non-controlling interests acquired, net of disposals and shares issued		
Net decrease in non-controlling interests through buy-outs		
Non-controlling interests share of dividends		
At 31 December 2016 – Unaudited	1 030	(613)

IMPERIAL HOLDINGS LIMITED UNAUDITED INTERIM RESULTS
for the six months ended 31 December 2016

OTHER RESERVES Rm	RETAINED EARNINGS Rm	ATTRIBUTABLE TO OWNERS OF IMPERIAL Rm	PUT ARRANGEMENT OVER NON- CONTROLLING INTERESTS Rm	NON- CONTROLLING INTERESTS Rm	TOTAL EQUITY Rm
1 089	18 065	18 868	(1 473)	1 838	19 233
1 216	1 699	2 915		255	3 170
	1 699	1 699		84	1 783
1 216		1 216		171	1 387
7	(7)				
71		71		2	73
(60)	60				
(128)		(128)		(4)	(132)
	(840)	(840)			(840)
		(74)			(74)
17		17			17
				4	4
(176)		(176)	285	(179)	(70)
				(190)	(190)
2 036	18 977	20 653	(1 188)	1 726	21 191
(916)	1 191	275		(90)	185
	1 350	1 350		75	1 425
(916)	(159)	(1 075)		(165)	(1 240)
13	(13)				
73		73		2	75
5	(5)				
(55)		(55)		4	(51)
	(732)	(732)			(732)
		(484)			(484)
(5)		(5)			(5)
42		42			42
				(75)	(75)
(190)		458	(119)	(536)	(197)
				(147)	(147)
1 003	19 418	20 225	(1 307)	884	19 802
(1 127)	1 382	255		(94)	161
	1 319	1 319		33	1 352
(1 127)	63	(1 064)		(127)	(1 191)
(109)	109				
11	(11)				
63		63			63
68	(68)				
11		11			11
	(831)	(831)			(831)
	(613)				
45		45			45
				268	268
(73)		(73)		(16)	(89)
				(160)	(160)
(108)	19 386	19 695	(1 307)	882	19 270

> NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 31 December 2016

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 2016 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 2016.

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 20 February 2017.

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 2016.

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

International Financial Reporting Standards that will become applicable to the group in future reporting periods includes IFRS 9 Financial Instruments (effective 1 January 2018), IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018) and IFRS 16 Leases (effective 1 January 2019). The details of these standards are outlined in the 30 June 2016 annual financial statements.

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

4. NEW HEADLINE EARNINGS CIRCULAR

Circular 2/2015 Headline Earnings which was issued by the South African Institute of Chartered Accountant (SAICA) in October 2015 replaces Circular 2/2013 Headline Earnings. The revisions contained in the new circular relate primarily to IFRS 9 Financial Instruments and has had no impact on the way the Group computes headline earnings.

5. BASIS OF SEGMENTATION

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

The Logistics division will report segmentally on three sub divisions namely:

- > Logistics South Africa
- > Logistics African Regions
- > Logistics International

The Vehicles division will report segmentally on four sub divisions namely:

- > Vehicle Import and Distribution
- > Vehicle Retail and Rental
- > After Market Parts
- > Motor Related Financial Services

The revision resulted in the restatement of certain amounts that was previously disclosed in the segment reports.

6. FOREIGN EXCHANGE RATES

	31 DECEMBER 2016	31 DECEMBER 2015	30 JUNE 2016
SA Rand : Euro			
– closing	14,40	16,79	16,31
– average	15,31	15,03	16,10
SA Rand : US Dollar			
– closing	13,69	15,46	14,70
– average	13,96	13,62	14,51
SA Rand : Pound Sterling			
– closing	16,89	22,79	19,58
– average	17,83	20,87	21,47
SA Rand : Australian Dollar			
– closing	9,85	11,24	10,95
– average	10,52	9,84	10,56

	UNAUDITED SIX MONTHS ENDED 31 DECEMBER 2016 RM	UNAUDITED SIX MONTHS ENDED 31 DECEMBER 2015 RM	AUDITED FINANCIAL YEAR ENDED 30 JUNE 2016 RM
7. OTHER NON-OPERATING ITEMS			
Remeasurement of financial instruments not held-for-trading	(123)	93	(122)
Foreign exchange (losses) gains on foreign currency monetary items	(121)	126	(72)
Charge for remeasurement of put option liability	(13)	(32)	(64)
Remeasurement of contingent consideration liabilities	3	(1)	14
Reclassification of gain on disposal of available-for-sale investments	8		
Capital items	(78)	290	20
Impairment of goodwill		(152)	(258)
Profit (loss) on disposal of investments in associates and joint ventures	6	(2)	(89)
(Loss) profit on disposal of subsidiaries and businesses	(46)	447	520
Impairment loss on assets of disposal group			(90)
Business acquisition costs	(38)	(3)	(63)
	(201)	383	(102)
8. NET FINANCE COSTS			
Net interest paid	(823)	(696)	(1 462)
Fair value (loss) gain on interest-rate swap instruments	(5)	45	22
	(828)	(651)	(1 440)
9. GOODWILL AND INTANGIBLE ASSETS			
Goodwill			
Cost	7 106	6 642	6 286
Accumulated impairments	(409)	(1 078)	(862)
	6 697	5 564	5 424
Carrying value at beginning of period	5 424	5 018	5 018
Net acquisition (disposal) of subsidiaries and businesses	1 987	(111)	(130)
Impairment charge		(152)	(258)
Reclassified to assets held for sale		(53)	(28)
Currency adjustment	(714)	862	822
Carrying value at end of period	6 697	5 564	5 424
Intangible assets	3 067	2 302	2 077
Goodwill and intangible assets	9 764	7 866	7 501
10. CASH AND CASH EQUIVALENTS			
Cash resources	2 339	2 740	2 317
Cash resources included in assets of discontinued operations and of disposal groups	1 379	1 211	1 356
Short-term loans and overdrafts (Included in interest-bearing borrowings)	(4 922)	(4 837)	(2 954)
	(1 204)	(886)	719

> NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2016 – Continued

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

11.1 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 2016		
Listed corporate bonds (included in interest-bearing borrowings)	5 342	5 287
Listed non-redeemable, non-participating preference shares	441	357

* Level 1 of the fair value hierarchy.

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

11.2 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. For assets and liabilities classified as discontinued operations refer to page 17.

	TOTAL Rm	LEVEL 2 Rm	LEVEL 3 Rm
31 DECEMBER 2016			
Financial assets carried at fair value			
Swap instruments (Included in Other financial assets)	12	12	
Foreign exchange contracts and other derivative instruments (Included in Trade and other receivables)	13	13	
Financial liabilities carried at fair value			
Put arrangement over non-controlling interests (Included in Other financial liabilities)	1 738		1 738
Contingent consideration (Included in Other financial liabilities)	47		47
Swap instruments (Included in Other financial liabilities)	151	151	
Foreign exchange contracts (Included in Trade, other payables and provisions)	395	395	

Transfers between hierarchy levels

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

11.3 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 liabilities carried at fair value.

FINANCIAL LIABILITIES	PUT OPTION LIABILITIES Rm	CONTINGENT CONSIDERATION Rm	TOTAL Rm
Carrying value at beginning of period	1 875	19	1 894
Arising on acquisition of businesses		36	36
Fair valued through profit or loss	13	(3)	10
Settlements		(4)	(4)
Currency adjustments	(150)	(1)	(151)
Carrying value at the end of the year	1 738	47	1 785

Level 3 sensitivity information

The fair values of the level 3 financial liabilities of R1 785 million were estimated by applying an income approach valuation method including a present value discount technique. The fair value measurement is 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 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 liabilities as at 31 December 2016 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 LIABILITIES Rm	DECREASE IN LIABILITIES Rm
Put option liability	Income approach	Earnings growth	1 738	8	(118)
Contingent consideration liability	Income approach	Assumed profits	47		(7)

12. ASSETS AND LIABILITIES OF THE DISPOSAL GROUPS

The assets of the disposal groups includes businesses in Logistics South Africa, the Logistics African Regions, the Vehicle Retail and Rental and the After Market Parts divisions as well as land and buildings that are held for sale. These assets will be recovered through disposal rather than through continuing use.

	UNAUDITED 31 DECEMBER 2016 RM	UNAUDITED 31 DECEMBER 2015 RM	AUDITED 30 JUNE 2016 RM
Assets			
Goodwill and intangible assets	3	56	34
Investments in associates and joint ventures		36	476
Property, plant and equipment	1 414	96	114
Transport fleet	26		53
Income tax assets	57	19	65
Investments and other financial assets	16	8	17
Vehicles for hire		696	
Inventories	350	346	340
Trade and other receivables	164	341	251
Cash resources	33	71	119
Assets of disposal groups	2 063	1 667	1 469
Liabilities			
Interest-bearing borrowings	34	21	
Income tax liabilities	1	64	3
Trade, other payables and provisions	283	421	373
Liabilities of disposal groups	318	506	376

> NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2016 – Continued

	UNAUDITED 31 DECEMBER 2016 RM	UNAUDITED 31 DECEMBER 2015 RM	AUDITED 30 JUNE 2016 RM
13. CONTINGENCIES AND COMMITMENTS			
Capital commitments	860	1 213	1 309
Contingent liabilities	723	457	798

14. ACQUISITIONS AND DISPOSALS DURING THE PERIOD

Acquisitions

Refer to page 31 for acquisitions during the period.

Disposals

The group disposed of its controlling interest in C2 Computers Proprietary Limited retaining a non-controlling interest of 49%.

15. EVENTS AFTER THE REPORTING PERIOD

Acquisition of Surgipharm

The group has entered into an agreement to acquire a 70% interest in Surgipharm Limited, a leading pharmaceutical distributor in Kenya, for a consideration of R470 million (USD35 million). This is subject to obtaining regulatory approval.

Disposal of Regent

The disposal of the Regent Group's non-South African operations (Regent Insurance Botswana, Regent Life Botswana, Regent Zambia, Lesotho Life and Lesotho Insurance, collectively, "Regent Rest of Africa") to Hollard International Holdings for an upfront consideration of R697 million has been declared unconditional on 31 January 2017 in accordance with its terms, which included regulatory approvals from the Botswana and Lesotho authorities. The disposal of Regent Group, excluding Regent Rest of Africa, remains subject to approval by the South African Regulatory Authorities.

Disposal of Jurgens Ci

The disposal of Jurgens was completed on 1 February 2017.

Dividend declaration

Shareholders are advised that a preference and an ordinary dividend has been declared by the board of Imperial on 20 February 2017. For more details please refer to the dividend declaration on page 15.

> BUSINESS COMBINATIONS DURING THE PERIOD

BUSINESSES ACQUIRED	NATURE OF BUSINESS	OPERATING SEGMENT	DATE ACQUIRED	INTEREST ACQUIRED (%)	PURCHASE CONSIDERATION RM
Palletways Group Limited*	Express delivery solutions for small consignments of palletised freight across Europe	Logistics International	July 2016	95,2	1 683
Itumele Bus Lines Proprietary Limited	Consumer bus operations in the Free State province of South Africa	Logistics African Regions	November 2016	55	147
Individually immaterial acquisitions					56
					1 886

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

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

R MILLION	PALLETWAYS	ITUMELE BUS LINES	INDIVIDUALLY IMMATERIAL ACQUISITIONS	TOTAL
Assets				
Intangible assets (excluding goodwill)	1 360	110	17	1 487
Property, plant and equipment	32	16	11	59
Transport fleet		269		269
Investments, loans, associates and joint ventures		12	7	19
Inventories	3	14		17
Trade and other receivables	617	54	56	727
Cash resources	141	82	3	226
	2 153	557	94	2 804
Liabilities				
Retirement benefit obligations	9			9
Deferred tax liabilities	264	70	1	335
Interest-bearing borrowings	1 350	141		1 491
Trade, other payables and provisions	773	78	65	916
Current tax liabilities	17	1		18
	2 413	290	66	2 769
Acquirees' carrying amount at acquisition	(260)	267	28	35
Non-controlling interests	(8)	(121)	(7)	(136)
Net assets acquired	(268)	146	21	(101)
Purchase consideration transferred	1 683	147	56	1 886
Cash paid	1 683	142	25	1 850
Contingent consideration		5	31	36
Excess of purchase price over net assets acquired	1 951	1	35	1 987

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

> BUSINESS COMBINATIONS DURING THE PERIOD

– Continued

Reasons for the acquisitions

The Group acquired a 95,2% shareholding in Palletways. This acquisition is in line with Imperial's strategic intent to expand its presence beyond South Africa through the acquisition of asset light logistics businesses that benefit from Imperial's existing footprint and capabilities. Palletways provides an express delivery solution for small consignments of palletised freight through more than 400 depots and 14 hubs, which collects and distribute 40 000 daily or 8 million pallets annually across 20 European countries where it currently handles one in every 4 pallets handled by palletised freight networks.

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

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

Details of contingent consideration

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

Acquisition costs

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

Impact of the acquisition on the results of the group

From the dates of acquisition the businesses acquired during the period contributed revenue of R3 152 million, operating profit of R180 million and after tax profit of R34 million. The after tax profit of R34 million includes the after tax impact of the funding cost of R34 million calculated on the cash consideration paid on acquisitions and the amortisation of intangible assets arising out of the business combinations of R85 million.

Had all the acquisitions been consolidated from 1 July 2016, they would have contributed revenue of R3 335 million, operating profit of R204 million and after tax profit of R40 million. The Group's continuing revenue for the period would have been R59 874 million, operating profit would have been R2 903 million and after tax profit R1 165 million.

Separate identifiable intangible assets

As at the acquisition date the fair value of the separate identifiable intangible assets was R1 487 million. This fair value, which is classified as level 3 in the fair value hierarchy, was determined using the Multi-period Excess Earnings Method (MEEM) valuation technique for contract based intangible assets and the Relief-form-royalty method for the trademark.

The significant unobservable valuation inputs were as follows:

	PALLETWAYS %	ITUMELE BUS LINES %
Trademark		
– Discount rates	9,1	
– Royalty rate	1,0	
Contract based intangible assets		
– Weighted average discount rates	6.7 – 7.3	17,0
– Terminal growth rates	1.0	7,1

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 R773 million of which R45 million was doubtful. Non-controlling interests have been calculated based on their proportionate share in the acquiree's net assets. None of the goodwill is deductible for tax purposes.

> SEGMENTAL INFORMATION

Profit or loss – Continuing operations	IMPERIAL HOLDINGS		LOGISTICS									
			LOGISTICS SOUTH AFRICA		LOGISTICS AFRICAN REGIONS		LOGISTICS INTERNATIONAL		BUSINESSES HELD FOR SALE		TOTAL LOGISTICS	
			2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
R million	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Revenue	59 691	58 201	8 217	7 440	4 874	5 341	12 168	9 025	603	2 214	25 862	24 020
– South Africa	34 063	33 744	8 217	7 440					118	293	8 335	7 733
– Rest of Africa	6 177	6 843			4 874	5 341			485	640	5 359	5 981
– International	19 451	17 614					12 168	9 025		1 281	12 168	10 306
Operating profit	2 879	2 792	498	416	397	395	447	384	(42)	4	1 300	1 199
– South Africa	1 844	1 829	498	416					(37)	(6)	461	410
– Rest of Africa	455	446			397	395			(5)	(3)	392	392
– International	580	517					447	384		13	447	397
Depreciation, amortisation, impairments and recoupments	(1 524)	(1 678)	(262)	(302)	(141)	(147)	(427)	(341)		(47)	(830)	(837)
– South Africa	(908)	(1 088)	(265)	(302)						(7)	(265)	(309)
– Rest of Africa	(156)	(163)			(141)	(147)				(1)	(141)	(148)
– International	(460)	(427)					(427)	(341)		(39)	(427)	(380)
Interest expense	(828)	(651)	(162)	(146)	(107)	(77)	(118)	(79)	(11)	(20)	(398)	(322)
– South Africa	(557)	(442)	(162)	(146)					(6)	(6)	(168)	(152)
– Rest of Africa	(121)	(87)			(107)	(77)			(5)	(4)	(112)	(81)
– International	(150)	(122)					(118)	(79)		(10)	(118)	(89)
Profit before tax*	1 681	1 937	314	255	53	321	184	223	(51)	(28)	500	771
– South Africa	1 318	1 299	314	255					(42)	(13)	272	242
– Rest of Africa	92	324			53	321			(9)	(24)	44	297
– International	271	314					184	223		9	184	232
Additional segment information – Continuing operations												
Analysis of revenue by type												
– Sale of goods	34 738	35 336	558	506	3 605	3 907		2	499	666	4 662	5 081
– Rendering of services	24 953	22 865	7 668	6 933	1 203	1 387	12 168	9 023	104	1 548	21 143	18 891
Inter-group revenue	59 691	58 201	8 226	7 439	4 808	5 294	12 168	9 025	603	2 214	25 805	23 972
			(9)	1	66	47					57	48
	59 691	58 201	8 217	7 440	4 874	5 341	12 168	9 025	603	2 214	25 862	24 020
Analysis of depreciation, amortisation, impairments and recoupments	(1 524)	(1 678)	(262)	(302)	(141)	(147)	(427)	(341)		(47)	(830)	(837)
– Depreciation and amortisation	(1 298)	(1 361)	(265)	(297)	(56)	(62)	(283)	(268)		(47)	(604)	(674)
– Recoupments and impairments	37	41	20	11	1	7	8	15			29	33
– Amortisation and impairment of intangible assets arising on business combinations	(263)	(358)	(17)	(16)	(86)	(92)	(152)	(88)			(255)	(196)
Associate income included in pre-tax profits	47	58	1	1	16	15	8	13			25	29
Operating margin %	4,8	4,8	6,1	5,6	8,1	7,4	3,7	4,3			5,0	5,0

* Refer to glossary of terms on page 38.

IMPERIAL HOLDINGS LIMITED UNAUDITED INTERIM RESULTS
for the six months ended 31 December 2016

MOTUS															
VEHICLE IMPORT AND DISTRIBUTION		VEHICLE RETAIL AND RENTAL		AFTER MARKET PARTS		MOTOR RELATED FINANCIAL SERVICES		BUSINESSES HELD FOR SALE		ELIMINATIONS		TOTAL MOTUS		HEAD OFFICE AND ELIMINATIONS	
2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
8 903	9 000	29 285	28 575	2 990	2 769	855	801	427	1 989	(7 018)	(7 041)	35 442	36 093	(1 613)	(1 912)
8 600	8 965	21 292	20 545	2 974	2 767	855	801	324	1 889	(6 702)	(7 041)	27 343	27 924	(1 614)	(1 913)
303	35	815	824	16	2			103	100	(316)		818	861	1	
		7 178	7 208									7 281	7 308	2	
390	384	694	681	173	157	388	336	(2)	113	(77)	(76)	1 566	1 595	13	(1)
387	384	491	494	174	159	388	336	(1)	118	(77)	(76)	1 362	1 415	20	5
3		62	56	(1)	(2)			(1)	(5)			64	54	(7)	(6)
		141	131									140	126		
(309)	(330)	(347)	(354)	(19)	(17)	(91)	(81)	(4)	(132)	74	63	(696)	(851)	2	10
(309)	(330)	(299)	(293)	(19)	(17)	(91)	(81)	(4)	(131)	74	63	(648)	(790)	2	11
		(15)	(15)						(1)			(15)	(15)		(1)
		(33)	(46)									(33)	(46)		
(148)	(158)	(269)	(217)	(26)	(23)	(11)	2	(9)	(46)	72	74	(391)	(368)	(39)	39
(155)	(159)	(217)	(176)	(26)	(23)	(11)	2	(8)	(45)	72	74	(345)	(327)	(44)	37
7	1	(17)	(8)					(1)	(1)			(10)	(7)	1	1
		(35)	(33)									(36)	(34)	4	1
263	124	415	440	164	152	377	372	(15)	40	(5)	2	1 199	1 130	(18)	36
257	121	272	326	165	154	377	372	(9)	36	(5)	2	1 057	1 011	(11)	46
6	3	43	26	(1)	(2)			(6)	4			48	27	(7)	(10)
		100	88									95	92		
2 740	2 756	24 263	23 589	2 961	2 768			337	1 389	(223)	(246)	30 078	30 256	(2)	(1)
62	98	3 342	3 047	1	1	338	332	49	478	(3)		3 790	3 956	21	18
2 802	2 854	27 605	26 636	2 962	2 768	338	332	386	1 867	(226)	(245)	33 867	34 212	18	17
6 101	6 146	1 680	1 939	28	1	517	469	41	122	(6 792)	(6 796)	1 575	1 881	(1 632)	(1 929)
8 903	9 000	29 285	28 575	2 990	2 769	855	801	427	1 989	(7 018)	(7 041)	35 442	36 093	(1 613)	(1 912)
(309)	(330)	(347)	(354)	(19)	(17)	(91)	(81)	(4)	(132)	74	63	(696)	(851)	2	10
(315)	(216)	(341)	(340)	(17)	(15)	(91)	(81)	(6)	(91)	74	63	(696)	(690)	2	2
6	1		5					2	4			8	9		(1)
	(115)	(6)	(9)	(2)	(2)				(45)			(8)	(171)		9
(2)	(15)	(1)		21	19		38		2			18	49	4	(20)
4,4	4,3	2,4	2,4	5,8	5,7	45,4	41,9					4,4	4,4		

> SEGMENTAL INFORMATION

Financial position	IMPERIAL HOLDINGS	LOGISTICS								
		LOGISTICS SOUTH AFRICA	LOGISTICS AFRICAN REGIONS	LOGISTICS INTERNATIONAL	TOTAL LOGISTICS					
R million	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Assets										
Intangible assets	9 764	7 866	1 009	1 001	2 258	2 620	5 636	3 259	8 903	6 880
Property plant and equipment	9 997	11 736	1 004	1 763	642	703	2 071	2 344	3 717	4 810
Transport fleet	5 887	6 372	2 591	2 637	345	486	2 990	3 290	5 926	6 413
Vehicles for hire	4 320	3 841								
Investments in associates	666	1 355	29	11	290	384	153	175	472	570
Inventories	16 377	17 815	327	301	1 245	1 830	316	348	1 888	2 479
Trade and other receivables	14 017	14 391	4 146	3 933	1 480	1 829	3 769	3 575	9 395	9 337
Other financial assets	38	30	9	7		1	5	5	14	13
Cash resources		31								
Operating assets*	61 066	63 437	9 115	9 653	6 260	7 853	14 940	12 996	30 315	30 502
– South Africa	33 869	35 636	9 115	9 653					9 115	9 653
– Rest of Africa	7 197	8 719			6 260	7 853			6 260	7 853
– International	20 002	19 082					14 940	12 996	14 940	12 996
Liabilities										
Retirement benefit obligations	1 274	1 369					1 274	1 369	1 274	1 369
Maintenance and warranty contracts	3 033	3 229								
Trade, other payables and provisions	19 189	20 731	4 043	3 470	2 063	2 694	3 261	3 565	9 367	9 729
Other financial liabilities	417	622	64	33	79	163	1	18	144	214
Operating liabilities*	23 913	25 951	4 107	3 503	2 142	2 857	4 536	4 952	10 785	11 312
– South Africa	14 135	14 255	4 107	3 503					4 107	3 503
– Rest of Africa	2 540	3 348			2 142	2 857			2 142	2 857
– International	7 238	8 348					4 536	4 952	4 536	4 952
Net working capital	11 205	11 475	430	764	662	965	824	358	1 916	2 087
– South Africa	8 314	9 056	430	764					429	764
– Rest of Africa	1 025	1 169			662	965			662	965
– International	1 866	1 250					824	358	824	358
Net debt	21 122	18 150	2 838	3 172	2 234	2 892	6 382	3 362	11 454	9 426
– South Africa	12 349	11 248	2 838	3 172					2 838	3 172
– Rest of Africa	2 471	3 246			2 234	2 892			2 234	2 892
– International	6 302	3 656					6 382	3 362	6 382	3 362
Net capital expenditure	2 416	3 062	210	369	48	228	353	513	611	1 110
– South Africa	1 942	2 226	210	369					210	369
– Rest of Africa	84	293			48	228			48	228
– International	390	543					353	513	353	513

* See glossary of terms on page 38.

Note: The segmental information for the financial position gives details on operating assets and liabilities excluding discontinued operations and assets held for sale. For a further appreciation of the assets, liabilities, interest bearing debt and equity, refer to the Statement of Financial Position on page 22.

IMPERIAL HOLDINGS LIMITED UNAUDITED INTERIM RESULTS
for the six months ended 31 December 2016

	MOTUS													
	VEHICLE IMPORT AND DISTRIBUTION		VEHICLE RETAIL AND RENTAL		AFTER MARKET PARTS		MOTOR RELATED FINANCIAL SERVICES		ELIMINATIONS		TOTAL MOTUS		HEAD OFFICE AND ELIMINATIONS	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	169 509	253 829	378 5 387	433 5 815	285 405	294 293		6 8	1 1		833 6 311	986 6 948	28 (31) (39)	
	1 647 (44)	1 595 (42)	2 084 39	1 938 47			1 987 73	1 658 631	(1 398)	(1 343)	4 320 188	3 848 740		(7) 45
	5 045	5 256	8 241	8 581	1 015	1 349	361	444	(155)	(154)	14 507	15 476	(18)	(140)
	2 613 4	3 040 4	2 792	2 740	563	674	730 85	775 85 31	(2 100) 27	(1 914)	4 598 116	5 315 89 31	24 (92)	(261) (72)
	9 943	10 935	18 921	19 554	2 388	2 714	3 245	3 638	(3 624)	(3 408)	30 873	33 433	(122)	(498)
	9 484 459	10 788 147	13 016 939 4 966	12 892 843 5 819	2 372 16	2 578 14 122	3 245	3 633	(3 147) (477)	(3 271) (138) 1	24 970 937 4 966	26 625 866 5 942	(218)	(642) 144
	102 4 730 41	108 4 929 47					2 942 481	3 093 509 2			3 044 9 720 72	3 201 11 170 135	(11) 102 201	28 (168) 274
	4 873	5 084	7 160	7 634	784	1 082	3 423	3 604	(3 404)	(3 197)	12 836	14 505	292	134
	4 613 260	4 960 124	3 860 593 2 707	3 960 502 3 172	782 2	999 5 78	3 423	3 604	(2 947) (457)	(2 759) (140)	9 731 398 2 707	10 764 491 3 250	297 (6)	(12) 146
	2 928	3 367	3 899	3 716	799	997	610	710	1 149	831	9 385	9 621	(96)	(233)
	2 731 197	3 344 23	2 728 174 997	2 645 175 896	787 12	1 005 7 (15)	610	526	1 169 (20)	831	8 025 363 997	8 535 205 881	(141) 45	(243) (1) 11
	5 272	5 210	3 333	3 332	748	754	(875)	(1 231)		(298)	8 478	7 767	1 190	957
	5 266 6	5 174 36	2 441 212 681	2 323 308 701	729 19	710 10 34	(875)	(1 231)		(298)	7 560 237 681	6 678 354 735	1 951 (761)	1 398 (441)
	714	1 339	893	353	250	22	578	453	611	301	1 824	1 866	19	86
	714	1 339	822 34 37	261 62 30	249 1	21 1	578	453	611	301	1 751 36 37	1 773 63 30	19	84 2

GLOSSARY OF TERMS

Net asset value per share	> equity attributable to owners of Imperial divided by total ordinary shares in issue net of share 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 working capital	> consists of inventories, trade and other receivables, 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 operation and liabilities of disposal group.
Operating margin (%)	> operating profit divided by revenue.
Pre-tax profits	> 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 (%)	> return divided by invested capital. Return is calculated by using an after tax operating profit adjusted by income from associates. Invested capital is a 12-month average of shareholders equity plus preference shares plus debt (long-term and short-term interest-bearing borrowings less long-term loans receivable) less non-financial services cash resources.
Weighted average cost of capital (WACC) (%)	> calculated by multiplying the cost of each capital component by its proportional weight, therefore: $WACC = (\text{after tax cost of debt \% multiplied by average debt weighting}) + (\text{cost of equity multiplied by average equity weighting})$.

NOTES

NOTES

- Corporate information -

Directors

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

Independent non-executive ## Non-executive

Company Secretary

RA Venter

Group Investor Relations Manager

E Mansingh

Business address and registered office

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

Share transfer secretaries

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

Sponsor

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

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

IMPERIAL HOLDINGS LIMITED

Registration number: 1946/021048/06

Ordinary share code: IPL ISIN: ZAE000067211

Preference share code: IPLP ISIN: ZAE000088076

IMPERIAL PLACE
JEPPE QUONDAM
79 BOEING ROAD EAST
BEDFORDVIEW
2007

PO BOX 3013
EDENVALE
1610
SOUTH AFRICA

WWW.IMPERIAL.CO.ZA