Unaudited interim results

for the six months ended 31 December 2018

MOTUS

POWERING PROGRESS

MOTUS is South Africa's leading automotive group with over

18 500

employees

Motus Holdings Limited
Incorporated in the
Republic of South Africa
Registration number
2017/451730/06
Share code: MTH
ISIN: ZAE000261913
"Motus" or "the Company"

Business overview

Motus is a Johannesburg Stock Exchange (JSE) listed South African-based automotive holding company.

Motus Holdings Limited was listed on the JSE in November 2018, following its unbundling from Imperial Holdings Limited.

A three-year history of our results has been published in the prelisting statement and can be found on the website www.motuscorp.co.za.

Our unique business model is fully integrated across the automotive value chain through four key business segments.

Business segments

1. Import and Distribution
2. Retail and Rental
3. Motor-Related Financial Services
4. Aftermarket Parts

Key investment highlights

1. Diversified (non-manufacturing) business in the automotive sector with a leading position in South Africa and selected international presence (primarily in the United Kingdom (UK) and Australia).
2. Fully integrated business model in South Africa across the vehicle value chain: Import and Distribution, Retail and Rental, Motor-Related Financial Services and Aftermarket Parts.
3. Unrivalled scale in South Africa underpins a differentiated value proposition to OEMs, suppliers, customers and business partners, providing multiple customer touch points supporting customer loyalty through the entire vehicle ownership cycle.
4. Profitability from high free cash flow generation underpinned by annuity income streams, with Return on Invested Capital (ROIC) exceeding Weighted Average Cost of Capital (WACC) and providing a platform for an attractive dividend yield.
5. Defined organic growth trajectory through portfolio optimisation, continuous operational enhancements and innovation, with a selective acquisition growth strategy inside and outside South Africa leveraging best-in-class expertise.
6. Highly experienced management team with deep industry knowledge of regional and global markets, and a proven track record with years of collective experience, including an independent and diversified board.

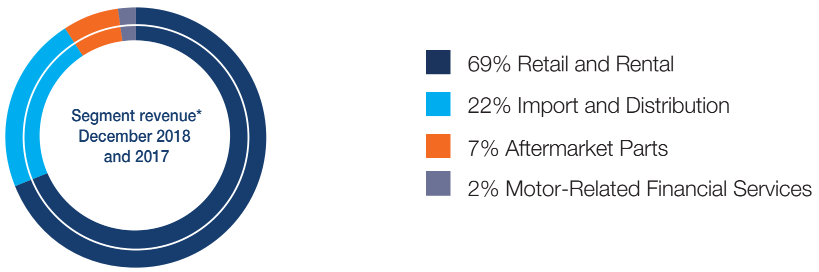
Group financial highlights

Revenue	Operating profit 7%	EPS 7%
R39 379 million	**R1 838 million**	**436 cents per share**
(2017: R39 358 million)	(2017: R1 721 million)	(2017: 468 cents per share)

HEPS 2%	Normalised EPS 10%	Normalised HEPS 15%
456 cents per share	**516 cents per share**	**536 cents per share**
(2017: 465 cents per share)	(2017: 468 cents per share)	(2017: 465 cents per share)

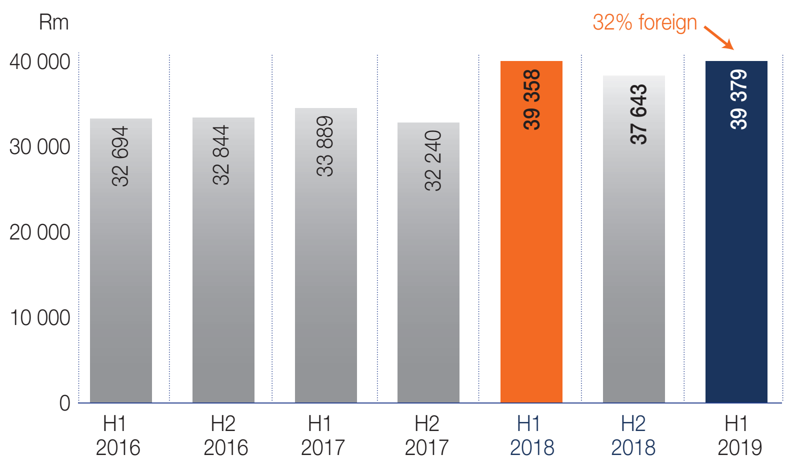
> HEPS: Headline earnings per share
> EPS: Earnings per share
> Normalised: this excludes the once-off impact of share-based payment expenses amounting to R160 million

Revenue



* *Excludes head office and eliminations.*

Revenue



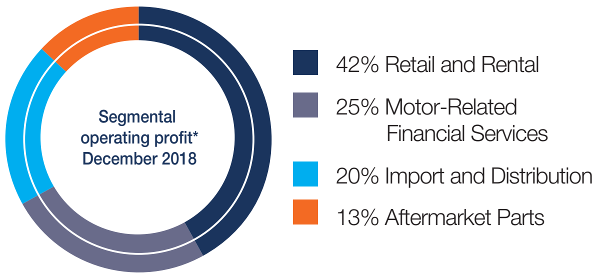
Cash generated from operations	Net Debt to Equity	Return on Equity
R382 million	**63,4%**	**16,8%**
(2017: R2 321 million)	(2017: 72,4%)	(June 2018: 16,7%)

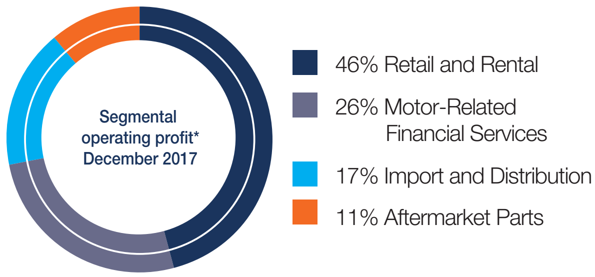
Return on Invested Capital	Weighted Average Cost of Capital	Dividend 15%
14,3%	**10,8%**	**240 cents per share**
(2017: 12,7%)	(2017: 10,6%)	(2017 pro forma*: 209 cents per share)

> ROE, ROIC and WACC are calculated on a rolling 12-month basis

** Pro forma: Group was not listed in the prior period.*

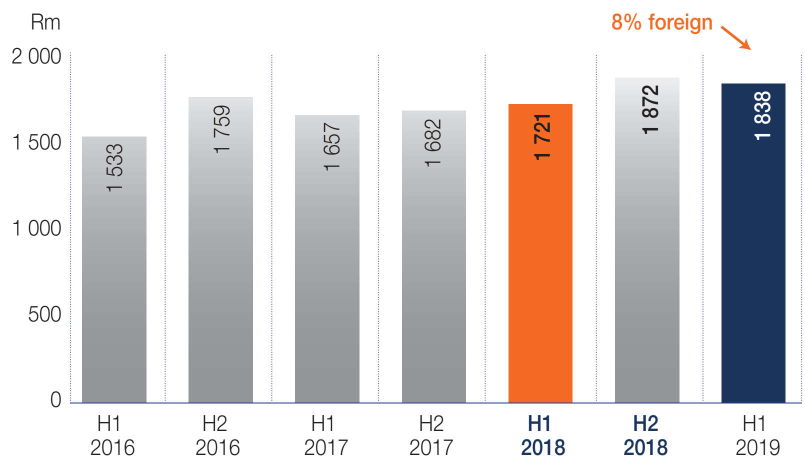
Operating profit





** Excludes head office and eliminations.*

Operating profit



The South African operations generated revenue and operating profit of 68% and 92% respectively, for the six months ended to December 2018, with the remainder generated mainly in the United Kingdom and Australia.

We are operating in a subdued economic environment with pressure on disposable income expected to continue until the South African and global economic and political situation settles down. The current electricity crisis and the elections in May will not provide economic stability in the short term. Economic growth will only kick in when the global economy stabilises and the President's revised economic action plans produce positive GDP growth. President Ramaphosa's State of the Nation Address (SONA) to parliament in February was well delivered and generated confidence in the President's ability to lead South Africa. The address contained a number of encouraging features, such as the general drive to improve education and skills, the commitment to fighting corruption and state capture, restructuring of State-Owned Enterprises (SOEs), restructuring of some of the oversight bodies, including the National Prosecuting Authority (NPA), the South African Revenue Service (SARS), the State Security Agency (SSA) and the National Security Council (NSC). The challenge now is on the South African government and the private sector to turn these initiatives into job creation and economic growth. Should the implementation thereof be effective, economic growth could be enhanced in the short to medium term, albeit at a slow pace.

According to NAAMSA, South Africa retailed 552 000 vehicles (1,0% down from the prior year) and exported 351 000 vehicles (4,0% up from the prior year) for the 2018 calendar year. The downward trend is continuing, as January new vehicle sales declined by 7,4% year on year and passenger vehicle sales declined by 10,8% year on year.

The Importers maintained their retail sales, but reduced car rental sales. We expect consumers to be cautious in the first half of the calendar year, with some improvement in the second half of the 2019 calendar year. We project no growth year-on-year in national vehicle sales for the 2019 calendar year at around 550 000 units. Our retail market share is 19,3% at December 2018 (June 2017: 19,9%).

We continue to see structural risks to vehicle ownership in South Africa namely the emergence of ride sharing and car sharing behaviour, increasing pressure on vehicle affordability and concentration of vehicle ownership in urban areas. Industry margins will remain under pressure as the market remains highly competitive and consumers continue to trade down to smaller, more affordable vehicles. With no new jobs being created, political uncertainty locally and globally, Rand volatility, and no imminent interest rate cuts, there is no real economic growth in sight in the short term. This does not bode well for the consumer and economic growth in the short term.

Brexit in the UK is creating uncertainty in that market although our UK operations were largely unaffected by this to date. The UK economic growth has been suppressed with the latest GDP growth recorded at 1,3%.

The Australian economy has performed well, with the latest GDP growth recorded at 2,8% but in a competitive environment. Looking forward, the GDP growth in Australia is expected to reach an average of 2,4% in the next 12 months.

We produced solid results in challenging trading conditions and recorded an improvement in key financial metrics in the six months to December 2018. Participation across the automotive value chain and a diversified portfolio in the industry provided resilience amid the market deterioration.

The passenger and commercial vehicle business (including the UK and Australia), retailed 68 725 new units (2017: 72 570) and 41 071 pre-owned units (2017: 40 067) during the six months. This is due to a decline in vehicle sales to the consumers, as a result of market contraction and reduced sales to the car rental industry, where the margins are lower. UK and Australia acquisitions have contributed positively to sales volumes.

National unit vehicle sales declined by 1% as reported by NAAMSA. The market has experienced a decline in sales of luxury brands, in favour of entry level vehicles and small SUVs, as consumers continue to trade down. Our fully integrated business model and representation across all business segments have provided a competitive advantage from which many of the brands which we represented have benefited.

Revenue remained stable for the period despite reduced sales volumes attributed to market contraction and the sales mix enhanced by price increases and acquisitions. The Import and Distribution segment reported low growth in revenue with a 28% increase in operating income, the Retail and Rental segment reported unchanged revenue and operating income, the Motor-Related Financial Services segment reported an increase of 5% and 3% in revenue and operating income respectively and the Aftermarket Parts segment reported an increase of 8% and 20% in revenue and operating income respectively.

For the group and in the Aftermarket Parts segment, the prior period's revenue was restated to recognise that certain revenue raised relating to wholesale procurement arrangements as a principal, will now have to be excluded (parts ordered but delivered directly to customers). Under the revised revenue accounting standard, certain revenue of the business will now be accounted for as an agent only. There is no impact on operating profit, as the cost of sales was reduced by the same amount. The December 2017 revenue and cost of sales was reduced by R326 million.

Operating margin improved from 4,4% to 4,7% as a result of the Importer segment benefiting from price increases, fewer vehicles sold to car rental companies resulting in higher margins realised on sales through the dealer channel, enhanced by improved retail execution at the dealership level, the acquisitions in the Aftermarket Parts segment and general cost control initiatives during these economically challenging times. Management remains focused on financial discipline and cost containment.

A full reconciliation of earnings to headline earnings is provided in the financial performance section.

An interim dividend of 240 cents per ordinary share has been declared compared to a prior period (pro forma) dividend of 209 cents per ordinary share, representing an increase of 15%.

Net working capital increased by 20% to R8 415 million from a low base in December 2017 of R 6 998 million and an increase of 25% compared to June 2018. This can be attributed to the normalisation of inventory levels at the Importers as vehicle supply normalised, higher inventory carried at the dealerships arising from recent acquisitions and a market slowdown in vehicle sales. In the Aftermarket Parts segment additional inventory was carried due to acquisitions, customer requirements to improve inventory availability and the strategy of wider brand representation to capture lower-end consumers.

Net Debt to Equity is 63,4% (June 2018: 50,7%). Debt is higher in December than in June due to the increase in working capital attributed to the normalisation of working capital levels. The current Net Debt to Equity is within the target levels of 55% to 75%. The Debt to Equity ratios are expected to improve by June 2019.

ROIC is 14,3% and increased mainly due to increased profitability and benefits from lower average invested capital during the last twelve months. The ROIC is expected to reduce marginally during the next six-month period to June 2019, as Importer working capital levels normalise.

WACC is 10,8% and increased marginally from 10,6% in December 2017 and 10,7% in June 2018.

While we have provided separate ROIC, WACC and Net Debt to Equity ratios for each business segment, these ratios should not be analysed in isolation as the business segments in the group operate as an integrated business, to optimise client offerings and market penetration with numerous cross-selling initiatives throughout the automotive value chain.

Segment performance

Import and Distribution

- Exclusive South African importer of Hyundai, Kia, Renault and Mitsubishi
- Operates in South Africa and neighbouring countries
- Exclusive distribution rights for Nissan in four East African countries
- ~80 000 vehicles imported annually
- ~15% market share in South Africa
- Car parc ~ 1,1 million vehicles

22% of group revenue
20% of group operating profit
3,8% operating margin
ROIC: 16,1%

Retail and Rental

South Africa

- Represents 23 OEMs: 359 vehicle dealerships
- Car rental (Europcar and Tempest): 133 outlets in Southern Africa
- Retail >100 000 new vehicles annually and > 80 000 pre-owned vehicles
- 19,3% market share vehicle retail
- ~25% market share vehicle rental

United Kingdom

- 121 dealerships (passenger and commercial)

Australia

- 27 dealerships (passenger only)

69% of group revenue
42% of group operating profit
2,5% operating margin
ROIC: 9,2%

Motor-Related Financial Services

- Developer and distributor of innovative vehicle-related financial products and services to > 730 000 clients
- Manager and administrator of service, maintenance and warranty plans
- Provider of fleet management services
- Operates a call centre

2% of group revenue
25% of group operating profit
42,4% operating margin
ROIC: 47,1%

Aftermarket Parts

- Distributor, wholesaler and retailer of accessories and parts for older vehicles
- Operates in Southern Africa and the Far East
- 35-owned branches, 43-owned retail stores and a network of 720 franchised outlets
- Franchise base comprises:
  - Resellers (Midas, Transerve and Team Car)
  - Specialised workshops

7% of group revenue
13% of group operating profit
7,5% operating margin
ROIC: 18,5%

Import and Distribution

1

Exclusive South African importer and distributor of Hyundai, Kia, Renault and Mitsubishi vehicles and parts, which collectively have approximately 15% market share in South Africa.

Overview

The segment operates in South Africa and neighbouring countries with approximately 80 000 vehicles imported annually.

We have the exclusive distribution rights for Nissan in four East African countries, namely Kenya, Zambia, Tanzania and Malawi.

The Import and Distribution segment provides a differentiated value proposition to the dealership model, enhancing the revenue and profits of the entire automotive value chain.

Financial performance

	HY1 2019	HY1 2018	% change on HY1 2018	HY2 2018	% change on HY2 2018
Revenue (Rm)	**10 104**	10 043	1	10 085	0
Operating profit (Rm)	**388**	303	28	485	(20)
Operating margin (%)	**3,8**	3,0		4,8	
Return on invested capital (%)	**16,1**	9,2			
Weighted average cost of capital (%)	**11,8**	10,7			
Debt to equity ratio (%)	**56,3**	48,5			

Revenue improved by 1% from the prior period despite volumes increasing by 2,5% due to price increases and the change in vehicle mix aligned to market demand as a result of fewer luxury vehicles sold.

Operating profit improved by 28% from the prior period mainly due to optimal margins realised on sales through the dealer channel and cost containment. For the period, operating profit growth was recorded for all our major importers and the East African operations.

Hyundai and Kia have forward cover on the US Dollar and Euro to September 2019, at average rates of R13,75 to the US Dollar and R15,90 to the Euro. As agreed between the shareholders, Renault does not take forward cover on committed orders. As an interim measure forward cover has been taken to June 2019. With the exception of Renault, the current guideline is to cover a minimum of seven months' orders limited to 75% of annual forecast orders, as stipulated by the South African Reserve Bank.

The distributorships in East Africa have recorded significant improvement in profits for the period, due to improved retail execution and financial disciplines. The African distributors' loan accounts were capitalised and in-country borrowings established, reducing foreign exchange exposures.

During the period ROIC increased to 16,1% from 9,2%, due to improved profitability, lower average working capital levels and a lower investment in vehicles for hire to car rental companies over the period.

Retail and Rental

2

We retail vehicles through dealerships based primarily in South Africa, with a selected presence in the United Kingdom and Australia. We have a leading retail market share in South Africa. Car rental operates through Tempest and Europcar brands.

Overview

South Africa

We represent 23 OEMs through 359 vehicle dealerships, including 104 pre-owned dealerships, these include 236 passenger vehicle dealerships and 19 commercial vehicle dealerships.

We operate a centralised finance and insurance business across the dealer network, which executes group financial services strategies and provides economies of scale.

The car rental segment operates under the Europcar and Tempest brands. Each brand has different target markets, operating through 117 car rental outlets in South Africa and 16 outlets in neighbouring countries. The market share in South Africa is approximately 25%.

The Retail and Rental segment's unrivalled footprint of strategically located dealerships and in growing urban areas, underpins its leading market share. The South African retail market share is 19,3% compared to 19,9% in June 2018.

United Kingdom

We have 85 commercial vehicle dealerships and 36 passenger vehicle dealerships in the UK following the acquisition of dealerships in December 2018. Further acquisitions in the UK market for passenger and commercial dealerships will be driven by the introduction of additional brands and regional expansion.

Australia

The group operates 27 passenger vehicle dealerships in Australia, located in New South Wales and Victoria. Further acquisitions in the Australian market will be driven by the introduction of additional brands and regional expansion.

Financial performance

	HY1 2019	HY1 2018	% change on HY1 2018	HY2 2018	% change on HY2 2018
Revenue (Rm)	**32 226**	32 359	0	30 400	6
Operating profit (Rm)	**816**	814	0	873	(7)
Operating margin (%)	**2,5**	2,5		2,9	
Return on invested capital (%)	**9,2**	8,6			
Weighted average cost of capital (%)	**9,9**	9,9			
Debt to equity ratio (%)	**91,0**	85,3			

The Retail and Rental segment reported no growth in revenue and operating income for the six months, mainly due to market contraction, the slow-down in luxury brand vehicle sales and carbon emission issues impacting inventory availability. The acquisitions in the UK and Australia were included for the full six months and contributed positively to revenue and operating profit.

Worldwide Harmonised Light Vehicle Test Procedure (WLTP) has negatively affected sales volumes in the vehicle passenger business in South Africa, the UK and to a lesser extent, in Australia.

In South Africa, the total vehicle market declined by 1% for the six months ended 31 December 2018. Our South African retail and rental operating profit improved by 7%, due to cost containment, turnaround processes at dealerships and disposal or closure of unprofitable dealerships. The recent changes to leverage the expertise of one finance and insurance sales structure across the retail vehicle segment is providing a competitive advantage for the business. Higher volumes in entry level and small SUV vehicle sales in South Africa have assisted profit margins, however, this was negatively impacted by the reduction in profitability of luxury brand vehicle sales.

UK revenue improved due to increased sales volumes. The UK operation has largely been unaffected by the political uncertainty arising from Brexit. Operating profit declined from the prior period. The DAF commercial and Pentagon passenger dealerships have performed well in a competitive market and remain profitable. The Mercedes commercial business was negatively impacted due to once-off restructuring costs and carbon emission issues, resulting in a lack of inventory availability and the reduction in variable margin due to a decline in volumes. The prior period included the sales of the London Taxi vehicles, which resulted in significant once-off income.

The revenue from the Australia operations increased for the period, notwithstanding the decline in the Australian market (the Australian new car market sales declined for the first time in four years). This is due to acquisitions that have been included for the six months. The operating profit declined from the prior period. The recently acquired Melbourne operation performed in line with expectations. The Sydney operation was negatively impacted by the over exposure to certain brands that underperformed in the market and relocating one of the Sydney dealerships and the Parts Distribution Centre. The relocation resulted in once-off costs and will improve profitability in the future.

Car rental reported growth in revenue for the period, in line with inflation, despite the decline in international tourism volumes. Rental utilisation was maintained at 70%. We gained rental market share over the past 18 months.

During the period, ROIC increased from 8,6% to 9,2% due to a lower investment in vehicles for hire and the sale of non-strategic properties.

Motor-Related Financial Services

3

We innovate develop and distribute vehicle-related financial products and services through importers and distributors, dealers, finance houses, call centres and digital channels.

Overview

The segment is a manager and administrator of service, maintenance and warranty plans and develops and sells vehicle-related value-added products and services to more than 730 000 clients. We are also a provider of fleet management services to corporate customers including fleet maintenance, fines management, licensing and registration services.

Innovation of services and products represent a profit opportunity for the business. We have invested in technology to leverage consumer data, enabling us to offer personalised services enhancing the customer experience and improving customer retention.

This business segment complements and leverages the automotive value chain, providing high-margin annuity earnings. The business' ability to analyse proprietary data enables the accurate pricing of its offerings, profiling for the fleet business and management of claims.

Through its leading service, maintenance and warranty plans, the segment unlocks revenue for the Import and Distribution and Retail and Rental businesses, by bringing customers back to its dealerships.

Financial performance

	HY1 2019	HY1 2018	% change on HY1 2018	HY2 2018	% change on HY2 2018
Revenue (Rm)	**1 138**	1 088	5	1 078	6
Operating profit (Rm)	**482**	470	3	419	15
Operating margin (%)*	**42,4**	43,2		38,9	
Return on invested capital (%)	**47,1**	45,9			
Weighted average cost of capital (%)	**10,8**	11,8			
Debt to equity ratio (%)#	**(97,5)**	(70,2)			

** Operating margin includes profit streams without associated revenue.*
 # In a cash position due to pre-payment of maintenance funds.

Revenue increased by 5% mainly due to fund income released to revenue on maturity, higher client penetration through digital marketing of value-added products and vehicle for hire contract extensions.

Financial Services improved operating income by 3% mainly due to the positive contribution from the realisation of profits on maturity of funds and lower operating expenses. Management remain focused on financial discipline and cost containment while innovating its product offerings.

We continue to drive development of the fleet management business, building synergies within the vehicle retail businesses and integration of the M-Sure business.

ROIC increased from 45,9% to 47,1% due to higher profitability during the six-month period.

Aftermarket Parts

4

Distributor, wholesaler and retailer of accessories and parts for out-of-warranty vehicles through 35-owned branches, 43-owned retail stores and a network of 720 franchised outlets.

Overview

The Aftermarket Parts segments' large national and growing footprint enables it to leverage its buying power to distribute and sell competitively priced products for a continually growing car parc of vehicles out of warranty. Expanding into other developing markets such as Africa constitutes a significant opportunity for this business. Increased participation in this segment will include vertical integration in order to eliminate intermediaries in the wholesale supply chain. In March 2018, the segment acquired an additional 11% shareholding resulting in a 60% controlling share in ARCO Motor Industry Company Limited in Taiwan to support this strategy of procuring at competitive prices.

Aftermarket Parts franchise base comprises:

> Resellers: Midas, Transerve and Team Car.
> Specialised workshops: ADCO, CBS, Motolek and Battery Hub.

Financial performance

	HY1 2019	HY1 2018	% change on HY1 2018	HY2 2018	% change on HY2 2018
Revenue (Rm)	**3 259**	3 028	8	2 946	11
Operating profit (Rm)	**246**	205	20	242	2
Operating margin (%)	**7,5**	6,8		8,2	
Return on invested capital (%)	**18,5**	19,4			
Weighted average cost of capital (%)	**11,1**	11,0			
Debt to equity ratio (%)	**103,3**	72,9			

Revenue and operating profit increased by 8% and 20% respectively, mainly due to the international vertical integration strategy (inclusion of ARCO as a subsidiary) and cost containment.

In South Africa, we continue to experience lower demand for commoditised products and a shift by the consumers from higher-priced premium products to more affordable products. This results in delivering more parts to customers at lower margins and higher distribution costs.

Working capital was negatively affected by the expansion of inventory to represent a wider brand of products to capture lower-end consumers thereby improving availability and longer lead times. This impact should normalise in the short term. The acquisitions further impacted working capital. However, this should normalise in the short term.

ROIC decreased from 19,4% to 18,5% due to increased working capital.

GROUP PROFIT OR LOSS (EXTRACT)

	Total HY1 2019 Rm	Total HY1 2018 Rm	% change
Revenue	**39 379**	39 358	0
Operating profit	**1 838**	1 721	7
Operating profit (%)	**4,7%**	4,4%	
Forex losses	**(42)**	(50)	(16)
Net finance costs	**(363)**	(396)	(8)
Share of results of associates and joint ventures and other	**(31)**	(5)	>100
Profit before tax and IFRS 2 charge	**1 402**	1 270	10
Issue of shares at a discount and modification of share appreciation rights	**(160)**	–	>100
Profit before tax	**1 242**	1 270	(2)
Income tax expense	**(363)**	(348)	
Profit for the year	**879**	922	(5)
Attributable to non-controlling interests	**(8)**	24	
Attributable to shareholders of Motus Holdings	**871**	946	(8)
Effective tax rate (%)	**29**	28	
Return on invested capital	**14,3**	12,7	
Weighted average cost of capital (%)	**10,8**	10,6	

Note: WACC for each business segment of the group is calculated by making appropriate country risk adjustments for the cost of equity and cost of debt. The group WACC calculation is a weighted average of the respective segment WACCs. See glossary of terms. ROIC is calculated based on taxed operating profit plus income from associates divided by the 12-month average invested capital (total equity and net interest-bearing borrowings).

Group profit before tax (before once-off IFRS 2 charge), improved by 10% due to:

- a 7% increase in operating profit (R117 million);
- a 8% reduction in finance costs (R33 million) due to lower average debt levels;
- a 16% decline in foreign exchange losses (R8 million); and

was offset by impairment losses of R56 million relating to investments and loans in the Zimbabwean associates and R31 million relating to goodwill on acquisitions of dealerships reduced by the derecognition of loans on the deregistration of subsidiaries R36 million. Goodwill below R10 million per acquisition has been written off in line with our policy.

The issue of shares to a black economic partner (Ukhamba) relates to the once-off costs of issuing unlisted deferred ordinary shares at a discount to their fair value (R141 million) and for the modification of share appreciation rights on unbundling (R19 million), totalling R160 million.

Profits attributable to non-controlling interests increased, mainly due to improved results in Renault and the inclusion of ARCO as a subsidiary. In March 2018, a further 11% shareholding was acquired resulting in a 60% controlling share.

The effective tax rate increased by 1%, mainly due to the once-off cost of the issue of shares to Ukhamba at a discount and exceptional items relating to impairments of goodwill, associates and other (R51 million), which do not qualify for a tax deduction.

Any pro forma financial information contained in this announcement, and in particular the information as set out in the table on the following page which shows the calculations of the normalised earnings and headline earnings are the responsibility of the directors and have been prepared for illustrative purposes and due to their nature, may not fairly present Motus' financial position in accordance with International Financial Reporting Standards.

They have the effect of removing the once-off impact of share based equity costs that have no cash flow effect. In the opinion of the directors normalised earnings give users a useful view of the trading results. In addition, as 45% of HEPS is used to calculate the dividend pay-out it would have an unnecessary distortion on the dividend paid.

RECONCILIATION FROM EARNINGS TO HEADLINE EARNINGS

	HY1 2019 Rm	HY1 2018 Rm	% change
Earnings	**871**	946	(8)
Profit on disposal of assets/investments	**(12)**	(41)	(71)
Impairment of goodwill and other assets	**85**	27	>100
Derecognition of loans on deregistration of subsidiaries	**(36)**	(1)	>100
Tax and non-controlling interests	**3**	9	(67)
Headline earnings	**911**	940	(3)
Adjustments to calculate normalised earnings			
Issue of shares at a discount to a black economic empowerment partner (Ukhamba)*	**141**	–	>100
Modification of share appreciation rights on unbundling*	**19**	–	>100
Normalised earnings	**1 031**	946	9
Normalised headline earnings	**1 071**	940	14
Weighted average number of ordinary shares	**200**	202	(1)

* *Due to the once-off nature of this expense and that there is no cash flow impact, this amount has been added back to create normalised earnings and headline earnings.*

EARNINGS AND HEADLINE EARNINGS PER A SHARE

	HY1 2019	HY1 2018	% change
Basic EPS (cents)	**436**	468	(7)
Basic HEPS (cents)	**456**	465	(2)
Normalised EPS (cents)	**516**	468	10
Normalised HEPS (cents)	**536**	465	15

MOTUS HOLDINGS LIMITED FINANCIAL POSITION

	31 December 2018 Rm	30 June 2018 Rm	% change
ASSETS			
Goodwill and intangible assets	**1 272**	1 230	3
Property, plant and equipment	**7 034**	6 786	4
Investments in associates and joint ventures	**281**	348	(19)
Vehicles for hire	**4 067**	3 924	4
Investments and other financial assets	**607**	653	(7)
Net working capital	**8 415**	6 731	25
Other assets	**1 080**	917	18
Assets held-for-sale	**208**	235	(11)
Net debt	**(7 690)**	(5 900)	30
Deferred funds	**(2 752)**	(2 724)	1
Other liabilities	**(372)**	(535)	(30)
Liabilities held-for-sale	**(20)**	(21)	(5)
Total shareholders' equity	**(12 130)**	(11 644)	4
Total assets	**37 202**	36 716	1
Total liabilities	**(25 072)**	(25 072)	–

Factors impacting the financial position at 31 December 2018 compared to 30 June 2018

Goodwill and intangibles increased by 3% compared to June 2018, mainly due to acquisitions of dealerships in the UK and South Africa, at the end of December 2018.

Property plant and equipment increased by 4% due to the expansion of the dealership footprint in South Africa and the UK.

Investments in associates and joint ventures declined by 19% mainly as a result of the impairments in the two Zimbabwean associates amounting to R56 million.

Vehicles for hire increased by 4% due to:
> the increase in seasonal demand over the December period;
> the change in the mix of vehicles; and
> partially offset by the decline in vehicles placed with car rental companies by the importers.

Investments and other financial assets declined by 7%. This is due to the decline in investments in cell captives based on a change in regulatory solvency calculations.

Net working capital increased by 25% to R8 415 million (June 2018: R 6 731 million), mainly impacted by:
> Net working capital in the Importer segment normalised during the six months, as the supply of inventory from the OEMs improved, as well as accounts payable being lower and a reduction in the buy-back liability from the sales of vehicles to car rental companies;
> Retail and Rental's inventory increased compared to June 2018, mainly due to recent acquisitions in South Africa and the UK, and the slow-down in sales in December in South Africa; and
> Aftermarket Parts net working capital increased as a result of an increase in inventory to improve brand representation to capture lower-end consumers and improve inventory availability. This impact should normalise in the short term.

Other assets increased by 18% as a result of an increase in deferred tax assets arising on the remeasurement of foreign currency instruments in the hedging reserve and provisional tax payments.

Assets held for sale are non-strategic properties, mainly relating to Retail and Rental properties held for sale in South Africa and Australia.

Net debt increased by 30% (R1 790 million) which is aligned with the higher working capital levels across all segments.

Deferred funds, mainly relating to service and maintenance plans, remained largely stable.

The decrease in other liabilities by 30% is mainly due to the decline in current and deferred taxation liabilities. Other financial liabilities declined as a result of a reduction in loans due to associates.

In addition to attributable profits, shareholders' equity was impacted by the:
> Repurchase of 1 965 459 treasury shares to hedge share scheme obligations amounting to R165 million;
> Dividend paid to the former parent company of R567 million;
> Issue of shares at a discount to the black economic empowerment partner (Ukhamba) amounting to R141 million; and
> Additional shares issued to the former parent company prior to unbundling of R167 million.

CASH FLOW

	H1 2019 Rm	H1 2018 Rm
Cash generated from operations before movements in net working capital	**2 398**	2 252
Movements in net working capital	**(1 572)**	785
Cash generated by operations before interest, tax paid and capital expenditure on vehicles for hire	**826**	3 037
Finance costs paid	**(394)**	(440)
Finance income received	**31**	44
Dividend income	**299**	120
Tax paid	**(380)**	(440)
Cash generated by operations before capital expenditure on vehicles for hire	**382**	2 321
Net capital expenditure – vehicles for hire	**(613)**	(1 161)
Cash generated by operations	**(231)**	1 160
Net cash utilised on acquisitions of businesses	**(368)**	(653)
Net cash generated by disposals of businesses	**9**	–
Capital expenditure (excluding vehicles for hire)	**(229)**	20
Movements in investments in associates	**12**	(193)
(Increase)/decrease in investments and loans	**(77)**	112
Shares repurchased	**(165)**	–
Change in non-controlling interests	**(28)**	221
Dividends paid	**(604)**	(1 635)
Other	**–**	(44)
Increase in net debt (excludes currency adjustments)	**(1 681)**	(1 012)
Free cash flow	**101**	1 819
Free cash flow to headline earnings	**0,1**	1,9

Cash generated by operations after working capital movements, interest and tax payments was R382 million (2017: R2 321 million).

Net working capital absorption occurred mainly due to normalisation of working capital within the Importer segment and higher levels of inventory within the Vehicle Retail and Rental and Aftermarket Parts segments.

The cash outflow on vehicles for hire is lower due to a decline in sales to external car rental companies.

The cash outflow on businesses acquired is R368 million, relating mainly to the new dealerships in the UK and expansion of the dealership footprint in South Africa.

The prior period's capital expenditure included proceeds on the sale of properties.

The movement in associates is as a result of the inclusion of the Aftermarket Parts acquisition in the prior period.

Shares repurchased related to treasury shares of 1 965 459 ordinary shares amounting to R165 million.

The change in non-controlling interest outflow relates to cash paid for the buy-out of non-controlling interests. The prior period's inflow related mainly to the Renault recapitalisation.

A final dividend was paid to Imperial Holdings Limited during September 2018 amounting to R567 million.

Net debt increased by 30% from June 2018 in line with working capital increases, however, declined by 5% year on year.

Liquidity

The liquidity position is strong with R4,8 billion unutilised banking facilities, excluding asset-backed finance facilities. In total, 66% of the group debt is long term in nature and 27% of the debt is at fixed rates. The group is currently assessing the appropriate mix between fixed and floating interest rates.

Dividend

An interim dividend of 240 (2017 pro forma: 209) cents per ordinary share has been declared, in line with our targeted pay-out ratio of 45% of normalised HEPS. This is an increase of 15% from the prior period pro forma dividend. Normalised HEPS excludes the once-off and non-cash flow item amounting to R160 million.

Board changes

Messrs MJN Njeke, S Mayet and Mrs K Moloko joined the board as non-executive directors with effect from 22 November 2018 and Mr RJA Sparks and Mrs T Skweyiya retired from the board with effect from the same date.

The board thanks the retiring members for their services and we wish them well in their new endeavours. We welcome the new members and look forward to working with them.

Strategy

We are well positioned to maintain our leading automotive retail market share in South Africa and grow in selected international markets. We aim to sustain best-in-class earnings, targeted returns and generate high free cash flows and provide a platform for a consistent dividend pay-out through the cycle.

We have a strategic focus on deepening our competitiveness and relevance across the automotive value chain, by driving organic growth through optimisation and innovation, and with selective acquisitions.

Prospects

The group has produced solid financial results for the six-month period under challenging trading conditions. We anticipate satisfactory operating and financial results to June 2019, subject to stable currencies and economic growth in the economies in which we operate.

For the financial year to 30 June 2019 we expect:

- challenging economic trading conditions to remain in all geographies where we operate;
- to increase revenue;
- to maintain operating profit;
- to improve working capital efficiency and reduce debt; and
- to achieve growth in normalised HEPS.

On behalf of the board we thank all stakeholders for their support, and we will continue to execute on our strategies.

OS Arbee
Chief Executive Officer

OJ Janse van Rensburg
Chief Financial Officer

26 February 2019

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

Declaration of interim ordinary dividend

for the six months ended 31 December 2018

Notice is hereby given that a gross interim ordinary dividend in the amount of 240,00 cents per ordinary share has been declared by the board of Motus, payable to the holders of the 201 971 450 ordinary shares. The dividend will be paid out of reserves.

The ordinary dividend will be subject to a local dividend tax rate of 20%. The net ordinary dividend, to those shareholders who are not exempt from paying dividend tax, is therefore 192,00 cents per share.

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

	2019
Last day for ordinary shares to trade cum ordinary dividend	Monday, 18 March
Ordinary shares commence trading ex-ordinary dividend	Tuesday, 19 March
Record date	Friday, 22 March
Payment date	Monday, 25 March

The company's income tax number is 983 671 2167.

Share certificates may not be dematerialised/rematerialised between Tuesday, 19 March 2019 and Friday, 22 March 2019, both days inclusive.

On Monday, 25 March 2019, amounts due in respect of 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 25 March 2019 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, 25 March 2019.

On behalf of the board

RA Venter
Company Secretary

26 February 2019

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

at 31 December 2018

	Notes	**Unaudited 31 December 2018 Rm**	Unaudited 31 December 2017 Rm	Audited 30 June 2018 Rm
ASSETS				
Non-current assets		**10 088**	10 296	9 799
Goodwill	7	**1 017**	893	953
Intangible assets		**255**	256	277
Investments in associates and joint ventures		**281**	482	348
Property, plant and equipment		**7 034**	6 731	6 786
Deferred tax		**894**	939	782
Investments and other financial instruments		**607**	995	653
Current assets		**26 906**	25 418	26 682
Inventories		**17 024**	14 913	15 633
Vehicles for hire		**4 067**	4 489	3 924
Taxation		**186**	92	135
Trade and other receivables		**4 720**	4 910	4 821
Derivative financial assets		**121**	62	432
Cash resources		**788**	952	1 737
Assets classified as held-for-sale		**208**	491	235
Total assets		**37 202**	36 205	36 716
EQUITY AND LIABILITIES				
Capital and reserves				
Stated capital		**23 525**	23 358	23 358
Treasury shares		**(360)**	–	–
Common control reserve		**(19 558)**	(19 753)	(19 753)
Hedge accounting reserve		**227**	(202)	198
Other reserves		**(516)**	(805)	(716)
Retained income		**8 849**	8 617	8 553
Attributable to owners of Motus		**12 167**	11 215	11 640
Non-controlling interests		**(37)**	(50)	4
Total equity		**12 130**	11 165	11 644
Liabilities				
Non-current liabilities		**7 524**	2 037	1 914
Deferred funds		**1 570**	1 636	1 447
Deferred tax		**27**	17	31
Interest-bearing debt		**5 589**	80	81
Provisions		**316**	228	301
Other financial liabilities		**22**	76	54
Current liabilities		**17 528**	22 983	23 137
Provisions		**419**	291	373
Deferred funds		**1 182**	1 137	1 277
Trade and other payables		**12 681**	11 752	13 435
Derivative financial liabilities		**34**	616	46
Taxation		**323**	234	450
Interest-bearing debt		**2 889**	8 953	7 556
Liabilities relating to assets classified as held-for-sale		**20**	20	21
Total equity and liabilities		**37 202**	36 205	36 716

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

for the six months ended 31 December 2018

	Notes	% change	**Unaudited six months ended 31 December 2018 Rm**	Restated six months ended* 31 December 2017 Rm	Restated twelve months ended* 30 June 2018 Rm
Revenue		0	**39 379**	39 358	77 001
Net operating expenses			**(36 902)**	(36 934)	(72 055)
Earnings before interest, taxation, depreciation and amortisation			**2 477**	2 424	4 946
Depreciation, amortisation and impairments			**(639)**	(703)	(1 353)
Operating profit		7	**1 838**	1 721	3 593
Profit on sale of properties, net of impairments			**25**	14	617
Amortisation of intangible assets arising on business combinations			**(9)**	(6)	(15)
Net foreign exchange losses			**(42)**	(50)	(43)
Issue of shares at a discount to a black economic empowerment partner (Ukhamba)			**(141)**	–	–
Modification of share appreciation rights			**(19)**	–	–
Other non-operating items	6		**(55)**	(26)	(244)
Profit before net financing costs		(3)	**1 597**	1 653	3 908
Finance costs		(10)	**(394)**	(440)	(803)
Finance income			**31**	44	66
Profit before share of results of associates and joint ventures			**1 234**	1 257	3 171
Share of results of associates and joint ventures			**8**	13	39
Profit before tax		(2)	**1 242**	1 270	3 210
Income tax expense			**(363)**	(348)	(897)
Profit for the year		(5)	**879**	922	2 313
Net profit attributable to:					
Owners of Motus		(8)	**871**	946	2 346
Non-controlling interests			**8**	(24)	(33)
			879	922	2 313
Earnings per share (cents)					
Total earnings per share					
– Basic		(7)	**436**	468	1 162
– Diluted		(9)	**425**	468	1 162

* *Revenue and net operating expenses were restated, please refer to note 3. The original 30 June 2018 amounts were audited, the December 2017 amounts and the restatement have not been audited.*

CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

for the six months ended 31 December 2018

	Unaudited six months ended 31 December 2018 Rm	Unaudited six months ended 31 December 2017 Rm	Audited twelve months ended 30 June 2018 Rm
Profit for the year	**879**	922	2 313
Other comprehensive income/(loss)	**19**	(235)	231
Exchange (losses)/gains arising on translation of foreign operations	**(10)**	(57)	9
Movement in hedge accounting reserve (net of tax)	**29**	(178)	222
– Net change in the fair value of the cash flow hedges	**(225)**	(447)	292
– Rolling of open hedging instruments	**193**	150	11
– Deferred tax relating to the hedge accounting reserve movements	**61**	119	(81)
Total comprehensive income for the year	**898**	687	2 544
Total comprehensive income attributable to:			
Owners of Motus	**892**	725	2 579
Non-controlling interests	**6**	(38)	(35)
	898	687	2 544

EARNINGS PER SHARE INFORMATION

for the six months ended 31 December 2018

	% change	**Unaudited six months ended 31 December 2018 Rm**	Unaudited six months ended 31 December 2017 Rm	Audited financial year ended 30 June 2018 Rm
Headline earnings reconciliation				
Earnings		**871**	946	2 346
Recoupment for disposal of property, plant and equipment (IAS 16)		**(25)**	(41)	(716)
Loss on the disposal of intangible assets (IAS 38)		**13**	–	5
(Impairment reversal)/impairment of property, plant and equipment (IAS 36)		**(2)**	27	103
Impairment of goodwill (IAS 36)		**31**	–	63
Impairment of investments in associates and joint ventures (IAS 28)		**56**	–	8
Profit/loss on disposal of subsidiaries and businesses (IFRS 10)		**–**	–	(4)
Impairment loss on assets of disposal groups		**–**	–	(3)
Derecognition of loans on deregistration of subsidiaries		**(36)**	(1)	–
Tax effects of remeasurements		**2**	9	189
Non-controlling interests share of remeasurements		**1**	–	–
Headline earnings		**911**	940	1 991
Headline earnings per share (cents)				
Total operations				
– Basic	(2)	**456**	465	986
– Diluted	(5)	**444**	465	986
Additional information				
Net asset value per share (cents)	11	**6 145**	5 552	5 762
Tangible net asset value per ordinary share (cents)		**5 503**	4 983	5 153
Number of ordinary shares in issue (million)				
– total shares		**202**	202	202
– net of shares repurchased		**198**	202	202
– weighted average for basic		**200**	202	202
– weighted average for diluted		**205**	202	202

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

for the six months ended 31 December 2018

	Stated capital Rm	Shares repurchased Rm	Common control reserve Rm
Opening balance as at 1 July 2017 audited	23 358	–	(19 753)
Total comprehensive income for the year	–	–	–
Attributable profit for the year	–	–	–
Other comprehensive income	–	–	–
Incremental interest purchased from non-controlling interests	–	–	–
Additional investment by non-controlling interests	–	–	–
Net acquisitions/(disposals) of non-controlling interests	–	–	–
Hedge premiums paid on share-based equity	–	–	–
Share-based equity costs charged to the statement of profit or loss	–	–	–
Dividends paid	–	–	–
Transfers to other reserves	–	–	–
Other movements	–	–	–
As at 31 December 2017 unaudited	23 358	–	(19 753)
Total comprehensive income for the year	–	–	–
Attributable profit for the year	–	–	–
Other comprehensive income	–	–	–
Incremental interest purchased from non-controlling interests	–	–	–
Net acquisitions/(disposals) of non-controlling interests	–	–	–
Hedge premiums paid on share-based equity	–	–	–
Share-based equity costs charged to the statement of profit or loss	–	–	–
Dividends paid	–	–	–
Transfers to other reserves	–	–	–
Other movements	–	–	–
As at 30 June 2018 audited	23 358	–	(19 753)
Total comprehensive income for the year	–	–	–
Attributable profit for the year	–	–	–
Other comprehensive income	–	–	–
Additional shares issued	167	–	–
Repurchase of 1 965 459 shares at an average price of R84,13 per share	–	(165)	–
1 853 342 shares acquired at an average price of R105,02 from former parent prior to unbundling	–	(195)	195
Incremental interest purchased from non-controlling interests	–	–	–
Hedge premiums paid on share-based equity	–	–	–
Share-based equity costs charged to the statement of profit or loss	–	–	–
Issue of shares at a discount to a black economic empowerment partner (Ukhamba) and modification of share appreciation rights	–	–	–
Dividends paid	–	–	–
Transfers to other reserves	–	–	–
Other movements	–	–	–
As at 31 December 2018 unaudited	**23 525**	**(360)**	**(19 558)**

* *Other reserves relate to the foreign currency translation reserve, share-based payment reserve and premiums paid on purchase of non-controlling interests.*

Hedge accounting reserve Rm	Other reserves* Rm	Retained income Rm	Attributable to owners of Motus Rm	Non-controlling interests Rm	Total equity Rm
(34)	(683)	9 308	12 196	(274)	11 922
(168)	(53)	946	725	(38)	687
–	–	946	946	(24)	922
(168)	(53)	–	(221)	(14)	(235)
–	(6)	–	(6)	6	–
–	–	–	–	220	220
–	–	–	–	38	38
–	(152)	–	(152)	–	(152)
–	52	–	52	–	52
–	–	(1 635)	(1 635)	–	(1 635)
–	45	(45)	–	–	–
–	(8)	43	35	(2)	33
(202)	(805)	8 617	11 215	(50)	11 165
400	54	1 400	1 854	3	1 857
–	–	1 400	1 400	(9)	1 391
400	54	–	454	12	466
–	(17)	–	(17)	(18)	(35)
–	1	–	1	71	72
–	(63)	–	(63)	–	(63)
–	69	–	69	–	69
–	–	(1 504)	(1 504)	(1)	(1 505)
–	45	(45)	–	–	–
–	–	85	85	(1)	84
198	(716)	8 553	11 640	4	11 644
29	(8)	871	892	6	898
–	–	871	871	8	879
29	(8)	–	21	(2)	19
–	–	–	167	–	167
–	–	–	(165)	–	(165)
–	–	–	–	–	–
–	(18)	–	(18)	(10)	(28)
–	(23)	–	(23)	–	(23)
–	67	–	67	–	67
–	160	–	160	–	160
–	–	(567)	(567)	(37)	(604)
–	8	(8)	–	–	–
–	14	–	14	–	14
227	**(516)**	**8 849**	**12 167**	**(37)**	**12 130**

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

for the six months ended 31 December 2018

	Notes	% change	**Unaudited six months ended 31 December 2018 Rm**	Unaudited six months ended* 31 December 2017 Rm	Audited twelve months ended* 30 June 2018 Rm
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations before movements in net working capital		6	**2 398**	2 252	4 607
Movements in net working capital			**(1 572)**	785	2 141
Cash generated by operations before interest, tax paid and capital expenditure on vehicles for hire		(73)	**826**	3 037	6 748
Finance costs paid			**(394)**	(440)	(803)
Finance income received			**31**	44	66
Dividend income			**299**	120	230
Tax paid			**(380)**	(440)	(861)
Cash generated by operations before capital expenditure on vehicles for hire		(84)	**382**	2 321	5 380
Net capital expenditure – vehicles for hire			**(613)**	(1 161)	(1 079)
– Expansion			**(356)**	(417)	(293)
– Replacement			**(257)**	(744)	(786)
			(231)	1 160	4 301
CASH FLOWS FROM INVESTING ACTIVITIES					
Net cash utilised on acquisitions of businesses			**(368)**	(653)	(731)
Net cash generated by disposals of businesses			**9**	–	57
Expansion of property, plant, equipment and intangible assets			**(205)**	(222)	(390)
Net replacements of property, plant, equipment and intangible assets			**(24)**	242	1 146
Movements in investments in associates			**12**	(193)	(45)
(Increase)/decrease in investments			**(77)**	106	18
Repayments of other loans			**–**	6	6
			(653)	(714)	61

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS continued

for the six months ended 31 December 2018

	Notes	% change	**Unaudited six months ended 31 December 2018 Rm**	Unaudited six months ended* 31 December 2017 Rm	Audited twelve months ended* 30 June 2018 Rm
CASH FLOWS FROM FINANCING ACTIVITIES					
Repurchase of ordinary shares			**(165)**	–	–
Dividends paid to Imperial Holdings Limited			**(567)**	(1 635)	(3 139)
Dividends paid to non-controlling interests			**(37)**	–	(1)
Acquisition of non-controlling interests			**(28)**	–	(35)
Capital raised from non-controlling interests			**–**	221	220
Repayment of other financial liabilities			**–**	(44)	(20)
Issue of preference shares to non-controlling interests			**–**	41	40
Increase in floorplan facilities			**244**	515	81
(Repayments)/advances in unsecured loans with Imperial Holdings Limited			**(7 066)**	237	(1 350)
Advances in banking facilities			**7 241**	–	–
			(378)	(665)	(4 204)
Net (decrease)/increase in cash and cash equivalents			**(1 262)**	(219)	158
Effects of exchange rate changes on cash and cash equivalents			**15**	(2)	86
Cash and cash equivalents at beginning of the year			**1 187**	943	943
Cash and cash equivalents at end of year	8		**(60)**	722	1 187

* *The capital expenditure on vehicles for hire, property, plant and equipment and intangibles was represented to disclose expansion and net replacement capital expenditure.*

SEGMENT FINANCIAL POSITION

as at 31 December 2018

	Motus 2018 Rm	Motus 2017 Rm	Import and Distribution 2018 Rm	Import and Distribution 2017 Rm
FINANCIAL POSITION				
Assets				
Goodwill and intangible assets	**1 272**	1 149	**109**	125
Equity investment in associates and joint ventures	**196**	387	**20**	23
Property, plant and equipment	**7 034**	6 731	**745**	626
Investments and other financial instruments	**607**	995	**4**	4
Inventories	**17 024**	14 913	**3 996**	3 486
Vehicles for hire	**4 067**	4 489	**1 706**	2 102
Trade and other receivables[1]	**4 841**	4 972	**1 932**	2 234
Operating assets	**35 041**	33 636	**8 512**	8 600
– South Africa	**25 749**	25 874	**8 512**	8 600
– International	**9 292**	7 762	**–**	–
Liabilities				
Deferred funds	**2 752**	2 773	**–**	–
Provisions	**735**	519	**104**	101
Trade and other payables[1]	**12 715**	12 368	**4 382**	5 438
Other financial liabilities	**22**	76	**10**	57
Operating liabilities	**16 224**	15 736	**4 496**	5 596
– South Africa	**10 847**	11 002	**4 496**	5 596
– International	**5 377**	4 734	**–**	–
Net working capital	**8 415**	6 998	**1 442**	181
– South Africa	**6 599**	5 650	**1 442**	181
– International	**1 816**	1 348	**–**	–
Net debt	**7 690**	8 081	**1 527**	1 228
– South Africa	**5 757**	6 463	**1 527**	1 228
– International	**1 933**	1 618	**–**	–
Net capital expenditure	**(842)**	(1 141)	**(174)**	(374)
– South Africa	**(756)**	(1 039)	**(174)**	(374)
– International	**(86)**	(102)	**–**	–

[1] *Includes amounts pertaining to derivative financial instruments.*

Retail and Rental		Motor-Related Financial Services		Aftermarket Parts		Head office and eliminations	
2018 Rm	2017 Rm	**2018 Rm**	2017 Rm	**2018 Rm**	2017 Rm	**2018 Rm**	2017 Rm
677	645	**11**	18	**450**	360	**25**	1
32	32	**53**	61	**91**	271	**–**	–
5 720	5 593	**110**	105	**435**	424	**24**	(17)
–	–	**567**	842	**–**	153	**36**	(4)
11 170	9 891	**306**	269	**1 596**	1 340	**(44)**	(73)
2 302	2 378	**1 797**	2 130	**–**	–	**(1 738)**	(2 121)
3 139	3 057	**384**	355	**754**	614	**(1 368)**	(1 288)
23 040	21 596	**3 228**	3 780	**3 326**	3 162	**(3 065)**	(3 502)
13 956	13 834	**3 228**	3 780	**3 118**	3 162	**(3 065)**	(3 502)
9 084	7 762	**–**	–	**208**	–	**–**	–
–	–	**2 632**	2 657	**–**	–	**120**	116
114	69	**309**	318	**2**	31	**206**	–
9 301	8 657	**632**	510	**1 170**	1 014	**(2 770)**	(3 251)
11	17	**–**	–	**–**	2	**1**	–
9 426	8 743	**3 573**	3 485	**1 172**	1 047	**(2 443)**	(3 135)
4 094	4 009	**3 573**	3 485	**1 127**	1 047	**(2 443)**	(3 135)
5 332	4 734	**–**	–	**45**	–	**–**	–
4 894	4 222	**(251)**	(204)	**1 178**	909	**1 152**	1 890
3 141	2 874	**(251)**	(204)	**1 115**	909	**1 152**	1 890
1 753	1 348	**–**	–	**63**	–	**–**	–
6 525	6 095	**(1 490)**	(733)	**1 079**	889	**49**	602
4 507	4 481	**(1 490)**	(733)	**1 169**	889	**44**	598
2 018	1 614	**–**	–	**(90)**	–	**5**	4
(543)	(757)	**(152)**	(301)	**(34)**	(4)	**61**	295
(459)	(655)	**(152)**	(301)	**(32)**	(4)	**61**	295
(84)	(102)	**–**	–	**(2)**	–	**–**	–

SEGMENT PROFIT OR LOSS

for the six months ended 31 December 2018

	Motus		Import and Distribution	
	2018 Rm	2017 Rm	**2018 Rm**	2017 Rm
PROFIT OR LOSS				
Revenue[1]	**39 379**	39 358	**10 104**	10 043
– South Africa	**26 831**	27 815	**10 104**	10 043
– International	**12 548**	11 543	**–**	–
Operating profit	**1 838**	1 721	**388**	303
– South Africa	**1 692**	1 564	**388**	303
– International	**146**	157	**–**	–
Depreciation, amortisation, impairments and recoupments	**(623)**	(695)	**(171)**	(307)
– South Africa	**(572)**	(648)	**(171)**	(307)
– International	**(51)**	(47)	**–**	–
Interest expense	**(363)**	(396)	**(81)**	(171)
– South Africa	**(292)**	(346)	**(81)**	(171)
– International	**(71)**	(50)	**–**	–
Profit before tax and exceptional items	**1 293**	1 289	**281**	78
– South Africa	**1 224**	1 190	**281**	78
– International	**69**	99	**–**	–
Exceptional items	**(51)**	(19)	**(20)**	(4)
– South Africa	**(51)**	(19)	**(20)**	(4)
– International	**–**	–	**–**	–
Profit before tax	**1 242**	1 270	**261**	74
– South Africa	**1 173**	1 171	**261**	74
– International	**69**	99	**–**	–
Additional segment information				
Analysis of revenue by type				
Sale of goods	**34 747**	35 062	**3 781**	3 959
Rendering of services	**4 632**	4 296	**109**	115
	39 379	39 358	**3 890**	4 074
Inter-group revenue	**–**	–	**6 214**	5 969
	39 379	39 358	**10 104**	10 043
Analysis of depreciation, amortisation, impairments and recoupments	**(623)**	(695)	**(171)**	(307)
Depreciation and amortisation	**(629)**	(703)	**(177)**	(297)
Recoupments and impairments	**15**	14	**6**	(10)
Amortisation and impairment of intangible assets arising on business combinations	**(9)**	(6)	**–**	–
Associate income included in pre-tax profits	**8**	13	**3**	2
Operating margin %[1]	**4,7**	4,4	**3,8**	3,0

[1] *Prior year has been restated. This reduced total revenue and revenue related to Aftermarket Parts, with a corresponding reduction in operating expenses, the operating profit remains the same with an increase in operating profit margins. Please refer to note 3.*

Retail and Rental		Motor-Related Financial Services		Aftermarket Parts		Head office and eliminations	
2018 Rm	2017 Rm	**2018 Rm**	2017 Rm	**2018 Rm**	2017 Rm	**2018 Rm**	2017 Rm
32 226	32 359	**1 138**	1 088	**3 259**	3 028	**(7 348)**	(7 160)
19 899	20 816	**1 138**	1 088	**3 038**	3 028	**(7 348)**	(7 160)
12 327	11 543	**–**	–	**221**	–	**–**	–
816	814	**482**	470	**246**	205	**(94)**	(71)
708	659	**482**	470	**208**	205	**(94)**	(73)
108	155	**–**	–	**38**	–	**–**	2
(399)	(366)	**(80)**	(86)	**(26)**	(16)	**53**	80
(349)	(319)	**(80)**	(86)	**(25)**	(16)	**53**	80
(50)	(47)	**–**	–	**(1)**	–	**–**	–
(289)	(261)	**(28)**	(20)	**(54)**	(31)	**89**	87
(221)	(211)	**(28)**	(20)	**(51)**	(31)	**89**	87
(68)	(50)	**–**	–	**(3)**	–	**–**	–
532	562	**455**	450	**191**	179	**(166)**	20
498	463	**455**	450	**156**	179	**(166)**	20
34	99	**–**	–	**35**	–	**–**	–
26	5	**–**	–	**(57)**	(20)	**–**	–
26	5	**–**	–	**(57)**	(20)	**–**	–
–	–	**–**	–	**–**	–	**–**	–
558	567	**455**	450	**134**	159	**(166)**	20
524	468	**455**	450	**99**	159	**(166)**	20
34	99	**–**	–	**35**	–	**–**	–
27 968	28 403	**–**	–	**3 258**	2 964	**(260)**	(264)
3 813	3 590	**715**	545	**1**	1	**(6)**	45
31 781	31 993	**715**	545	**3 259**	2 965	**(266)**	(219)
445	366	**423**	543	**–**	63	**(7 082)**	(6 941)
32 226	32 359	**1 138**	1 088	**3 259**	3 028	**(7 348)**	(7 160)
(399)	(366)	**(80)**	(86)	**(26)**	(16)	**53**	80
(417)	(380)	**(81)**	(86)	**(21)**	(20)	**67**	80
21	18	**1**	–	**1**	6	**(14)**	–
(3)	(4)	**–**	–	**(6)**	(2)	**–**	–
(5)	2	**2**	1	**8**	8	**–**	–
2,5	2,5	**42,4**	43,2	**7,5**	6,8		

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited consolidated financial statements have been prepared in accordance with and contain the information required by the 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 2018 and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council. The results are presented in accordance with 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 unaudited 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 2018.

These unaudited condensed consolidated financial statements have been prepared under the supervision of Mr OJ Janse Van Rensburg, CA(SA) and were approved by the board of directors on 25 February 2019.

2. ACCOUNTING POLICIES

The accounting policies adopted and methods of computation used in the preparation of the unaudited 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 2018, with the exception of new policies as required by new and revised International Financial Reporting Standards issued and in effect.

3. ADOPTION OF STANDARDS ISSUED AND EFFECTIVE AND RESTATEMENT OF PRIOR PERIODS

International Financial Reporting Standards that have become applicable to Motus for the 2019 financial year include IFRS 9 – Financial Instruments and IFRS 15 – Revenue from Contracts with Customers (both standards are effective for Motus from 1 July 2018).

IFRS 9 – Financial Instruments

The standard requires that impairment provisions for receivables are to be calculated on an expected loss basis rather than incurred loss basis. This is mainly effective in our Motus Financial Services segment, where the banks are now required to accelerate their provision for bad debts on non-arrear portfolios resulting in lower impairments when the loans become irrecoverable. This has a minor impact on the results of the profit share arrangements that Motus has with the banks. The change from the incurred loss to the expected loss model will also apply to other receivables within the group and due to the credit policy in place for sales to external customers the impact is minor.

The standard has also resulted in a more simplified approach to hedge accounting which affects the Motus Import and Distribution segment.

The application of IFRS 9 had no material impact on amounts reported in respect of the group's financial assets and financial liabilities. However, there is a requirement for increased disclosure.

IFRS 15 – Revenue from Contracts with Customers

A detailed review of the potential impact of IFRS 15 has been finalised. All material contracts have been assessed for any impact in terms of the five-step approach. The only change that this review resulted in, was a change to the application of the principal and agency decision processes in the recognition of revenue. As a retailer, the nature of the sales process is that transactions are completed in a short space of time and so the impact of the new accounting standard would be expected to be minor.

Under the previous accounting standard (IAS 18 – Revenue Recognition) one of the indicators relating to the principal and agency decision processes was who took on the credit risk. In terms of the agreements with certain of the suppliers in the Aftermarket Parts division, one of the entities agreed to carry the credit risk and reimburse the suppliers in the event of default. As this was seen as an unusual practise in the industry, it was agreed in that entity to treat the accounting as a principle arrangement and recognise the revenue accordingly.

Under the new accounting standard, IFRS 15, credit risk is no longer an indicator, requiring that the transactions are now accounted for on the basis of an agency relationship.

The restatement had no impact on profits, cash flows and the financial position, it only affected revenue and net operating expenses as detailed below. Due to there being no impact on the statement of financial position, an additional statement of financial position was not disclosed.

Statement of profit or loss	**2018 HY1 Rm**	2018 FY Rm
Revenue decrease	**(326)**	(658)
Net operating expenses	**326**	658
Profit from operations before depreciation and recoupments (no impact)	**–**	–

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

International Financial Reporting Standards that will become applicable to the group in future reporting periods is IFRS 16 – Leases (effective for Motus from 1 July 2019). Details of these standards were outlined in the 30 June 2018 annual financial statements. An update of the group's assessment of the potential impacts of the new standards on the group's financial statements is as follows:

Based on an assessment of operating leases that would be raised as assets and liabilities relating to 30 June 2018, adopting IFRS 16 would have the following indicative impact, with the Retail and Rental segment being the main contributor.

As at 30 June 2018 the right of use asset for the leases would amount to R1 828 million. This balance is the take-on balance at inception of the leases being the present value of the minimum lease payments less the amortisation to 30 June 2018. The related lease liability would amount to R2 074 million being the present value of the minimum lease payments plus the related interest less the rental payments to 30 June 2018. The difference between the asset and the liability would be adjusted to retained income.

In total, operating expenses would decrease due to a reduced rental expense partially offset by an increased amortisation on the right of use asset. Interest would be increased by the interest on the lease liability. The impact on net profit before tax would be minor.

5. EXCHANGE RATES

	Closing rates			Average rates		
	December 2018	June 2018	December 2017	**December 2018**	June 2018	December 2017
US Dollar	**14,39**	13,71	12,31	**14,17**	12,86	13,43
British Pound	**18,42**	18,10	16,64	**18,34**	17,31	17,69
Australian Dollar	**10,14**	10,13	9,62	**10,27**	9,97	10,45
Euro	**16,46**	16,01	14,77	**16,32**	15,34	15,79

6. OTHER NON-OPERATING ITEMS

	Unaudited 31 December 2018 Rm	Unaudited 31 December 2017 Rm	Audited 30 June 2018 Rm
Derecognition of loans on deregistration of subsidiaries	**(36)**	(1)	–
(Gain) on derecognition of financial instruments	**–**	–	(5)
Impairment of goodwill	**31**	–	63
Impairment of non-current receivable	**–**	20	173
Impairment of associates and joint ventures	**56**	–	8
Other non-operating items	**–**	–	(2)
Total exceptional items	**51**	19	237
Business acquisition costs	**4**	7	7
	55	26	244

7. GOODWILL

Carrying value at beginning of period	**953**	539	539
Net acquisition of subsidiaries and businesses	**86**	400	447
Impairments	**(31)**	–	(63)
Currency adjustments	**9**	(46)	30
Carrying value at end of period	**1 017**	893	953

8. CASH RESOURCES

Cash resources	**788**	952	1 737
Bank overdrafts	**(848)**	(230)	(550)
	(60)	722	1 187

9. FAIR VALUE OF FINANCIAL INSTRUMENTS

9.1 Fair value hierarchy

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

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

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

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

9.2 Fair values of financial assets and liabilities

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

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

31 December 2018	Total Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm
Financial assets carried at fair value				
Listed investments *(included in investments)*	40	40	–	–
Unlisted investments *(included in investments)*	552	–	–	552
Foreign exchange contracts and other derivative instruments	121	–	121	–
Financial liabilities carried at fair value				
Foreign exchange contracts and other derivative instruments	34	–	34	–

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

Movements in level 3 financial instruments measured at fair value

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

Financial assets	Total Rm
Carrying value at beginning of period	637
Fair valued through profit or loss	104
Cash receipts	(266)
Additional investments	77
Carrying value at end of period	**552**

Level 2 valuations techniques

The valuation technique utilised to measure the fair value of foreign exchange contracts is based on the discounted future gains or losses on the underlying instruments. The future gain or losses are determined by taking the rate implicit in the underlying instrument in comparison to a forward rate which is calculated on the current spot rate plus forward points to the date of maturity of said instrument.

Level 3 sensitivity information

The fair values of the level 3 financial instruments of which consists of the fair value of the preference shares and the accrued dividend income were estimated by applying a cash flow projection technique. Cash flow projections are based on expected dividends receivable. These cash flow projections cover a five-year forecast period, which are then extrapolated into perpetuity using a discount rate of 17%. 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 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 assets as at 31 December 2018 would change if the significant assumptions were to be replaced by a reasonable possible alternative.

9. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

9.2 Fair values of financial assets and liabilities (continued)

Financial instruments	Valuation technique	Key assumption	Carrying value Rm	Increase in carrying value Rm	Decrease in carrying value Rm
Unlisted investments (asset)	Income approach	Present value of expected cash flows	552	10	(10)

10. CONTINGENCIES AND COMMITMENTS

	31 December 2018 Rm	31 December 2017 Rm	30 June 2018 Rm
Capital commitments#	**233**	69	343
Contingent liabilities*	**3 330**	3 049	3 700

The capital commitments relate to the construction of buildings to be utilised by Motus.

* *The contingent liabilities include letters of credit and guarantees issued by banks with the corresponding guarantee by the group to the bank.*

11. ACQUISITIONS AND DISPOSALS DURING THE PERIOD

Acquisitions

Please refer to page 34 for acquisitions for the period.

Disposals

There were no material disposals noted during the period.

12. EVENTS AFTER THE REPORTING PERIOD

Shareholders are to be advised that an ordinary dividend has been declared by the board of Motus Holdings Limited on 25 February 2019. For further details, please refer to the dividend declaration on page 17.

BUSINESS COMBINATIONS DURING THE PERIOD

Businesses acquired	Nature of business	Operating segment	Date acquired	Rm
Pentagon Ford	Based in the UK, this relates to three dealerships that primarily retail Ford motor vehicles.	Retail and Rental	December 2018	266
Individually immaterial acquisitions				102
				368

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

	Pentagon Ford Rm	Individually immaterial acquisitions Rm	Total Motus Rm
ASSETS			
Property, plant and equipment	103	5	**108**
Investments and other financial instruments	–	35	**35**
Inventories	127	68	**195**
Trade and other receivables	1	–	**1**
Deferred tax assets	–	13	**13**
Income tax assets	–	68	**68**
	231	189	**420**
LIABILITIES			
Interest-bearing borrowings	15	32	**47**
Other financial liabilities	–	2	**2**
Trade and other payables and provisions	–	89	**89**
	15	123	**138**
Net assets acquired	216	66	**282**
Purchase consideration transferred (cash paid)	266	102	**368**
Excess of purchase price over net assets acquired	50	36	**86**

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

Process involved with obtaining control

The acquisitions related to the purchase of the underlying assets and liabilities of businesses. The underlying businesses were included into Motus as operating divisions.

Reasons for the acquisitions

The acquisitions are in line with the group's objective of increasing market penetration globally, through achieving economies of scale via selective acquisitions in local and international markets that complement the group's existing networks.

Acquisition costs

Acquisition costs for business acquisitions concluded during the year amounted to R4 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 R151 million and after tax loss of R4 million. Had all the acquisitions been consolidated from 1 July 2018, they would have contributed revenue of R1 099 million and an after tax loss of R11 million (including the after tax impact of funding costs). The group's total revenue would have been R40 327 million and an after tax profit of R872 million (also including the after tax impact of funding costs).

Other details

Trade and other receivables had gross contractual amounts of R1 million. None of the goodwill is deductible for tax purposes.

Net asset value per share	Equity attributable to owners of Motus divided by total ordinary shares in issue net of shares repurchased.
Tangible net asset value per ordinary share	Equity attributable to owners of Motus less goodwill and other intangible assets divided by total ordinary shares in issue net of shares repurchased.
Net debt	Is the aggregate of interest-bearing borrowings less cash resources.
Net capital expenditure	Includes expansion and net replacement expenditure of property, plant and equipment, intangible assets and vehicles for hire.
Net working capital	Is inventories plus trade and other receivables (including derivative assets) less trade and other payables (including derivative liabilities) and total provisions.
Operating assets	Total assets less loans receivable, cash and cash equivalents, tax assets and assets classified as held for sale.
Operating liabilities	Total liabilities less interest-bearing borrowings, tax liabilities and liabilities classified as held for sale.
Operating profit margin (%)	Operating profit divided by revenue.
Exceptional items	Impairment of goodwill and profit or loss on sale of investment in subsidiaries, associates and joint ventures and other businesses.
Return on equity (%)	The return is calculated as the headline earnings divided by the average shareholders' equity attributable to owners of Motus Holdings.
Return on invested capital (%)	This is the return divided by invested capital. The return is calculated by reducing the operating profit by a blended tax rate, which is an average of the actual tax rates applicable in the various jurisdictions in which Motus operates, increased by the share of result of associates and joint ventures. Invested capital is a 12-month average of total equity plus interest-bearing borrowings less cash resources.
Weighted average cost of capital (WACC) (%)	Is calculated by multiplying the cost of each capital component by its proportional weight, therefore: WACC = (after tax cost of debt % multiplied by average debt weighting) plus (cost of equity multiplied by average equity weighting). The cost of equity is blended recognising the cost of equity in the different jurisdictions in which Motus operates.
Free cash flow	Is calculated by adjusting the cash flow from operating activities to exclude the expansion capital expenditure on vehicles for hire and deducting replacement capital expenditure on other assets.

Corporate information

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OS Arbee (CEO)
OJ Janse van Rensburg (CFO)
MJN Njeke*
P Langeni*
S Mayet*
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K Moloko*
* *Independent non executive*

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