MOTUS

POWERING PROGRESS

Preliminary summarised audited consolidated results

for the year ended 30 June 2019

Who is Motus?

Motus is South Africa's leading automotive group, employing over 18 600 people. It is a diversified (non-manufacturing) business in the automotive sector with unrivalled scale and scope in South Africa, and a selected international presence, primarily in the United Kingdom (UK), Australia and limited presence in South East Asia, and Southern and East Africa.

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

Motus offers a differentiated value proposition to Original Equipment Manufacturers (OEMs), customers and business partners with a fully integrated business model across the automotive value chain through four key business segments namely; Import and Distribution, Retail and Rental, Motor-Related Financial Services and Aftermarket Parts.

Motus has long-standing importer and retail partnerships with leading OEMs, representing some of the world's most recognisable brands. We provide automotive manufacturers with a highly effective route-to-market and a vital link between the brand and the customer throughout the vehicle ownership cycle.

Unbundling and listing

Prior to the listing, the Motus unbundling was underpinned by:

> Enhanced strategic focus, independence and flexibility
> Improved operational efficiency through reduction of complexity, duplication and costs over time
> Focused capital allocation and funding structures
> Improved shareholder understanding and insight into each business
> Enabling shareholders to participate directly in Motus and/or Logistics.

After the first year of listing, the above factors are still appropriate and will remain relevant into the future and are supported by the solid trading results to 30 June 2019.

Key investment highlights

1. Diversified (non-manufacturing) business in the automotive sector with a leading position in South Africa and a selected international presence mainly in the UK, Australia and limited presence in South East Asia and Southern and East Africa.
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 with high free cash flow generation and exposure to annuity income streams, with return on invested capital exceeding weighted average cost of capital, 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 in 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.

Contents

www.motuscorp.co.za

Business overview

Our integrated business model

1 **Importer and Distributor** of passenger, light commercial vehicles and parts, to serve a network of dealerships, car rental companies, fleets and government institutions in South Africa

2 **Sells** passenger and commercial vehicles across all segments which include entry level, SUVs, luxury, light commercial and heavy duty vehicles. **Rents** passenger, SUVs and light commercial vehicles

4 Distributor, wholesaler and retailer of **accessories and aftermarket parts** for out-of-warranty vehicles through retail stores, franchised outlets and specialised workshops supported by distribution centres in South Africa, Taiwan and China

3 Manager and administrator **service, maintenance and warranty plans.** Develops and sells value-added products and services. Manages fleet management services. Includes a sales and service call centre and an innovation hub

Group financial highlights

Revenue
3,5% ↑
R79 711 million
(2018: R77 001 million)

Operating profit
1% ↑
R3 620 million
(2018: R3 593 million)

Normalised HEPS
11% ↑
1 090 cents per share
(2018: 986 cents per share)

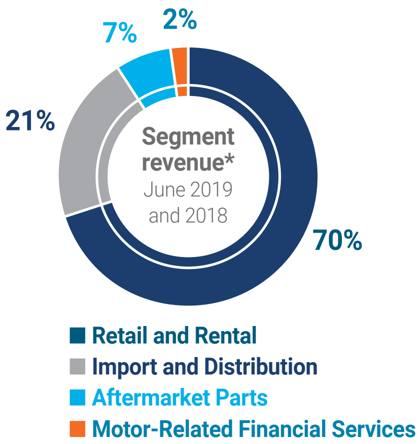
HEPS
2% ↑
1 009 cents per share
(2018: 986 cents per share)

EPS
18% ↓
953 cents per share
(2018: 1 162 cents per share)

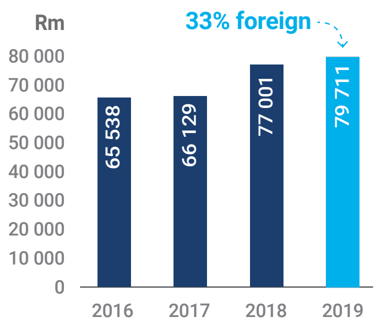
Net asset value per share
7% ↑
6 185 cents per ordinary share
(2018: 5 762 cents per ordinary share)

Note:
> HEPS: Headline earnings per ordinary share
> EPS: Earnings per ordinary share
> Normalised: This excludes the once-off non-cash flow impact of share-based payment expenses amounting to R160 million

Revenue



* Excludes Head Office and Eliminations.



Full year dividend

10%

490 cents per share

(2018 pro forma:*
444 cents per share)

Return on invested capital

13,5%

versus weighted average cost of capital of 10,7%

(2018: 13,5% (ROIC)
(2018: 10,7% (WACC)

"Improvement in key financial metrics"

Cash generated from operations

R2 743 million

(2018: R4 301 million)

Net debt to equity ratio

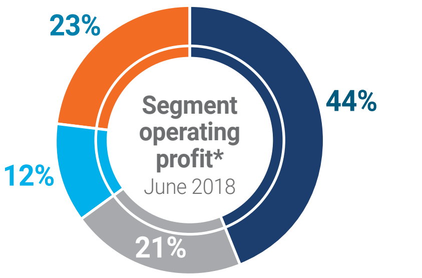
55,9%

(2018: 50,7%)

> Return on invested capital ("ROIC"), and weighted average cost of capital ("WACC") are calculated on a rolling 12-month basis.

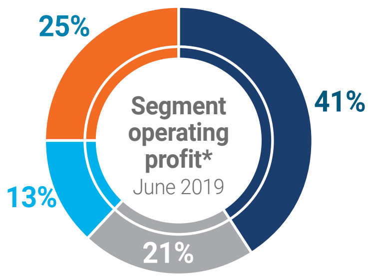
** Pro forma: Motus listed in November 2018.*

Operating profit



- Retail and Rental
- Import and Distribution
- Aftermarket Parts
- Motor-Related Financial Services

** Excludes Head Office and Eliminations.*



- Retail and Rental
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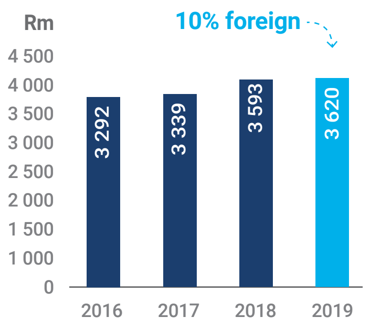


Environment

The South African operations contributed for the year, revenue and operating profit of 67% and 90% respectively, with the remainder being contributed by the UK, Australia and South East Asia.

The global and South African political and economic situations are unstable. The weakening of the global economy is weighing heavily on emerging markets and South Africa is bearing the brunt of these global issues. In addition, political challenges are exacerbating the economic problems for SA Inc. This has adversely impacted businesses and the people of South Africa.

South Africa finds itself in an era of political challenges, a lack of new jobs being created, uncertainty from economic policies, high interest rates, a volatile and weakening currency, and highly indebted consumers and government. This has all resulted in low consumer confidence with limited purchasing power and no economic growth. A recent statement from Moody's suggests that a ratings downgrade by the agency from its current investment grade status to junk is highly probable. The Rand is vulnerable to further weakness and the unemployment rate has risen to 29%. Corporate governance and managerial failures at South African companies have negatively affected foreign investor perceptions of South African companies. The JSE continues to see foreigners sell off local equities, (R35 billion from January to June 2019), which is expected to rise in the foreseeable future in the event of a ratings downgrade.

The new vehicle market continues to be affected by the weak macro-economic environment in the country and the pressure on household disposable income. Industry margins could continue to underperform as consumers continue to delay purchases, trade down with the shift to cheaper vehicle models and place pressure on the quality of pre-owned vehicle supply.

The automotive industry remains highly competitive with technological advances and increasingly empowered consumers. As the connected consumer becomes more prevalent in the market, it is imperative to remain relevant to the needs of the digitised consumer. Changes to vehicle ownership structures in South Africa are imminent namely: ride sharing and car sharing type of businesses with people in search of economical, convenient, and sustainable ways to travel.

According to NAAMSA, South Africa retailed 542 373 units for the 12 months to 30 June 2019 (2,4% down from the prior year).

At June 2019 our Retail market share is 18,9% (June 2018: 19,9%) impacted by the Motus importers who reported reduced sales to car rental companies and the Retail and Rental business reporting a decline in volumes.

The UK market was down by 5,7% for the 12 months to June 2019. The market remains unstable and competitive, due to Brexit uncertainties and growing geopolitical tensions. Since Motus is a large DAF distributor, we maintain an advantageous position in the UK market as DAF vehicles are manufactured in the UK. The UK annual GDP growth rate is at 1,2% and is forecast to reach 1,5% in 2020.

The Australian automotive industry has faced tough market conditions and a downward sales trend. Tight financial lending and regulatory constraints have all contributed to challenging market conditions. The market declined by 7,8% for the 12 months to June 2019, with SUV vehicles continuing to dominate the market. Looking forward, the annual GDP growth rate in Australia is expected to reach 2,4% from 1,8%.

Performance

Our performance for FY2019 was resilient with an improvement in key financial metrics to June 2019. We are pleased with the broadly solid performance given the uncertainties in the markets in which we operate.

The Group's passenger and commercial vehicle businesses, including the UK and Australia, retailed 131 725 new vehicles (2018: 146 455) and 83 554 pre-owned vehicles (2018: 81 123) during the year. The reduced sales are attributable to market contraction and reduced volumes to the car rental industry in South Africa, where the margins are lower. UK and Australia acquisitions continue to contribute positively to sales volumes.

South African annual unit vehicle sales declined by 2,4% as reported by NAAMSA. The market continues to experience a decline in sales of luxury vehicles, in favour of entry level vehicles and small to medium SUVs, as consumers continue to trade down due to affordability.

Revenue improved by 3,5% despite reduced sales volumes attributed to market contraction and the sales mix, enhanced by price increases and acquisitions. The revenue contribution from pre-owned vehicle sales increased by 11%. The selling of parts and rendering of services also contributed positively. The Import and Distribution segment reported a 3% decline in revenue with growth in operating profit of 3%, the Retail and Rental segment reported 3% growth in revenue with an operating profit decline of 6%, the Motor-Related Financial Services segment reported flat revenue with a 5% growth in operating profit and the Aftermarket Parts segment reported an increase in revenue and operating profit of 8% and 11% respectively.

For the Group and in the Aftermarket Parts segment, revenue for the prior year 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 operation 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 June 2018 revenue and expenses were reduced by R658 million.

Operating profit improved by 1% to R3 620 million. All business segments reported an increase in operating profit with the exception of the Retail and Rental segment. Operating expenses increased by 5%. Cost control initiatives during these economically challenging times remain a management focus.

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

A final dividend of 250 (interim: 240) cents per ordinary share has been declared bringing the full year dividend to 490 (2018 pro forma: 444) cents per ordinary share. This represents a 10% increase from the prior year and is in line with our targeted pay-out ratio of 45% of normalised HEPS.

Net working capital increased by 13% to R7 580 million from a low base in June 2018 of R6 731 million. This increase is due to normalisation of working capital levels at the importers, as vehicle supply normalised. Higher inventory levels were carried at the dealerships mainly due to recent acquisitions and a slowdown in vehicle sales.

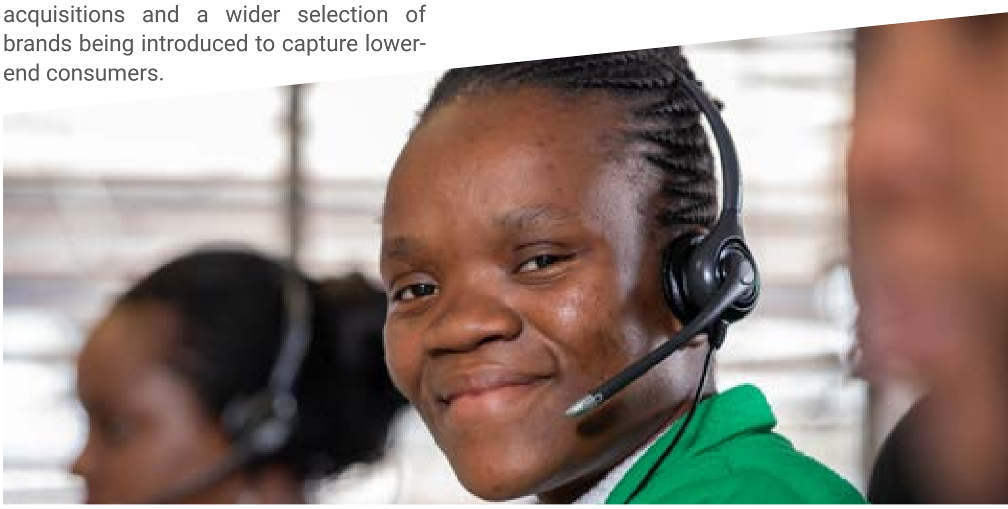
Motor-Related Financial Services' working capital increased, mainly due to lower trade payables relating to vehicles for hire. In the Aftermarket Parts segment, additional stock was carried due to the acquisitions and a wider selection of brands being introduced to capture lower-end consumers.

Net debt to equity is 56% (June 2018: 51%) which is within target levels of 55% to 75%. Debt (excluding floorplans) increased by 4% mainly due to working capital requirements.

Return on invested capital ("ROIC") and weighted average cost of capital ("WACC") remained in line with the prior year at 13,5% and 10,7% respectively.

We have not provided separate ROIC, WACC and net debt to equity ratios for each business segment as the business segments in the Group operate in an integrated manner, to optimise client offerings and market penetration with numerous cross-selling initiatives across the automotive value chain.

We generated R2 743 million cash from operating activities and after investing activities R1 749 million. This is down on the prior year mainly due to higher working capital requirements in the current year, partially offset by the lower investment in vehicles for hire. In addition, the prior year benefited from inflows relating to the sale of the Australian property.



Segment overview

A diversified business in the automotive industry

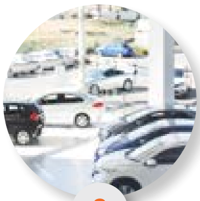
1 Import and Distribution

- 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
- ~14% market share in South Africa
- Car parc ~1,1 million vehicles

21%
of Group revenue

21%
of Group operating profit

4,3%
operating margin



2 Retail and Rental

Retail > 130 000 new vehicles annually and >83 000 pre-owned vehicles

- **South Africa**
  - Represents 22 OEMs: 355 dealerships
  - Car rental (Europcar and Tempest): 134 outlets in Southern Africa
  - 18,9% retail market share
  - ~25% rental market share
- **UK**
  - 90 commercial dealerships
  - 29 passenger dealerships
- **Australia**
  - 28 passenger dealerships

70%
of Group revenue

41%
of Group operating profit

2,4%
operating margin

3 Motor-Related Financial Services

- Developer and administrator 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 sales and service call centre

2%
of Group revenue

25%
of Group operating profit

43,1%
operating margin

4 Aftermarket Parts

- Distributor, wholesaler and retailer of accessories and parts for out-of warranty vehicles
- Operates in Southern Africa and South East Asia
- 797 retail stores (including 72 owned stores)
- Supported by distribution centres in South Africa, Taiwan and China
- Franchise base comprises:
  - Resellers (Midas, Transerve and Alert Engine Parts)
  - Specialised workshops

7%
of Group revenue

13%
of Group operating profit

7,7%
operating margin

Segment performance

1 Import and Distribution

Overview

The Import and Distribution segment provides a differentiated value proposition to the dealership model. 70% of our imported brand dealerships are owned by Motus and 30% are independently owned. We also supply to Europcar and Tempest (Motus rental divisions) and other independent rental companies.

Financial performance

	HY1 2019	% change on HY1 2018	HY2 2019	% change on HY2 2018	2019	2018	% change on 2018
Revenue (Rm)[1]	**9 783**	1	**9 166**	(6)	**18 949**	19 501	(3)
Operating profit (Rm)	**388**	28	**422**	(13)	**810**	788	3
Operating margin (%)	**4,0**		**4,6**		**4,3**	4,0	

[1] HY1 and HY2 of 2018 as well as HY1 of 2019 have been re-presented due to a reallocation of certain eliminations that were previously in Head Office and Eliminations, but related to Import and Distribution revenue.

Revenue declined by 3% in line with the decline in sales volumes and the change in the mix of vehicles sold. The declined volumes are attributable to the lower number of vehicles sold to car rental companies during the year due to supply constraints and in an effort to maximise profitability through the dealer channel. In addition, the revenue decline is also due to revenue included in the prior year from businesses that have closed down.

Operating profit improved by 3% for the year mainly due to the higher gross profit margins as a result of competitive pricing, cost containment and lower losses on reduced car rental sales.

All four major importers in this segment performed well. The East African operations remain profitable.

Hyundai and Kia have forward cover on the US Dollar and Euro to March 2020, at average rates of R14,26 to the US Dollar and R16,51 to the Euro. As agreed between the shareholders, Renault does not take forward cover on committed orders, however, the creditor exposure raised on the statement of financial position is covered. With the exception of Renault, the current guideline is to cover a minimum of seven months' orders and up to 75% of annual forecast orders, as stipulated by the South African Reserve Bank.

2 Retail and Rental

Overview

The Retail and Rental segment's unrivalled scale and footprint of strategically located dealerships, largely in growing urban areas, underpins its leading market share. The retail market share for our South African operation is 18,9% compared to 19,9% in June 2018.

We supply a consistent superior route-to-market through quality marketing, high levels of customer satisfaction and strategically located dealerships, with a geographical spread in the economic hubs of South Africa. The selected international presence primarily in the United Kingdom and Australia complements the Group's existing networks and provides opportunities to replicate aspects of our integrated business model. We operate a centralised Finance and Insurance model across the dealer network, which executes Group financial services strategies for the South African businesses.

United Kingdom (UK)

We are based mainly in provincial areas with a majority of our dealerships being commercial vehicles. Continued organic expansion in both Commercial and Passenger retail sectors will be considered in the UK. Further selective expansion in the UK will be driven by the introduction of additional brands in areas close to existing dealerships via bolt-on acquisitions.

Australia

We are based mainly in provincial areas with only passenger dealerships located in New South Wales and Victoria. Further selective expansion in the Australian market will be driven by the introduction of additional brands in areas close to existing dealerships via bolt-on acquisitions.

Financial performance

	HY1 2019	% change on HY1 2018	**HY2 2019**	% change on HY2 2018	**2019**	2018	% change on 2018
Revenue (Rm)[2]	**32 281**	–	**32 760**	8	**65 041**	62 850	3
Operating profit (Rm)	**816**	–	**762**	(13)	**1 578**	1 687	(6)
Operating margin (%)	**2,5**		**2,3**		**2,4**	2,7	

[2] *HY1 and HY2 of 2018 as well as HY1 of 2019 have been re-presented due to a reallocation of certain eliminations that were previously in Head Office and Eliminations, but related to Retail and Rental revenue.*

Revenue improved by 3% despite lower sales volumes resulting from a declining market, but was assisted by acquisitions and pre-owned vehicle sales improving by 11% year-on-year. Operating profit declined by 6% mainly due to market contraction arising from pressure on consumer affordability impacting luxury branded vehicle sales. The acquisitions in the UK and Australia contributed positively to the revenue and operating profit of the business.

Worldwide Harmonised Light Vehicle Test Procedure ("WLTP") has negatively affected sales volumes in the vehicle passenger business in South Africa, UK and to a lesser extent, in Australia, due to vehicles not being available for sale due to very strict homologation processes.

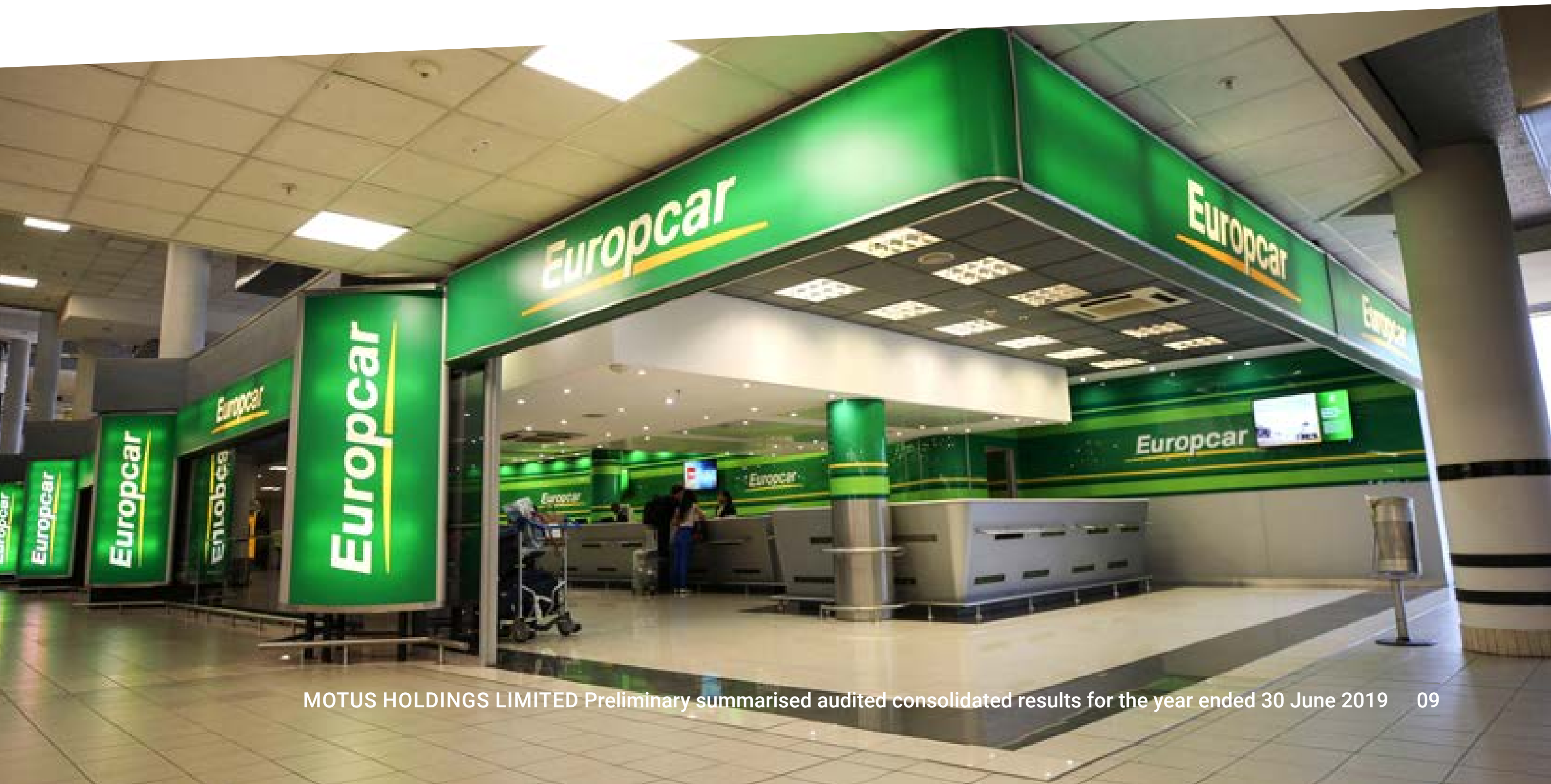
The South African Retail and Rental operating profit declined 2% from the prior year mainly due to market contraction affecting consumer affordability, the reduction in profitability of luxury branded vehicle sales and the decline in the car rental operating profit, offset by cost containment and turnaround processes in dealerships. The changes to leverage the expertise of our Finance and Insurance sales structure across the Retail vehicle segment provide a competitive advantage for the business. Higher volumes in entry level, small and medium SUV vehicle sales in South Africa have assisted profit margins, however, this was negatively impacted by the reduction in profitability of luxury branded vehicle sales.

Car rental revenue remained stable in an ever-increasing competitive environment, with declining tourism volumes and utilisation was maintained at 71%. Operating profit declined, mainly attributable to price competitiveness, costs of vehicles and the fleet mix. Management remains focused on reducing variable costs.

UK revenue improved by 19% due to increased sales volumes and revenue attributable to acquisitions. The UK operations have been affected by the political uncertainty arising from Brexit and sentiment in the market is negative. The DAF commercial and passenger dealerships performed well in a competitive market and remained profitable.

The Mercedes commercial business was negatively impacted by once-off restructuring costs, carbon emission issues resulting in a lack of inventory availability and therefore a reduction in variable margin and costing issues resulting in lower workshop profits. The prior year performance included the sales of the London Taxis, resulting in significant once-off income. During the year, the entire senior management team was replaced with new management having the capability to improve profitability of the business.

The revenue from the Australia operations increased by 8% for the year, notwithstanding the decline in the Australian vehicle market of 8% for the 12 months to June 2019. The Melbourne operation performed in line with expectations, while the Sydney business was negatively impacted by certain underperforming brands in the market and the relocation of a dealership and the Parts Distribution Centre.



Segment performance continued

3 Motor-Related Financial Services

Overview

Motor-Related Financial Services develops and distributes innovative vehicle-related financial products and services through importers, distributors, dealers, finance houses, call centres and digital channels. The segment is also a provider of fleet management services to corporate customers.

Innovation and unlocking customer potential within existing and new channels represent a significant growth and profit opportunity for the business. We have invested in technology to leverage consumer data, enabling us to offer personalised services, enhance the customer experience and improve customer retention.

This 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 segments,, by bringing customers back to its dealerships.

Financial performance

	HY1 2019	% change on HY1 2018	HY2 2019	% change on HY2 2018	2019	2018	% change on 2018
Revenue (Rm)	**1 138**	5	**1 034**	(4)	**2 172**	2 166	–
Operating profit (Rm)	**482**	3	**455**	9	**937**	889	5
Operating margin (%)*	**42,4**		**44,0**		**43,1**	41,0	

** Operating margin includes profit streams without associated revenue.*

Revenue growth was stable which is attributable to increased service, maintenance and warranty products and higher client penetration through digital marketing of value-added products, offset by the lower rental income due to fewer vehicles rented to car rental companies.

Operating profit improved by 5% mainly due to the positive contribution from the realisation of profits on the maturity of the contract liabilities and lower operating expenses. Management remains focused on financial discipline and cost containment.

We continue to drive development of the fleet management business and building synergies within the vehicle retail businesses.

4 Aftermarket Parts

Overview

The Aftermarket Parts business' 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 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. The previous acquisition of the controlling interest in Arco in Taiwan supports this strategy and will ensure procurement at competitive prices. The business is looking to grow its South Asian business by setting up distribution centres in the region.

Financial performance

	HY1 2019	% change on HY1 2018	HY2 2019	% change on HY2 2018	2019	2018	% change on 2018
Revenue (Rm)	**3 259**	8	**3 183**	8	**6 442**	5 974	8
Operating profit (Rm)	**246**	20	**250**	3	**496**	447	11
Operating margin (%)	**7,5**		**7,9**		**7,7**	7,5	

Revenue and operating profit increased by 8% and 11% respectively enhanced by the inclusion of Arco (Taiwan) as a subsidiary for the full financial year. This was partially offset by the lower demand for commoditised products and a shift by consumers from higher priced premium products to more affordable products in South Africa, reducing operating profit in South Africa.

Working capital was negatively affected, as a wider selection of brands was introduced to capture lower end consumers.

Financial overview

Group profit or loss (extract)

for the year ended 30 June 2019

	2019 Rm	2018 Rm	% change
Revenue	79 711	77 001	3,5
Operating profit	3 620	3 593	1
Profit on sale of properties, net of impairments (note)	15	617	(98)
Net foreign exchange losses	(14)	(43)	(67)
Net finance costs	(774)	(737)	5
Other	(77)	(220)	(65)
Profit before tax and IFRS 2 charge	2 770	3 210	(14)
Issue of shares at a discount to a broad-based black economic empowerment partner (Ukhamba) and modification of share appreciation rights	(160)	–	
Profit before tax	2 610	3 210	(19)
Income tax expense	(714)	(897)	
Profit for the year	1 896	2 313	(18)
Attributable to non-controlling interests	(28)	33	
Attributable to shareholders of Motus Holdings	1 868	2 346	(20)
Operating profit (%)	4,5	4,7	
Effective tax rate (%)	27,6	28,3	
Return on invested capital (%)	13,5	13,5	
Weighted average cost of capital (%)	10,7	10,7	

Note: The prior year includes the profit from the sale of the Australian property amounting to R616 million

Revenue increased by 3,5% including acquisitions and declined by 1% excluding acquisitions: Revenue improved by 3,5% despite a 5% decline in vehicle unit volumes (2019: 215 279 units; 2018: 227 578 units new and pre-owned), offset by price increases and acquisitions. The revenue contribution from the sale of pre-owned vehicles increased by 11% and the selling of parts and rendering of services also contributed positively.

Group operating profit: The operating profit improved due to an increase in gross profit, offset by a 5% increase in operating expenses.

Profit on sale of properties, net of impairments in the prior year includes the profit on sale of the Australia property of R616 million.

Foreign exchange losses relate only to items that do not qualify for hedge accounting. The current year losses are as a result of the uncorrelated movement between the fair value of the creditor and the corresponding hedge. The importers (Hyundai and Kia) are covered in terms of policy at favourable rates to March 2020.

Finance costs increased mainly due to an increase in working capital, increase in interest rate swap costs, offset by the decline in vehicles for hire.

The issue of shares at a discount to a Broad-Based 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 from March 2018 for the full financial year.

The effective tax rate decreased marginally, primarily due to the inclusion of the foreign businesses which are at lower tax rates and higher dividend income which is exempt from tax. This is partially offset by the once-off cost of the issue of shares to Ukhamba, at a discount, which does not qualify for a tax deduction and exceptional items of R80 million which mainly comprise impairments of goodwill and associates.

Reconciliation of earnings to headline earnings

	2019 Rm	2018 Rm	% change
Earnings	1 868	2 346	(20)
Profit on disposal of assets	(28)	(711)	(96)
Impairment of goodwill and other assets	142	171	(17)
Profit on sale of businesses and other	(3)	(4)	(25)
Tax and non-controlling interests	(2)	189	(<100)
Headline earnings	1 977	1 991	(1)
Issue of shares at a discount to a broad-based black economic empowerment partner (Ukhamba) and modification of share appreciation rights	160	–	(>100)
Normalised earnings	2 028	2 346	(14)
Normalised headline earnings	2 137	1 991	7
Weighted average number of ordinary shares	196	202	(3)
Earnings and headline earnings per share			
Basic EPS (cents)	953	1 162	(18)
Basic HEPS (cents)	1 009	986	2
Normalised EPS (cents)	1 035	1 162	(11)
Normalised HEPS (cents)	1 090	986	11

The proforma information contained in this announcement is the responsibility of the directors and has been inserted for illustrative purposes and due to their nature are not in accordance with International Financial Reporting Standards and may not fairly present the financial position of Motus.

Normalised EPS and HEPS are disclosed, as the adjustments made to arrive at these figures are once-off in nature with no cash flow impact. In the opinion of the directors normalised EPS and HEPS provide sustainable trading results. In addition, 45% of normalised HEPS was used to determine the dividend pay-out.

Financial position at 30 June 2019

	2019 Rm	2018 Rm	% change
ASSETS			
Goodwill and intangible assets	1 273	1 230	3
Property, plant and equipment	7 198	6 786	6
Investments in associates and joint ventures	258	348	(26)
Vehicles for hire	3 385	3 924	(14)
Investments and other financial assets	509	653	(22)
Net working capital (Note 1)	7 580	6 731	13
Other assets	1 178	917	28
Assets classified as held for sale	182	235	(23)
Net debt	(4 777)	(4 580)	4
Interest-bearing floorplans from financial institutions	(1 841)	(1 320)	39
Contract liabilities	(2 818)	(2 724)	3
Other liabilities	(270)	(535)	(50)
Liabilities held for sale	(19)	(21)	(10)
Total shareholders' equity	11 838	11 644	
Total assets	38 872	36 716	6
Total liabilities	(27 034)	(25 072)	8

Note 1: Working capital includes R5 619 million (2018: R4 597 million) floorplan creditors.

Factors impacting the financial position at 30 June 2019 compared to 30 June 2018

Goodwill and intangibles increased by 3% compared to June 2018, mainly due to the acquisition of dealerships in the United Kingdom and an acquisition in the Aftermarket Parts segment, partly offset by currency adjustments, impairments and a decrease in intangibles due to amortisation.

Property, plant and equipment increased by 6%, attributable to the acquisition of the dealerships in the UK and an expansion of the dealership footprint in South Africa.

Investments in associates and joint ventures reduced by 26% mainly due to the impairments of the Zimbabwean associates amounting to R56 million.

Vehicles for hire declined by 14% due to the decline in vehicles placed with car rental companies and the change in the mix of vehicles (owned versus leased).

Investments and other financial assets decreased by 22% predominantly as a result of impairments and the reduced investments in cell captives resulting from higher dividends paid out of prior year's earnings. The higher dividends were based on the cell captive's regulatory solvency calculations.

Net working capital increased by 13% mainly impacted by:

> An increase in inventory in the current year in the Import and Distribution segment. Working capital was lower in the prior year, due to inventory supply constraints from the manufacturers;

> The Retail and Rental inventory increase primarily due to dealership acquisitions in the UK and increased inventory levels in South Africa due to reduced sales; and

> The Aftermarket Parts working capital increased mainly due to the inclusion of Arco and the drive to increasing inventory availability to achieve wider brand representation and capture lower-end consumers.

Net debt (excluding floorplans) increased by 4% mainly due to:

> Working capital in the Import and Distribution segment increasing from prior year;

> Acquisitions in the Retail and Rental and Aftermarket Parts segments;

> Partially offset by lower vehicles for hire; and

Contract liabilities, mainly relating to service and maintenance plans, increased slightly.

The decrease in other liabilities by 50% is primarily attributable to the decline in current and deferred taxation liabilities.

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

> Repurchase and cancellation of shares during the year totalling R780 million;

> Dividend paid to the former parent company of R567 million; and

> Dividend paid to the Motus Holdings shareholders in March 2019 of R470 million.

Cash flow movements

	2019 Rm	2018 Rm
Cash generated from operations before movements in net working capital	4 819	4 607
Movements in net working capital	(636)	2 141
Cash generated by operations before interest, tax paid and capital expenditure on vehicles for hire	4 183	6 748
Finance costs paid	(765)	(803)
Finance income received	57	66
Dividend income	496	230
Tax paid	(910)	(861)
Cash generated by operations before capital expenditure on vehicles for hire	3 061	5 380
Net capital expenditure – vehicles for hire	(318)	(1 079)
Cash generated by operations	2 743	4 301
Net cash outflow on the acquisitions and disposals of businesses	(358)	(674)
Capital expenditure (excluding vehicles for hire)	(592)	756
Net movements in investments in associates	19	(45)
Net movements in investments and loans	(63)	24
Cash generated	1 749	4 362
Shares repurchased (treasury and cancelled)	(780)	–
Change in non-controlling interests	(29)	185
Dividends paid to Imperial Holdings, Motus shareholders and non-controlling interests	(1 097)	(3 140)
Other	(33)	(20)
(Increase)/reduction in net debt (excludes currency adjustments)	(190)	1 387
Free cash flow	2 592	5 447
Free cash flow to headline earnings	1,3	2,7

Net working capital absorption, occurred mainly due to normalisation of working capital within the Import and Distribution segment and higher levels of inventory in the Retail and Rental and Aftermarket Parts segments. Working capital was significantly lower in the prior year, due to inventory supply constraints from the importer manufacturers.

The cash outflow on vehicles for hire is lower due to the Import and Distribution segment placing fewer vehicles with car rental companies and a higher portion of leased assets in the Retail and Rental segment fleet.

The cash outflow from businesses acquired is R358 million, relating mainly to the new dealerships in the UK and expansion of the dealership footprint in South Africa.

As a result of the above, Motus generated R1 749 million cash from operating and investing activities.

A dividend was paid to Imperial Holdings during September 2018 amounting to R567 million and an interim dividend amounting to R470 million to Motus shareholders since unbundling.

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

Financial overview continued

Liquidity
The liquidity position is strong with R7,5 billion unutilised banking facilities. 61% of the Group debt is long-term in nature and 29% of the debt is at fixed rates. Excluding floorplans which can be seen as part of the working capital cycle, 39% of the debt is at fixed rates.

Dividend
A final dividend of 250 (interim 240) cents per ordinary share has been declared bringing the full year dividend to 490 (2018 pro forma: 444) cents per ordinary share. This represents a 10% increase from the prior year and is in line with our targeted pay-out ratio of 45% of normalised HEPS.

Board changes
Mrs KA Cassel joined the board as executive director with effect from 1 July 2019. The board welcomes Mrs Cassel and looks forward to her contribution.

Company Secretary change
Mr RA Venter resigned as Company Secretary at 30 June 2019 and Mrs JK Jefferies was appointed as Company Secretary with effect from 1 July 2019. The board would like to thank Mr Venter for his positive contribution and legal counsel during the past 15 years as part of Imperial Holdings Limited and recently with Motus. The board welcomes Mrs Jefferies and looks forward to working with her.

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, providing 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 year under challenging trading conditions. South Africa's socio-political and economic outlook is fragile which impacts sentiment, economic activity and the volatility of the Rand. Despite this, we anticipate solid operating and financial results for the year to June 2020, subject to stable currencies in the economies in which we operate and South Africa retaining its investment rating grade.

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

OS Arbee
Chief Executive Officer

OJ Janse van Rensburg
Chief Financial Officer

26 August 2019

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

Dividend declaration

Declaration of final ordinary dividend

for the year ended 30 June 2019

Notice is hereby given that a gross final ordinary dividend in the amount of 250,00 cents per ordinary share has been declared by the board of Motus, payable to the holders of the 196 513 720 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 200,00 cents per share.

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

	2019
Last day for ordinary shares to trade cum ordinary dividend	**Tuesday, 17 September**
Ordinary shares commence trading ex-ordinary dividend	**Wednesday, 18 September**
Record date	**Friday, 20 September**
Payment date	**Monday, 23 September**

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

Share certificates may not be dematerialised/rematerialised between Wednesday, 18 September 2019 and Friday, 20 September 2019 both days inclusive.

On Monday, 23 September 2019, amounts due in respect of the ordinary dividend will be electronically transferred to the bank accounts of certified shareholders that utilise this facility. In respect of those who do not, cheques dated 23 September 2019 will be posted on or about that date. Shareholders who have dematerialised their shares will also have their accounts, held at their central securities depository participant or broker, credited on Monday, 23 September 2019.

On behalf of the board

JK Jefferies
Company Secretary

26 August 2019

Summarised consolidated statement of financial position

as at June 2019

	Notes	2019 Rm	2018 Rm
ASSETS			
Non-current assets		10 286	9 799
Goodwill	7	1 020	953
Intangible assets		253	277
Investments in associates and joint ventures		258	348
Property, plant and equipment		7 023	6 786
Investment properties		175	–
Deferred tax		1 048	782
Investments and other financial instruments		509	653
Current assets		28 404	26 682
Inventories		19 069	15 633
Vehicles for hire		3 385	3 924
Taxation		130	135
Trade and other receivables		4 744	4 821
Derivative financial assets		34	432
Cash resources	8	1 042	1 737
Assets classified as held-for-sale		182	235
Total assets		38 872	36 716
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital		22 985	23 358
Treasury shares		(435)	–
Common control reserve		(19 191)	(19 753)
Hedge accounting reserve		30	198
Other reserves		(447)	(716)
Retained income		8 933	8 553
Attributable to owners of Motus		11 875	11 640
Non-controlling interests		(37)	4
Total equity		11 838	11 644
Liabilities			
Non-current liabilities		6 716	1 914
Contract liabilities		1 649	1 447
Deferred tax		27	31
Interest-bearing debt		4 640	81
Provisions		382	301
Other financial liabilities		18	54
Current liabilities		20 299	23 137
Contract liabilities		1 169	1 277
Trade and other payables		9 716	8 838
Floorplans from suppliers*		5 619	4 597
Provisions		415	373
Other financial liabilities		35	–
Derivative financial liabilities		135	46
Taxation		190	450
Interest-bearing debt*		1 179	6 236
Interest-bearing floorplans from financial institutions*		1 841	1 320
Liabilities relating to assets classified as held-for-sale		19	21
Total equity and liabilities		38 872	36 716

* *The prior year figures have been re-presented to enhance disclosure. Floorplans from suppliers and interest-bearing floorplans from financial institutions are being disclosed separately from trade and other payables and interest-bearing debt.*

Summarised consolidated statement of profit or loss

for the year ended 30 June 2019

	Note	% change	2019 Rm	Restated* 2018 Rm
Revenue		4	**79 711**	77 001
Net operating expenses			**(74 905)**	(72 055)
Earnings before interest, taxation, depreciation and amortisation			**4 806**	4 946
Depreciation, amortisation and impairments			**(1 186)**	(1 353)
Operating profit		1	**3 620**	3 593
Profit on sale of properties, net of impairments			**15**	617
Amortisation of intangible assets arising on business combinations			**(17)**	(15)
Net foreign exchange losses			**(14)**	(43)
Issue of shares at a discount to a broad-based black economic empowerment partner (Ukhamba) and modification of share appreciation rights			**(160)**	–
Other non-operating items	6		**(87)**	(244)
Profit before financing costs		(14)	**3 357**	3 908
Finance costs		3	**(831)**	(803)
Finance income			**57**	66
Profit before shares of associates and joint ventures			**2 583**	3 171
Share of associates and joint ventures			**27**	39
Profit before tax		(19)	**2 610**	3 210
Income tax expense			**(714)**	(897)
Attributable profit for the year		(18)	**1 896**	2 313
Net profit attributable to:				
Owners of Motus		(20)	**1 868**	2 346
Non-controlling interests			**28**	(33)
			1 896	2 313
Earnings per share (cents)				
Total earnings per share				
– Basic		(18)	**953**	1 162
– Diluted		(20)	**929**	1 162

* *Revenue and net operating expenses restated, please refer to note 3.*

Summarised consolidated statement of other comprehensive income

for the year ended 30 June 2019

	2019 Rm	2018 Rm
Net profit for the year	**1 896**	2 313
Other comprehensive (loss)/income	**(216)**	231
Items that may be subsequently reclassified to profit or loss		
Exchange (losses)/gains arising on translation of foreign operations	**(48)**	9
Movement in hedge accounting reserve (net of tax)	**(168)**	222
– Net change in the fair value of the cash flow hedges	**(339)**	292
– Rolling of open hedging instruments	**77**	11
– Deferred tax relating to the hedge accounting reserve movements	**94**	(81)
Total comprehensive income for the year	**1 680**	2 544
Total comprehensive income attributable to:		
Owners of Motus	**1 653**	2 579
Non-controlling interests	**27**	(35)
	1 680	2 544

Headline earnings per share information

for the year ended 30 June 2019

Normalised earnings per share is a non-IFRS measure and is calculated by dividing the net profit attributable to owners of Motus adjusting for the once-off effects of the share-based equity costs that have no cash flow effect by the weighted average number of ordinary shares in issue during the year. Normalised headline earnings per share is calculated by dividing the headline earnings adjusting for the once-off effects of the share-based equity costs that have no cash flow effect by the weighted average number of ordinary shares.

	% change	2019 Rm	2018 Rm
Headline earnings reconciliation			
Earnings	(20)	1 868	2 346
Profit on disposal of property, plant and equipment (IAS 16)		(41)	(716)
Loss on the disposal of intangible assets (IAS 38)		13	5
Impairment of property, plant and equipment (IAS 36)		23	103
Impairment of assets classified held for sale		10	–
Impairment of goodwill (IAS 36)		37	63
Impairment of investments in associates and joint ventures (IAS 28)		72	8
Profit on disposal of subsidiaries and businesses and other (IFRS 10)		(3)	(4)
Impairment loss on assets of disposal groups		–	(3)
Tax effects of remeasurements		(2)	189
Headline earnings	(1)	1 977	1 991
Issue of shares at a discount to a broad-based black economic empowerment partner (Ukhamba) and modification of share appreciation rights		160	–
Normalised earnings		2 028	2 346
Normalised headline earnings		2 137	1 991
Normalised earnings per share (cents)	(11)	1 035	1 162
Headline earnings per share (cents)			
Total operations			
– Basic	2	1 009	986
– Diluted	–	984	986
– Normalised	11	1 090	986
Additional information			
Net asset value per share (cents)	7	6 185	5 762
Tangible net asset value per ordinary share (cents)	7	5 522	5 153
Number of ordinary shares in issue (million)			
– total shares		197	202
– net of shares repurchased		192	202
– weighted average for basic		196	202
– weighted average for diluted		201	202

Summarised consolidated statement of cash flows

for the year ended 30 June 2019

	% change	2019 Rm	2018 Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations before movements in net working capital	5	4 819	4 607
Movements in net working capital		(636)	2 141
Cash generated by operations before interest, tax paid and capital expenditure on vehicles for hire	(38)	4 183	6 748
Finance costs paid		(765)	(803)
Finance income received		57	66
Dividends received		496	230
Tax paid		(910)	(861)
Cash generated by operations before capital expenditure on vehicles for hire	(43)	3 061	5 380
Net replacement capital expenditure – vehicles for hire		(318)	(1 079)
– Additions		(4 367)	(4 345)
– Proceeds on disposals		4 049	3 266
		2 743	4 301
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash outflow on acquisition of businesses		(367)	(731)
Cash inflow from disposals of businesses		9	57
Net capital expenditure – property, plant and equipment and intangible assets		(592)	756
Expansion of property, plant and equipment and intangible assets		(441)	(390)
Net replacement capital expenditure – property, plant and equipment and intangible assets		(151)	1 146
Replacements of property, plant and equipment and intangible assets		(457)	(222)
Proceeds on disposal of property, plant and equipment and intangible assets		306	1 368
Movements in investments in associates		19	(45)
(Increase)/decrease in investments		(77)	18
Repayments of other loans and other receivables		14	6
		(994)	61

Summarised consolidated statement of cash flows continued

for the year ended 30 June 2019

	Note	% change	2019 Rm	2018 Rm
CASH FLOWS FROM OPERATING AND FINANCING ACTIVITIES			**1 749**	4 362
CASH FLOWS FROM FINANCING ACTIVITIES				
Repurchase of ordinary shares			**(780)**	–
Hedge cost premium received from Imperial Logistics			**16**	–
Dividends paid to Imperial Holdings Limited			**(567)**	(3 139)
Dividends paid to shareholders of Motus			**(470)**	–
Dividends paid to non-controlling interests			**(60)**	(1)
Net acquisition of non-controlling interests			**(29)**	(35)
Capital raised from non-controlling interests			**–**	220
Repayment of non-controlling and associate loan liabilities			**(49)**	(20)
Issue of preference shares to non-controlling interests			**–**	40
(Decrease)/increase in floorplan liabilities			**(52)**	81
Advances of banking liabilities			**7 103**	–
Repayments of unsecured loans with Imperial			**(7 066)**	(1 350)
			(1 954)	(4 204)
Net (decrease)/increase in cash and cash equivalents			**(205)**	158
Effects of exchange rate changes on cash and cash equivalents			**(42)**	86
Cash and cash equivalents at beginning of the year			**1 187**	943
Cash and cash equivalents at end of the year	8		**940**	1 187

Summarised consolidated statement of changes in equity

for the year ended 30 June 2019

	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 30 June 2018	**23 358**	–	**(19 753)**
Total comprehensive income for the year	–	–	–
Attributable profit for the year	–	–	–
Other comprehensive income	–	–	–
Additional shares issued	**167**	–	–
6 289 200 shares repurchased and cancelled at an average of R85,83 per share	**(540)**	–	–
1 853 342 shares acquired at an average price of R105,02 per share from former parent at unbundling	–	**(195)**	**195**
2 791 281 shares repurchased at an average price of R85,98 per share	–	**(240)**	–
Common control recognised on entity acquired at unbundling	–	–	**12**
Incremental interest purchased from non-controlling interests	–	–	–
Acquisition of 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 broad-based black economic empowerment partner (Ukhamba) and modification of share appreciation rights	–	–	–
Dividends paid to Imperial Holdings prior to unbundling	–	–	–
Dividends paid to Motus shareholders and non-controlling interests	–	–	–
Transfers between reserves	–	–	**370**
Other movements	–	–	**(15)**
As at 30 June 2019	**22 985**	**(435)**	**(19 191)**

Summarised consolidated statement of changes in equity continued

for the year ended 30 June 2019

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
232	1	2 346	2 579	(35)	2 544
–	–	2 346	2 346	(33)	2 313
232	1	–	233	(2)	231
–	(23)	–	(23)	(12)	(35)
–	–	–	–	220	220
–	1	–	1	109	110
–	(215)	–	(215)	–	(215)
–	121	–	121	–	121
–	–	(3 139)	(3 139)	(1)	(3 140)
–	90	(90)	–	–	–
–	(8)	128	120	(3)	117
198	(716)	8 553	11 640	4	11 644
(168)	(47)	1 868	1 653	27	1 680
–	–	1 868	1 868	28	1 896
(168)	(47)	–	(215)	(1)	(216)
–	–	–	167	–	167
–	–	–	(540)	–	(540)
–	–	–	–	–	–
–	–	–	(240)	–	(240)
–	–	–	12	–	12
–	(19)	–	(19)	(10)	(29)
–	–	–	–	2	2
–	(6)	–	(6)	–	(6)
–	116	–	116	–	116
–	160	–	160	–	160
–	–	(567)	(567)	–	(567)
–	–	(470)	(470)	(60)	(530)
–	64	(434)	–	–	–
–	1	(17)	(31)	–	(31)
30	(447)	8 933	11 875	(37)	11 838

Segment financial position

as at 30 June 2019

	Group 2019 Rm	Group 2018 Rm	Import and Distribution 2019 Rm	Import and Distribution 2018 Rm
FINANCIAL POSITION				
Assets				
Goodwill and intangible assets	1 273	1 230	108	122
Carrying amount of equity investment in associates and joint ventures (excluding loans to associates)	177	260	10	27
Property, plant and equipment	7 023	6 786	579	682
Investment properties	175	–	156	–
Investments and other financial instruments	509	653	4	4
Inventories	19 069	15 633	5 680	3 798
Vehicles for hire	3 385	3 924	1 222	1 685
Trade and other receivables[1]	4 778	5 253	2 123	2 649
Operating assets	36 389	33 739	9 882	8 967
– South Africa	26 034	24 857	9 882	8 967
– International	10 355	8 882	–	–
Liabilities				
Contract Liabilities[2]	2 818	2 724	–	–
Provisions[2]	797	674	134	250
Trade and other payables[1][2]	15 470	13 481	5 683	5 516
Other financial liabilities	53	54	10	10
Operating liabilities	19 138	16 933	5 827	5 776
– South Africa	12 934	11 803	5 827	5 776
– International	6 204	5 130	–	–
Net working capital	7 580	6 731	1 986	681
– South Africa	5 943	5 263	1 986	681
– International	1 637	1 468	–	–
Net debt	6 618	5 900	2 281	1 099
– South Africa	4 808	5 047	2 281	1 099
– International	1 810	853	–	–
Net capital expenditure	(910)	(323)	170	(124)
– South Africa	(662)	(909)	170	(124)
– International	(248)	586	–	–
Non-current assets (excluding investments, deferred tax and other financial instruments)	8 649	8 276	853	831
– South Africa[3]	6 164	5 991	853	831
– International[3]	2 485	2 285	–	–
Source of internationally based adjusted non-current assets	2 485	2 285	–	–
– United Kingdom	1 445	1 254	–	–
– Other regions (Australia and South East Asia)	1 040	1 031	–	–

(1) *Includes amounts pertaining to derivative financial instruments.*

(2) *The prior years contract liabilities, trade and other payables and provisions have been re-presented for Retail and Rental, Motor-Related Financial Services and Head office and Eliminations. There is no impact on the Group's total numbers and these have been re-allocated within liabilities.*

(3) *The prior years non-current assets allocation between South Africa and international has been re-presented in Group total and Retail and Rental. The goodwill adjustment amounting to R364 million was previously included in South Africa and is now allocated to international to align it with the related operations.*

Retail and Rental 2019 Rm	Retail and Rental 2018 Rm	Motor-Related Financial Services 2019 Rm	Motor-Related Financial Services 2018 Rm	Aftermarket Parts 2019 Rm	Aftermarket Parts 2018 Rm	Head Office and Eliminations 2019 Rm	Head Office and Eliminations 2018 Rm
656	649	16	4	468	455	25	–
37	53	41	52	82	122	7	6
5 831	5 590	113	109	447	420	53	(15)
19	–	–	–	–	–	–	–
–	–	490	653	–	–	15	(4)
11 514	10 167	316	270	1 594	1 446	(35)	(48)
2 161	2 231	1 289	1 732	–	–	(1 287)	(1 724)
3 089	3 131	339	453	702	691	(1 475)	(1 671)
23 307	21 821	2 604	3 273	3 293	3 134	(2 697)	(3 456)
13 199	13 142	2 604	3 273	3 046	2 931	(2 697)	(3 456)
10 108	8 679	–	–	247	203	–	–
121	89	2 697	2 635	–	–	–	–
78	112	286	307	2	1	297	4
10 449	9 323	541	662	1 119	1 126	(2 322)	(3 146)
11	43	–	–	30	1	2	–
10 659	9 567	3 524	3 604	1 151	1 128	(2 023)	(3 142)
4 536	4 477	3 524	3 604	1 070	1 089	(2 023)	(3 143)
6 123	5 090	–	–	81	39	–	1
4 076	3 863	(172)	(246)	1 175	1 010	515	1 423
2 507	2 461	(172)	(246)	1 107	943	515	1 424
1 569	1 402	–	–	68	67	–	(1)
5 404	4 648	(2 231)	(1 426)	1 131	945	33	634
3 520	3 677	(2 231)	(1 426)	1 204	1 086	34	611
1 884	971	–	–	(73)	(141)	(1)	23
(969)	(170)	281	8	(55)	(15)	(337)	(22)
(724)	(757)	281	8	(52)	(15)	(337)	(21)
(245)	587	–	–	(3)	–	–	(1)
6 543	6 292	170	165	997	997	86	(9)
4 156	4 104	170	165	899	900	86	(9)
2 387	2 188	–	–	98	97	–	–
2 387	2 188	–	–	98	97	–	–
1 445	1 254	–	–	–	–	–	–
942	934	–	–	98	97	–	–

Segment profit or loss

for the year ended 30 June 2019

	Group(1) 2019 Rm	Group(1) 2018 Rm	Import and Distribution(3)(4) 2019 Rm	Import and Distribution(3)(4) 2018 Rm
PROFIT OR LOSS				
Total revenue from contracts with customers	79 711	77 001	18 949	19 501
– South Africa	53 176	54 389	18 949	19 501
– International	26 652	22 662	–	–
– Eliminations	(117)	(50)	–	–
Operating profit	3 620	3 593	810	788
– South Africa	3 264	3 189	810	788
– International	356	404	–	–
Depreciation, amortisation, impairments net of recoupments(7)	(1 188)	(751)	(264)	(515)
– South Africa	(1 086)	(1 268)	(264)	(515)
– International(7)	(102)	517	–	–
Interest expense	(774)	(737)	(176)	(347)
– South Africa	(622)	(620)	(176)	(347)
– International	(152)	(117)	–	–
Profit before tax and exceptional items	2 690	3 452	645	432
– South Africa	2 504	2 560	645	432
– International	186	892	–	–
Exceptional items	(80)	(242)	(30)	(6)
– South Africa	(80)	(242)	(30)	(6)
– International	–	–	–	–
Profit before tax(8)	2 610	3 210	615	426
– South Africa	2 424	2 318	615	426
– International	186	892	–	–
Income tax expense	(714)	(897)	(207)	(143)

(1) 2018 has been restated. Revenue related to Aftermarket Parts decreased by R658 million with a corresponding decrease in operating expenses. Please refer to note 3 for full details.

(2) In the prior year, the revenue in Aftermarket Parts, as referred to in note 1 above, was included under sale of goods amounting to R682 million. With the requirements of the new revenue accounting standards, it is now an agency arrangement with only the fees being recognised as revenue amounting to R24 million decreasing revenue by R658 million.

(3) Two businesses that were previously reported in the Import and Distribution segment, have been transferred to the Retail and Rental segment, in line with a change in management structure, resulting in the rendering of services revenue (R108 million), being transferred in the prior year.

(4) Certain revenue eliminations that were within Head Office and Eliminations have been reallocated to the underlying segments to which the source of the revenue relate, resulting in a reduction of R536 million in Head Office and Eliminations, and increases to Import and Distribution (R519 million) and Retail and Rental (R17 million).

(5) In the prior year, the elimination of revenue from Motus entities outside of South Africa to Motus entities within South Africa was included under the revenue from South Africa, this elimination is now being disclosed separately.

(6) The prior year has been represented for certain staff costs relating to Head Office which were allocated to the Import and Distribution segment. In the current year, these costs are now included in Head Office and Eliminations, with no change to the total Group numbers (see next page).

(7) The prior year includes profit on sale of a property in Australia amounting to R616 million.

(8) The prior year has been re-presented for certain exceptional gains relating to Import and Distribution (R33 million) which were allocated to Head Office and eliminations. In the current year, this is now included in Import and Distribution, with no change to the total Group numbers.

Retail and Rental[3][4]		Motor-Related Financial Services		Aftermarket Parts[1][2][5]		Head Office and Eliminations[1][4]	
2019 Rm	2018 Rm	2019 Rm	2018 Rm	2019 Rm	2018 Rm	2019 Rm	2018 Rm
65 041	62 850	2 172	2 166	6 442	5 974	(12 893)	(13 490)
38 759	40 318	2 172	2 166	6 189	5 894	(12 893)	(13 490)
26 282	22 532	–	–	370	130	–	–
–	–	–	–	(117)	(50)	–	–
1 578	1 687	937	889	496	447	(201)	(218)
1 291	1 312	937	889	431	420	(205)	(220)
287	375	–	–	65	27	4	2
(830)	(182)	(145)	(174)	(52)	(40)	103	160
(732)	(699)	(145)	(174)	(51)	(40)	106	160
(98)	517	–	–	(1)	–	(3)	–
(586)	(429)	(61)	(49)	(113)	(68)	162	156
(440)	(314)	(61)	(49)	(108)	(66)	163	156
(146)	(115)	–	–	(5)	(2)	(1)	–
991	1 842	878	844	371	387	(195)	(53)
867	977	878	844	309	361	(195)	(54)
124	865	–	–	62	26	–	1
22	(24)	(5)	(20)	(57)	(197)	(10)	5
22	(24)	(5)	(20)	(57)	(197)	(10)	5
–	–	–	–	–	–	–	–
1 013	1 818	873	824	314	190	(205)	(48)
889	953	873	824	252	164	(205)	(49)
124	865	–	–	62	26	–	1
(201)	(509)	(153)	(165)	(101)	(84)	(52)	4

Segment profit or loss continued

for the year ended 30 June 2019

	Group[1] 2019 Rm	Group[1] 2018 Rm	Import and Distribution[3][4] 2019 Rm	Import and Distribution[3][4] 2018 Rm
ADDITIONAL SEGMENT INFORMATION				
Analysis by revenue type				
New motor vehicles sales	36 708	37 515	14 159	14 552
Used motor vehicles sales	19 027	17 077	2 648	2 721
Parts and other goods sales	14 268	13 659	2 023	2 106
Sale of goods	70 003	68 251	18 830	19 379
Vehicle workshop, maintenance, service and warranty	5 435	4 541	74	70
Motor vehicle rental	2 564	2 586	9	9
Fees on vehicle and services sold	1 709	1 623	36	43
Rendering of services	9 708	8 750	119	122
Total divisional revenue	79 711	77 001	18 949	19 501
Inter-group revenue	–	–	(12 006)	(11 986)
Total external revenue	79 711	77 001	6 943	7 515
Source of internationally derived revenue				
– United Kingdom	20 395	17 081	–	–
– Other regions (Australia and South East Asia)	6 257	5 581	–	–
	26 652	22 662	–	–
Analysis of depreciation, amortisation, impairments and recoupments	(1 188)	(751)	(264)	(515)
Depreciation and amortisation	(1 176)	(1 340)	(267)	(527)
Recoupments and impairments	5	604	3	12
Amortisation and impairment of intangible assets arising on business combinations	(17)	(15)	–	–
(Costs)/income included in profit before tax and exceptional items				
Employee costs[6]	(6 822)	(6 425)	(486)	(450)
Operating lease charges	(699)	(559)	(39)	(43)
Issue of shares at a discount to a broad-based black economic empowerment partner (Ukhamba) and modification of share appreciation rights	(160)	–	–	–
Net foreign exchange (losses) and gains	(14)	(43)	4	(40)
Associate income included in pre-tax profits	27	39	4	12
Operating margin %[1]	4,5	4,7	4,3	4,0

[1] 2018 has been restated. Revenue related to Aftermarket Parts decreased by R658 million with a corresponding decrease in operating expenses. Please refer to note 3 for full details.

[2] In the prior year, the revenue in Aftermarket Parts, as referred to in note 1 above, was included under sale of goods amounting to R682 million. With the requirements of the new revenue accounting standards, it is now an agency arrangement with only the fees being recognised as revenue amounting to R24 million, decreasing revenue by R658 million.

[3] Two businesses that were previously reported in the Import and Distribution segment, have been transferred to the Retail and Rental segment, in line with a change in management structure, resulting in the rendering of services revenue (R108 million), being transferred in the prior year.

[4] Certain revenue eliminations that were within Head Office and Eliminations have been reallocated to the underlying segments to which the source of the revenue relate, resulting in a reduction of R536 million in Head Office and Eliminations, and increases to Import and Distribution (R519 million) and Retail and Rental (R17 million).

[5] In the prior year, the elimination of revenue from Motus entities outside of South Africa to Motus entities within South Africa was included under the revenue from South Africa, this elimination is now being disclosed separately.

[6] The prior year has been represented for certain staff costs relating to Head Office which were allocated to the Import and Distribution segment. In the current year, these costs are now included in Head Office and Eliminations, with no change to the total Group numbers.

[7] The prior year includes profit on sale of a property in Australia amounting to R616 million.

	Retail and Rental[3][4] 2019 Rm	Retail and Rental[3][4] 2018 Rm	Motor-Related Financial Services 2019 Rm	Motor-Related Financial Services 2018 Rm	Aftermarket Parts[1][2][5] 2019 Rm	Aftermarket Parts[1][2][5] 2018 Rm	Head Office and Eliminations[1][4] 2019 Rm	Head Office and Eliminations[1][4] 2018 Rm
	31 437	31 609	–	–	–	–	(8 888)	(8 670)
	18 294	16 441	–	–	–	–	(1 915)	(2 085)
	7 398	7 176	–	–	6 415	5 948	(1 568)	(1 547)
	57 129	55 226	–	–	6 415	5 948	(12 371)	(12 302)
	3 986	3 797	1 525	1 500	2	2	(152)	(828)
	2 274	2 267	481	557	–	–	(200)	(247)
	1 652	1 560	166	109	25	24	(170)	(113)
	7 912	7 624	2 172	2 166	27	26	(522)	(1 188)
	65 041	62 850	2 172	2 166	6 442	5 974	(12 893)	(13 490)
	(489)	(410)	(363)	(1 068)	(35)	(26)	12 893	13 490
	64 552	62 440	1 809	1 098	6 407	5 948	–	–
	20 395	17 081	–	–	–	–	–	–
	5 887	5 451	–	–	370	130	–	–
	26 282	22 532	–	–	370	130	–	–
	(830)	(182)	(145)	(174)	(52)	(40)	103	160
	(838)	(760)	(146)	(173)	(43)	(39)	118	159
	13	585	1	(1)	3	6	(15)	2
	(5)	(7)	–	–	(12)	(7)	–	(1)
	(4 789)	(4 669)	(514)	(409)	(795)	(713)	(238)	(184)
	(566)	(462)	(6)	(13)	(85)	(113)	(3)	72
		–	–	–	–	–	(160)	–
	–	(1)	–	–	(16)	(6)	(2)	4
	(1)	6	2	4	15	14	7	3
	2,4	2,7	43,1	41,0	7,7	7,5		

Notes to the summarised consolidated financial statements

1. BASIS OF PREPARATION

The preliminary summarised audited consolidated annual financial statements have been prepared in accordance with the framework concepts, recognition and measurement criteria of International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB) in issue and effective for the Group at 30 June 2019 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 contain the minimum information as required by IAS 34 – Interim Financial Reporting and comply with the Listings Requirements of the Johannesburg Stock Exchange Limited and the Companies Act of South Africa, 2008. These summarised consolidated annual 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 2019.

These audited summarised consolidated annual financial statements are an extract of the full consolidated annual financial statements, both the summarised and full annual financial statements have been prepared under the supervision of OJ Janse Van Rensburg, CA(SA) and were approved by the board of directors on 26 August 2019.

2. ACCOUNTING POLICIES

The accounting policies adopted and methods of computation used in the preparation of the preliminary summarised consolidated annual 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 IFRS 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 are IFRS 9 – Financial instruments and IFRS 15 – Revenue from contracts with customers.

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. Motus Financial Services has profit share arrangements with banks. The banks are now required to accelerate their expected credit losses (ECL) on non-arrear stage 1 portfolios resulting in lower impairments when the loans become irrecoverable. This had 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 was applied to trade and to other receivables within the Group and due to the short-term nature of the credit policy in place for sales to external customers the impact is minor. All trade receivables are held to collect contractual cash flows.

Motus has adopted the simplified approach in terms of IFRS 9 – Financial Instruments (IFRS 9), the credit loss allowance on the trade receivables is determined by the lifetime ECL for the Group. The ECL on trade receivables are estimated using a provision matrix by referencing to past default experience, an analysis of the customer's current financial position and reasonable and supportable forward looking information.

In the Group's condensed interim unaudited financial statements for the six months ended 31 December 2018 and the consolidated financial statements for the year ended 30 June 2018, Motus disclosed the following in relation to the application to IFRS 9: "The standard has also resulted in a more simplified approach to hedge accounting which affects the Motus Import and Distribution segment".

However, it was erroneously omitted that the Group would still apply IAS 39 – Financial Instruments for hedge accounting until such time as the macro hedging project has been concluded. The principal difference in the two standards is the hedging documentation requirements. Under IFRS 9 there is greater detail required on the Group's risk management strategy and risk management's objectives, the eligibility of more items that can be utilised as hedging instruments and determination and measurement of hedge effectiveness. Motus is still assessing the impact that the application of IFRS 9 will have on the disclosures and other factors relating to hedge accounting.

The application of IFRS 9 had no material impact on the 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 segment, 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 practice in the industry it was agreed that the entity 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.

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

The restatement had no impact on profits, cash flows and the financial position, it only affected revenue and net operating expenses as detailed below.

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

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

IFRS that will become applicable to the Group in future reporting periods is IFRS 16 Leases (effective for Motus from 1 July 2019). Details of this standard was outlined in the 31 December 2018 interim results. 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 on 30 June 2019, adopting IFRS 16 – Leases, would have the following indicative impact, with the Retail and Rental segment being the main contributor:

As at 30 June 2019 the right of use asset for the leases would amount to R1 983 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 2019. The related lease liability would amount to R2 349 million being the present value of the minimum lease payments plus the related interest less the rental payments to 30 June 2019. The difference between the asset and the liability will be adjusted to retained income.

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

5. EXCHANGE RATES

	Closing rates		Average rates	
	2019	2018	**2019**	2018
US Dollar	**14,10**	13,71	**14,18**	12,86
British Pound	**17,95**	18,10	**18,35**	17,31
Australian Dollar	**9,90**	10,13	**10,14**	9,97
Euro	**16,06**	16,01	**16,18**	15,34

6. OTHER NON-OPERATING ITEMS

	2019 Rm	2018 Rm
Derecognition of loans on deregistration of dormant companies	**(36)**	–
Impairment of goodwill	**37**	63
Impairment of non-current receivable	**–**	173
Impairment of investments and associates and joint ventures	**72**	8
Impairment of asset classified as held-for-sale	**10**	–
Other non-operating items	**(3)**	(2)
Total exceptional items	**80**	242
Gain on derecognition of financial instruments	**–**	(5)
Business acquisition costs	**7**	7
	87	244

7. GOODWILL

Carrying value at beginning of year	**953**	539
Net acquisition of subsidiaries and businesses	**111**	447
Impairments	**(37)**	(63)
Currency adjustments	**(7)**	30
Carrying value at end of year	**1 020**	953

8. CASH RESOURCES

	2019 Rm	2018 Rm
Cash resources	**1 042**	1 737
Bank overdrafts	**(102)**	(550)
	940	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

Where the Group's financial assets and financial liabilities are not fair valued and are carried at amortised cost, they approximate their fair values.

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

30 June 2019	Total Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm
Financial assets carried at fair value				
Listed investments *(included in investments)*	**35**	**35**	**–**	**–**
Unlisted investments *(included in investments)*	**474**	**–**	**–**	**474**
Foreign exchange contracts and other derivative instruments	**34**	**–**	**34**	**–**
Financial liabilities carried at fair value				
Foreign exchange contracts and other derivative instruments	**135**	**–**	**135**	**–**
Contingent consideration	**26**	**–**	**–**	**26**

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

Level 2 valuation techniques

Forward exchange contracts

Future cash flows estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at the rate that reflects the credit risk of the various counterparties at the date of entering in to the contract.

Other derivative instruments

The differential on current market interest rates and contract fixed rates on interest rate swaps.

9. FAIR VALUE OF FINANCIAL INSTRUMENTS continued

9.2 Fair values of financial assets and liabilities continued

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	Level 3 Rm
Carrying value at beginning of year	637
Additional investments in underlying preference shares	77
Cash receipts	(436)
Fair valued through profit or loss	196
Carrying value at the end of the year	**474**
Financial liabilities	
Carrying value at beginning of year	–
Recognised as a result of business combinations	26
Carrying value at the end of the year	**26**

Level 3 sensitivity information

The fair value of the level 3 financial assets of R474 million (2018: R637 million) consists of investments in cell captives though unlisted preference share instruments in insurance companies. These fair values were estimated by applying a discounted cash flow projection technique. Cash flow projections are based on expected dividends receivable which are subject to regulation. The cash flow projections cover a five-year forecast period discounted at a WACC of 18% specifically linked to Motor-Related Financial Services. The projections are limited to five years as the underlying business will be run off over this period with reducing dividend payouts and settlement of capital. A new preference share structure with a new underwriter will be established post-year end.

The fair value measurement is based on significant inputs that are not observable in the market. Key assumptions used in the valuation include underwriting risk, operational risk and investment risk. The dividends receivable are calculated from the assumed profits after taking into account the abovementioned risk inputs.

The fair value of the level 3 financial liability of R26 million (2018: Rnil) is the contingent consideration payable in respect of the Rhino Outdoor and Off-road Proprietary Limited acquisition and is payable over the next two years. The amount payable is based on a multiple of operating profit after tax as required in the purchase agreement.

The following table shows how the fair value of the level 3 financial instruments as at 30 June 2019 would change if a significant assumption were to be replaced by a reasonable possible alternative.

Financial instruments	Valuation technique	Key assumption	Carrying value Rm	Increase in carrying value Rm	Decrease in carrying value Rm
Unlisted investments (asset)	Cash flow projections	Present value of expected dividend flows	474	7	(6)
Contingent considerations	Multiples of future net operating profits after tax	Future expected profits	26	0,3	(0,3)

10. CONTINGENCIES AND COMMITMENTS

	2019 Rm	2018 Rm
Capital commitments#	254	343
Contingent liabilities*	3 779	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.*

Notes to the summarised consolidated financial statements continued

11. ACQUISITIONS AND DISPOSALS DURING THE YEAR

Acquisitions

Please refer to page 37 for acquisitions for the year.

Disposals

There were no material disposals noted during the year.

12. EVENTS AFTER THE REPORTING YEAR

Shareholders are to be advised that an ordinary dividend has been declared by the board of Motus Holdings on 26 August 2019. For further details, please refer to the dividend declaration on page 17.

On 1 July 2019 Motus acquired 100% shareholding in F&G Holdings Group and F&G Commercial in the United Kingdom for R281 million. The Group comprises four DAF dealerships along with a commercial body-building operation and a vehicle repair centre.

	2019 Rm
Fair value of assets acquired and liabilities assumed at date of acquisition:	
Assets	
Property, plant and equipment	233
Inventories	299
Trade and other receivables	28
Cash resources	69
	629
Liabilities	
Deferred tax liability	3
Provisions	10
Trade and other payables	359
Income tax liability	7
Interest-bearing debt	101
	480
Net assets acquired	149
Total purchase consideration	281
Goodwill	132

Due to the recent nature of this acquisition, all numbers are treated as provisional.

Business combinations

BUSINESS COMBINATIONS DURING THE YEAR

Acquisitions during the reporting period

A number of businesses were acquired during the year to complement existing businesses. An assessment of control was performed by Motus based on whether Motus has the practical ability to direct the relevant activities unilaterally. In making the judgement, the relative size and dispersion of other vote holders, potential voting rights held by them or others and rights from other contractual arrangements were considered. After the assessment, Motus concluded that it did have a dominant interest to direct the relevant activities of the subsidiaries acquired.

The fair value of assets acquired and liabilities assumed at the acquisition date were as follows.

Business acquired	Nature of business	Operating segment	Effective date	Interest acquired (%)	Purchase consideration transferred Rm
Pentagon Ford	Three dealerships that primarily retail Ford motor vehicles in the United Kingdom	Vehicle Retail and Rental	December 2018	100%	266
Other various individually immaterial acquisitions					129
					395

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	14	**117**
Investments and other financial instruments	–	35	**35**
Deferred tax assets	–	27	**27**
Inventories	127	70	**197**
Trade and other receivables	1	4	**5**
Income tax assets	–	207	**207**
Cash resources	–	2	**2**
	231	359	**590**
Liabilities			
Trade and other payables	–	114	**114**
Other non-current financial liabilities	–	3	**3**
Contract liability	–	42	**42**
Interest-bearing debt	15	118	**133**
	15	277	**292**
Acquiree's fair value of net assets at acquisition	216	82	**298**
Non-controlling interests	–	(2)	**(2)**
Common control acquired	–	(12)	**(12)**
Net assets acquired	216	68	**284**
Total purchase consideration	266	129	**395**
Cash paid	266	103	**369**
Contingent consideration	–	26	**26**
Goodwill	50	61	**111**

Business combinations continued

Process involved with obtaining control

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

Reasons for the acquisitions

The acquisitions are strategically in line with the Group's objective of achieving economies of scale via selective bolt-on acquisitions in local and international markets that complement the Group’s existing networks.

The acquisition of these businesses complement the Group’s existing structures and create synergies supporting the recognition of goodwill.

Acquisition costs

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

Impact of the acquisition on the results of the Group

From the dates of acquisition, the business's acquired during the period contributed revenue of R1 363 million and after tax loss of R14 million including the after tax funding costs. Had all the acquisitions been consolidated from 1 July 2018, they would have contributed revenue of R2 348 million and an after tax loss of R19 million (including the after tax impact of funding costs). The Group's total revenue would have been R80 696 million and an after tax profit of R1 891 million (also including the after tax impact of funding costs).

Separately identifiable intangible assets

The full excess purchase price is recognised as goodwill, as the distribution rights from the suppliers only transfer upon certain terms and conditions being met and do not automatically transfer as a part of the acquisition. These assets are not controlled resources that are separable in nature as the right cannot be sold, transferred, licensed or rented/exchanged separately.

Other details

Trade and other receivables had a gross contractual amount of R5 million.

Non-controlling interests have been calculated based on the proportionate share of the fair value acquiree’s net assets.

Auditor’s report

These preliminary summarised consolidated annual financial statements for the year ended 30 June 2019 have been audited by Deloitte & Touche, who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the consolidated annual financial statements from which these summarised consolidated statements were derived.

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

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

Glossary of terms

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 debt 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 the 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 in non-financial services businesses.
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) + (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 deducting from the cash flow from operating activities, the replacement capital expenditure on property, plant and equipment and intangible assets.

Corporate information

Directors
GW Dempster (Chairman)*
OS Arbee (CEO)
OJ Janse van Rensburg (CFO)
KA Cassel
P Langeni*
S Mayet*
K Moloko*
MJN Njeke*
A Tugendhaft
Independent non-executive

Company Secretary
JK Jefferies

Group Investor Relations Manager
N Varty

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Share transfer secretaries
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1st Floor Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg
2196

Auditor
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The Woodlands
Woodmead
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Sponsor
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The results announcement is available on the Motus website: www.motuscorp.co.za

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