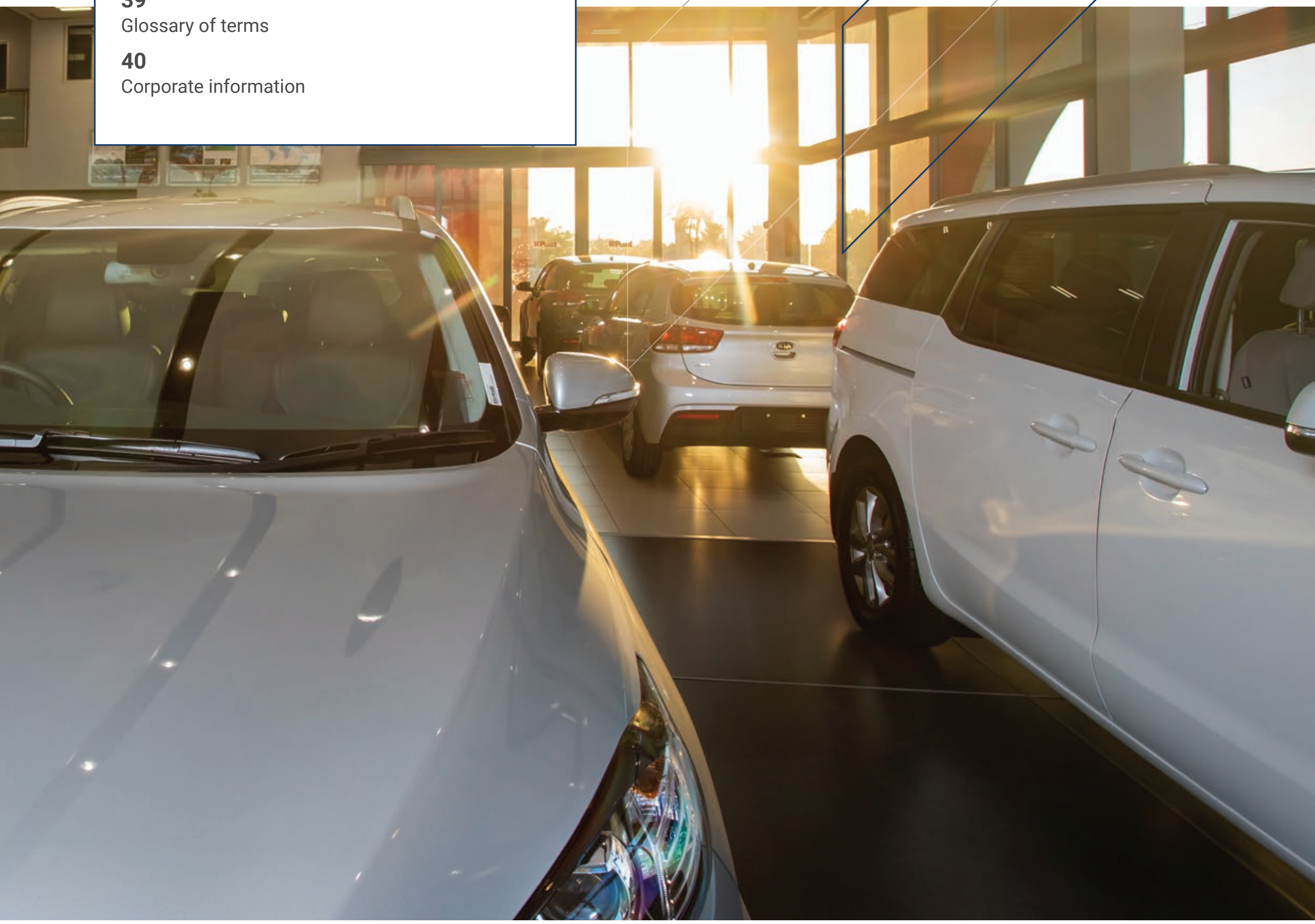
POWERING PROGRESS

Unaudited interim financial results

for the six months ended 31 December 2019

Contents



Business overview

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.

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.

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

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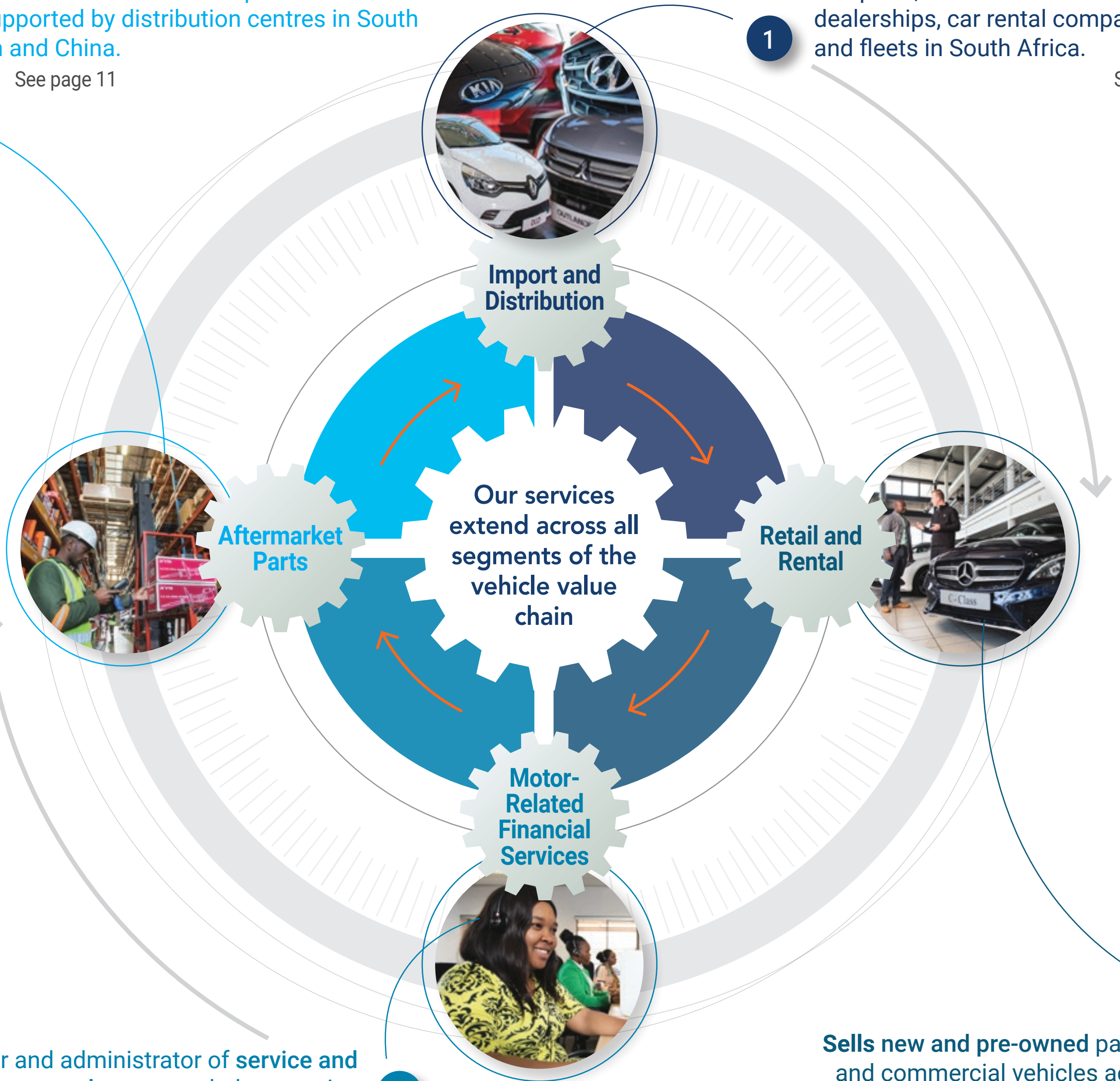

3 Manager and administrator of **service and maintenance plans**, extended warranties and other value-added products and services. Sales agent and administrator of insurance-related products. Administers fleet management services. Manages the innovation hub for the Group.

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2 **Sells new and pre-owned** passenger and commercial vehicles across all segments. **Rents** passenger, SUVs and light commercial vehicles.

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Financial highlights

Six months to 31 December 2019

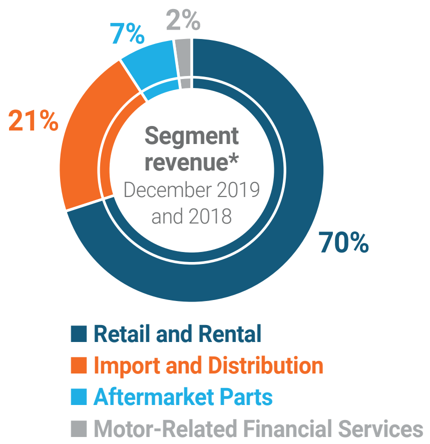
Revenue	Operating profit	Earnings per share
R41 954 million 7%	R1 831 million	479 cents per share 10%
(2018: R39 379 million)	(2018: R1 838 million)	(2018: 436 cents per share)

Cash generated by operations	Return on invested capital*	Weighted average cost of capital*
R1 121 million	12,6%	10,3%
(2018: R382 million)	(2018: 14,3%)	(2018: 10,8%)

Note: Return on invested capital and weighted average cost of capital are calculated on a rolling 12-month basis.

** Excludes the impact of IFRS 16.*

REVENUE



** Excludes Head office and Eliminations.*

Financial highlights

Six months to 31 December 2019

Headline earnings per share

517 cents per share

9%

(2018: 474 cents per share)

Interim dividend

240 cents per share

(2018: 240 cents per share)

Strong performance in a challenging environment

Net debt to EBITDA*

1,8 times

(2018: 1,5 times)

Net debt to equity*

73,6%

(2018: 63,4%)

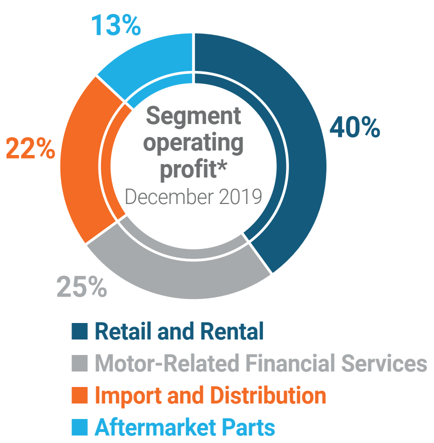
Net asset value per share

6 221 cents per ordinary share

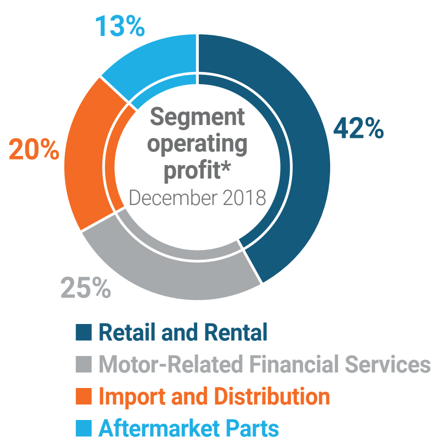
(2018: 6 145 cents per ordinary share)

** Excludes the impact of IFRS 16.*

OPERATING PROFIT



** Excludes Head office and Eliminations.*



** Excludes Head office and Eliminations.*

Environment

The South African operations contributed 67% to revenue and 93% to operating profit, for the period (2018: 68% and 92%), with the remainder being contributed by the UK, Australia and South East Asia.

The global and South African political and economic environments remain unstable. Emerging markets have been more severely affected compared to developed economies. The latest spread of the Coronavirus will impact economies throughout the world as China is a large part of the global economy. The impact is unknown at this stage, however, Motus will continue to monitor the situation.

The economic outlook for South Africa remains weak and challenging in the immediate and medium term. Consumer and investor confidence is depressed resulting in low economic growth rates being projected for the immediate and medium term. This is exacerbated by the potential investment ratings downgrade, retrenchments (mainly in our customer base), state-owned entity problems, load shedding, lower tax revenues, a deteriorating fiscal position and high unemployment. Additional risks that are business specific include access to credit, higher bank bad debt provisions, consumers under pressure, cyber risk and legislation which results in additional cost of doing business.

The NAAMSA estimate of vehicle sales for the 2020 calendar year is 549 000 vehicles compared to 536 628 in the prior year. We believe these estimates are optimistic. Vehicle finance houses have forecast 518 000 vehicles for the 2020 calendar year, which is a 3,5% decline from an already low base. Vehicle sales are linked to the strength of the economy. The headwinds are here to stay for at least two to three years resulting in limited opportunity to grow new vehicle sales, creating risk of negative growth. Industry margins could continue to underperform as consumers continue to delay purchases, trade down to cheaper vehicle models and place pressure on the quality of the pre-owned vehicle supply.

In South Africa, the total new vehicle market performance declined by 2% for the six-month period according to NAAMSA (six months to December 2019: 279 016 units, six months to December 2018: 284 817 units).

At December 2019 our retail market share is 20,1% (December 2018: 19,3%), positively impacted by the Motus Importers who achieved higher sales volumes in the entry level models.

Motus performed better than the market and reported 2% higher new and pre-owned vehicle unit volumes (December 2019: 111 939 units; December 2018: 109 796 units).

The UK new vehicle market has declined by 1% for the six months to December 2019 compared to 2018, reflective of domestic and international market contraction. The passenger vehicle market contracted by 2,4%, while commercial vehicles improved 2%. The UK market has been negatively impacted by weak business and consumer confidence, political and economic instability, exacerbated by Brexit uncertainty.

The Australian economy remains depressed with challenges including, restrictive regulatory lending conditions currently facing consumers, slow wages growth and extreme environmental factors. The economy is negatively affected by the trade war tensions between the United States of America and China, as China is their dominant trading partner. The Australian automotive industry remains competitive, with new vehicle sales down 7% for the six months to December 2019 compared to 2018.

The global automotive sector is going through a period of unprecedented change, with declining volumes, new technologies and business models, demanding consumer expectations and increased competition. The industry is experiencing a dramatic shift in the way vehicles are owned, powered and driven, as well as in the way they are manufactured. In response to disruption, many OEMs are building strategies around key areas of change, namely, connectivity, autonomous driving, sharing and electrification/hybrids. We remain focused on keeping abreast of these changes and aligning with customer needs and expectations.

Performance

The results for the period reflect strong strategic and operational progress, based on a resilient financial performance in a challenging environment. We are pleased with the stable performance our diversified offering provides, given the uncertainties in the markets in which we operate.

Revenue improved by 7% mainly due to the increased revenue in the Retail and Rental and Aftermarket Parts business segments of 7% and 5% respectively. Higher vehicle unit volumes of 2% resulting from increased pre-owned vehicle sales, higher revenue generated from the rendering of services, an increase in selling prices and the bolt-on acquisitions of Ford and DAF dealerships (UK) improved revenue. Revenue growth excluding acquisitions was 2%.

Operating profit remained stable. Gross margins have been under pressure due to the competitive environment. Operating expenses (excluding depreciation) decreased by 6%. The decline in operating expenses is a result of cost containment and a reduction in operating lease charges as a result of IFRS 16. Excluding the effects of IFRS 16 operating expenses would have decreased by 1%. Costs have been well contained over the last three years, adjusting to our changing economic environment.

The operating margin of 4,4% is slightly lower than the prior period 4,7%, impacted by the gross profit decline of 1%.

The profit before tax is in line with the prior period while attributable income has improved by 3%. This is mainly due to the lower income tax expense which is primarily as a result of the once-off prior year non-deductible cost of shares issued to the BEE partner, Ukhamba, at a discount, which does not qualify for a tax deduction.

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

An interim dividend of 240 cents per ordinary share (2018: 240 cents) has been declared. This is in line with our guideline payout ratio of 45% of headline earnings per share.

The statement of financial position is detailed in the financial overview section.

Ratio analysis is provided excluding the impact of IFRS 16 to ensure comparability to prior years and is in line with covenant methodology used by our debt providers.

Net debt to EBITDA (excluding IFRS 16) is 1,8 times (2018: 1,5 times) and remains within covenant levels of 3,0 times as set by debt providers.

Return on invested capital (excluding IFRS 16) declined to 12,6% (2018: 14,3%) mainly due to higher invested capital to fund working capital and vehicles for hire. Weighted average cost of capital (excluding IFRS 16) marginally improved to 10,3% (2018: 10,8%) primarily due to the increase in debt.

We have not provided separate return on invested capital, weighted average cost of capital 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.

Motus generated R1 121 million (2018: R382 million) cash from operating activities (before capital expenditure) due to lower cash utilised in working capital.

Segment overview

A diversified business in the automotive industry

1 Import and Distribution

- Exclusive South African Importer of Hyundai, Kia, Renault and Mitsubishi
- Exclusive distribution rights for Nissan in four East African countries
- Operates in South Africa and neighbouring countries
- >80 000 vehicles imported annually
- 15,2% market share in South Africa
- Car parc ~1,1 million vehicles

2 Retail and Rental

- Annually retail > 130 000 new vehicles and >83 000 pre-owned vehicles
- **South Africa**
  - Represents 22 OEMs: 321 dealerships
  - 20,1% retail market share
  - Car rental (Europcar and Tempest): 117 outlets in Southern Africa
  - ~25% rental market share
- **United Kingdom**
  - 90 commercial dealerships
  - 29 passenger dealerships
- **Australia**
  - 28 passenger dealerships

3 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
- Sales agent and administrator of insurance-related products
- Provider of fleet management services
- Manages the innovation hub for the Group

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 (72 owned stores)
- Supported by distribution centres in South Africa, Taiwan and China
- Franchise base comprises:
  - Resellers (Midas and Alert Engine Parts)
  - Specialised workshops

21%
of Group revenue

22%
of Group operating profit

Operating margin
4,2%

70%
of Group revenue

40%
of Group operating profit

Operating margin
2,3%

2%
of Group revenue

25%
of Group operating profit

Operating margin
42,9%

7%
of Group revenue

13%
of Group operating profit

Operating margin
7,2%

Segment overview

1

Import and Distribution

OVERVIEW

The Import and Distribution segment provides a differentiated value proposition to the dealership network enhancing the revenue and profits of the entire automotive value chain. We distribute vehicles and parts to our dealership network and government, and also supply to Europcar and Tempest (Motus rental brands) and other independent car rental companies. Our market share in South Africa at December 2019 is 15,2% (December 2018: 14,6%).

FINANCIAL PERFORMANCE	HY1 2020	HY1 2019	% change on HY1 2019	HY2 2019	% change on HY2 2019
Revenue (Rm)	**10 158**	9 753	4	9 196	10
Operating profit (Rm)	**430**	388	11	422	2
Operating margin (%)	**4,2**	4,0		4,6	

Revenue improved by 4% mainly attributable to price increases and the sales volume improvement of 7% resulting from new (mainly entry-level) model launches.

Operating profit increased by 11% for the period primarily due increased volumes, favourable forward exchange rates and cost containment.

All importers have forward cover at average rates of R14,71 to the US Dollar and R16,43 to the Euro. Hyundai and Kia are covered to September 2020 and Renault payments are covered to July 2020. All outstanding Mitsubishi commitments are covered.

We remain committed to the distribution arrangements in East Africa, albeit relatively small in scale.

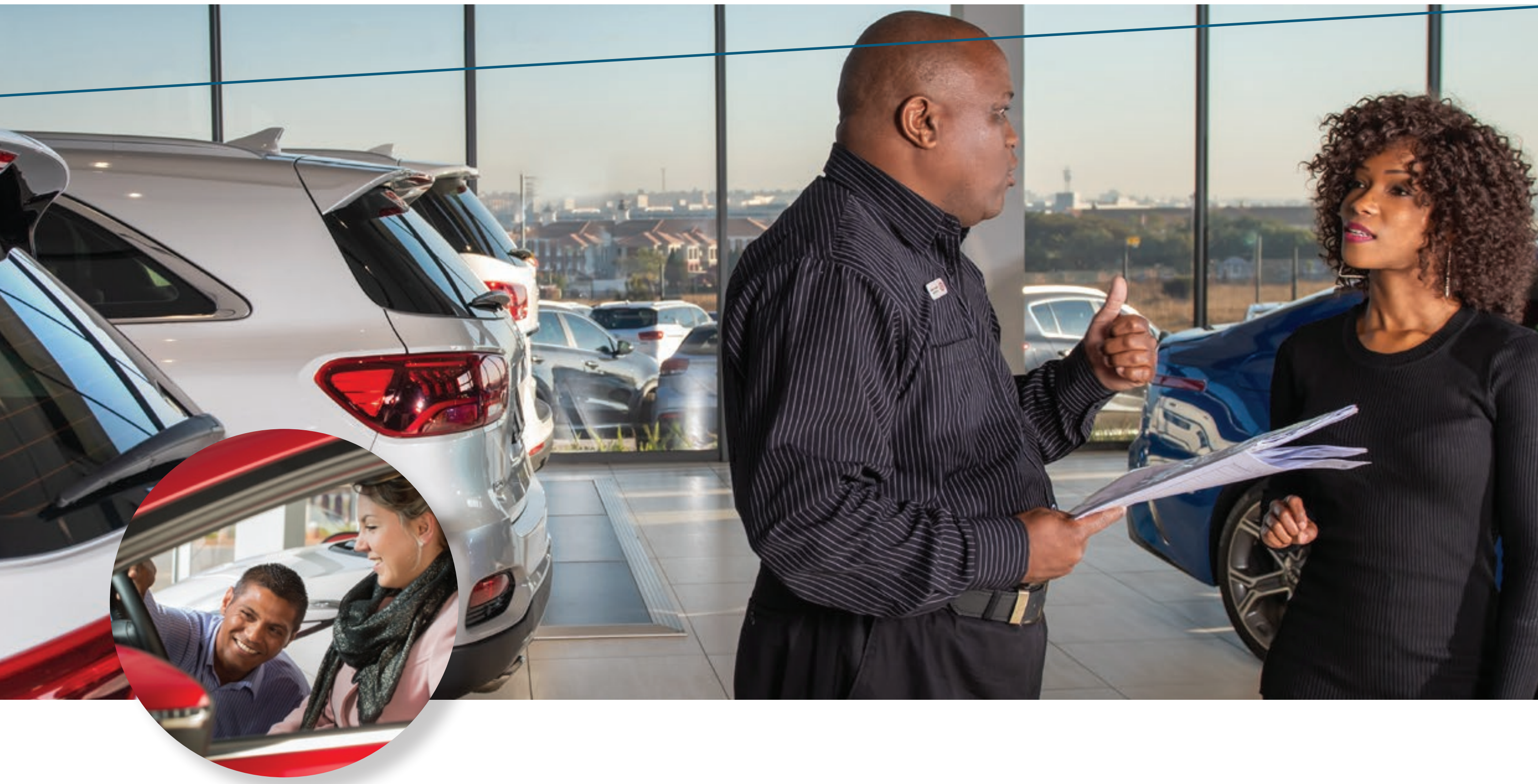
Segment overview

2

Retail and Rental

OVERVIEW

We retail vehicles through dealerships based primarily in South Africa, with a selected presence in the UK and Australia. Car rental operates through Europcar and Tempest brands. The Retail and Rental segment's unrivalled scale and footprint of strategically located dealerships, largely in growing urban areas, underpins its leading market share.



FINANCIAL PERFORMANCE	HY1 2020	HY1 2019	% change on HY1 2019	HY2 2019	% change on HY2 2019
Revenue (Rm)	**34 265**	32 171	7	32 870	4
Operating profit (Rm)	**801**	816	(2)	762	5
Operating margin (%)	**2,3**	2,5		2,3	

South Africa

We represent 22 OEMs through 321 dealerships. The retail market share for the South African operation is 20,1% compared to 19,3% in December 2018.

United Kingdom

We are based mainly in provincial areas with the majority of our dealerships being commercial vehicles. Further selective expansion in the UK will be driven by the introduction of additional brands or locations in areas close to existing dealerships via bolt-on acquisitions.

Australia

We have 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 or locations in areas close to existing dealerships via bolt-on acquisitions. We remain focused on growing our provincial town footprint outside of large metropolitan areas.

The Retail and Rental segment revenue improved by 7% despite the market decline in the geographies in which we operate. The increase is primarily due to acquisitions in the UK (DAF and Ford dealerships) and higher revenue generated from rendering of services and pre-owned vehicles and the Importer brand dealers due to newly launched products.

The Retail and Rental segment operating profit declined by 2% mainly due to the pressure on premium brands in South Africa and lower margins realised on entry level vehicles, coupled with the decline in performance in Australia. The UK operations reported an overall improved performance.

Segment overview

The South African Retail and Rental operating profit decreased by 2% from the prior period primarily due to market contraction affecting consumer affordability, the reduction in profitability of premium branded vehicle sales and the decline in car rental operating profit, offset by cost containment. The South African Retail and Rental operating profit was positively impacted by the new model launches in the Importer dealers.

Car rental revenue improved by 4% in a competitive environment. Operating profit declined mainly attributable to price competitiveness and the cost of vehicles, partially offset by the improved utilisation rate of 72% and fleet mix. Management remains focused on reducing variable costs.

UK revenue increased by 15% attributable to acquisitions and strong performance in the DAF commercial business. The turnaround in the Mercedes commercial operations had a positive effect on revenue and operating profit, however, work is still required to improve performance in these operations. The UK passenger dealerships have reported a decline in performance largely related to the contraction in the UK market and the limited brand representation.

The revenue from the Australia operations reduced by 5%, largely impacted by the depressed Australian vehicle market and certain underperforming brands. Optimisation of the footprint into provincial areas will present an opportunity for growth.

Segment overview

3
Motor-Related Financial Services

OVERVIEW

Innovation and unlocking customer potential within existing and new channels represents a growth and profit opportunity for the business. We have invested in technology to leverage consumer data, enabling us to offer personalised services aimed at enhancing the customer experience and improving customer retention.

This segment complements and leverages the automotive value chain, providing high margin annuity earnings and strong cash flows. Our ability to analyse proprietary data enables the accurate pricing of our offerings, profiling for the fleet business and management of claims.

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

FINANCIAL PERFORMANCE	HY1 2020	HY1 2019	% change on HY1 2019	HY2 2019	% change on HY2 2019
Revenue (Rm)	**1 126**	1 138	(1)	1 034	9
Operating profit (Rm)	**483**	482	–	455	6
Operating margin (%)*	**42,9**	42,4		44,0	

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

Revenue declined by 1% and operating profit remained static mainly due to the reduced rental income resulting from fewer Importer vehicles being rented to car rental companies, on average for the six months, and higher impairments in the bank joint ventures.

Profitability was enhanced by the increased penetration of service plans in entry level vehicles and from digital marketing of value-added products.

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

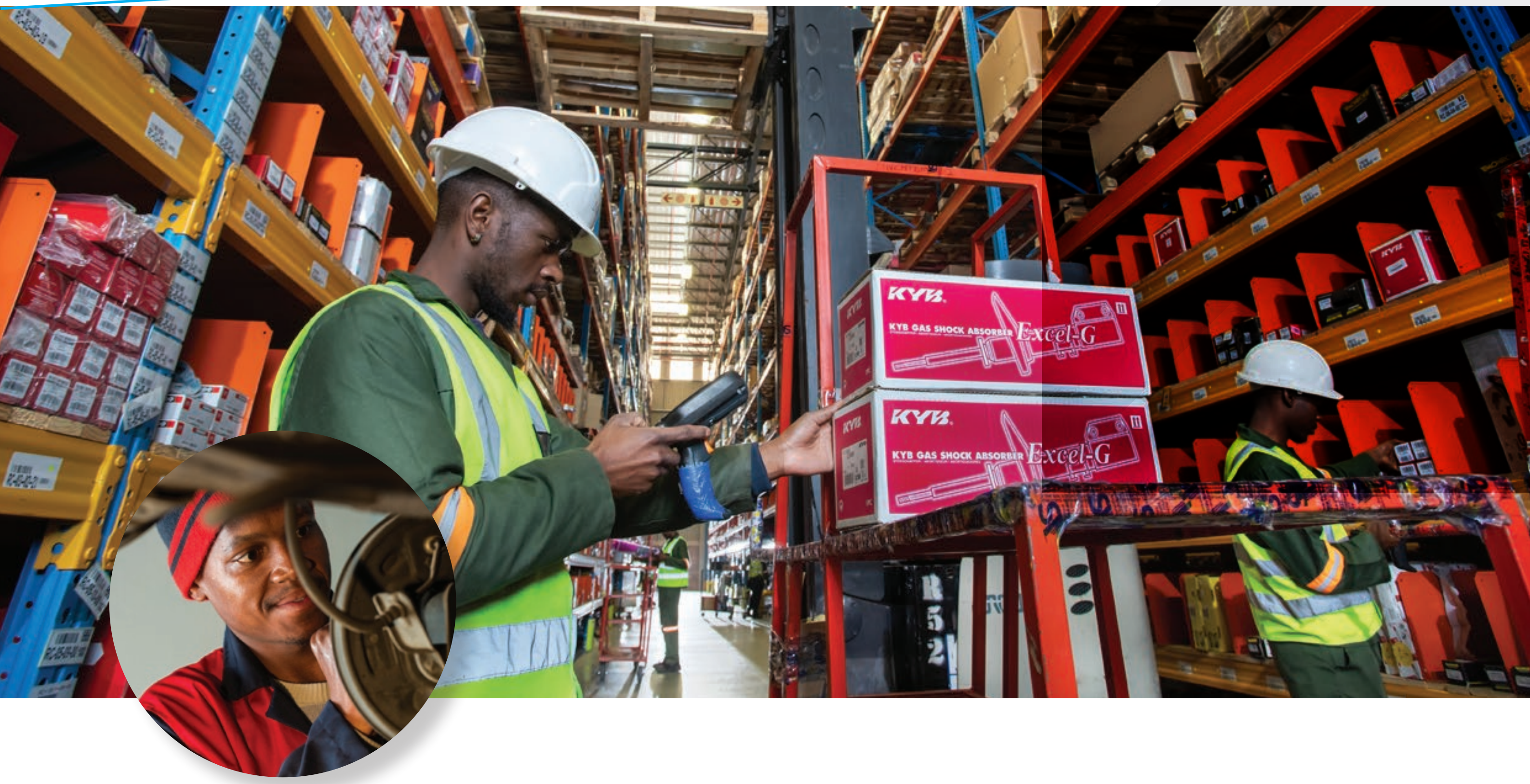
Segment overview

4

Aftermarket Parts

OVERVIEW

The Aftermarket Parts business' large national and growing footprint enables us to leverage buying power to distribute and sell competitively priced products to a continually growing car parc of vehicles.



Expanding into other developing markets provides an opportunity for the business. Increased participation in this segment will include vertical integration in order to eliminate intermediaries in the wholesale supply chain.

Arco in Taiwan expands on this strategy and will ensure procurement at competitive prices. To support this strategy, we have recently set up a distribution centre in Shanghai, China to procure and distribute to South Africa and other developing markets.

FINANCIAL PERFORMANCE	HY1 2020	HY1 2019	% change on HY1 2019	HY2 2019	% change on HY2 2019
Revenue (Rm)	**3 433**	3 259	5	3 183	8
Operating profit (Rm)	**247**	246	–	250	(1)
Operating margin (%)	**7,2**	7,5		7,9	

Revenue increased by 5% mainly due to improved sales volumes resulting from wider brand representation and acquisitions included for six months.

Operating profit remained stable due to the shift by the consumers from higher priced premium products to more affordable products in South Africa, impacting operating income in South Africa. The Shanghai Distribution Centre is not fully operational at this stage and once-off set up expenses have been absorbed.

Financial overview

Group profit or loss (extract)

	HY1 2020 Rm	HY1 2019 Rm	% change
Revenue	**41 954**	39 379	7
Operating profit	**1 831**	1 838	–
Profit on sale of properties, net of impairments*	**–**	25	(100)
Net foreign exchange losses	**(46)**	(42)	10
Net finance costs	**(497)**	(363)	37
Other	**(45)**	(56)	(20)
Issue of shares at a discount and modification of share appreciation rights	**–**	(160)	
Profit before tax	**1 243**	1 242	–
Income tax expense	**(344)**	(363)	
Profit for the period	**899**	879	2
Attributable to non-controlling interests	**(4)**	(8)	
Attributable to shareholders of Motus Holdings	**895**	871	3
Operating profit (%)	**4,4**	4,7	
Effective tax rate (%)	**28,0**	29,4	
Return on invested capital (%)	**12,1**	14,3	
Weighted average cost of capital (%)	**10,1**	10,8	
Return on invested capital (excluding IFRS 16) (%)	**12,6**	14,3	
Weighted average cost of capital (excluding IFRS 16) (%)	**10,3**	10,8	

* *In the prior year, profit on sale of properties, net of impairments was included in other. It has been presented separately for disclosure enhancement purposes.*

Revenue improved by 7% mainly due to the increased revenue in the Retail and Rental and Aftermarket Parts business segments of 7% and 5% respectively. Higher vehicle unit volumes, an increase in the selling prices and the bolt-on acquisitions of Ford and DAF dealerships (United Kingdom) improved revenue.

The revenue contribution from both the sale of pre-owned vehicles and rendering of services increased by 9%. The sale of parts also contributed positively.

Operating profit remained stable
Operating profit remained stable due to the decrease in operating expenses of 6% offset by lower margin realisation resulting from the shift to entry level vehicles and the depreciation increase due to the IFRS 16 adjustment and higher vehicles for hire.

The decrease in operating expenses is as a result of cost containment and the effects of IFRS 16 that reduce the operating lease charge. Excluding the effects of IFRS 16 operating expenses would have decreased by 1%. Costs have been well contained over the last three years.

Depreciation increased by 51%
Excluding IFRS 16 depreciation increased by 11%
Depreciation increased primarily due to the impact of the IFRS 16 adjustment and an increase in vehicles for hire in the Import and Distribution and Retail and Rental segments.

Net finance costs increased by 37%
Excluding IFRS 16 finance costs are up 17%
The increase is mainly as a result of the application of IFRS 16, higher average working capital levels and the increased car rental fleet in the car rental business.

Foreign currency loss increased by R4 million
Foreign exchange losses relate only to items that do not qualify for hedge accounting. The current period losses are as a result of the uncorrelated movement between the fair value of the creditors and the corresponding hedges. The Importers are covered in terms of the Group policy and currently at favourable exchange rates.

Effective tax rate decreased by 1%
The effective tax rate declined primarily due to the once-off prior year non-deductible cost of shares issued to the BEE partner, Ukhamba, at a discount, which does not qualify for a tax deduction.

Financial overview

Earnings and headline earnings per share

	HY1 2020 Rm	Restated HY 1 2019[1] Rm	% change
Earnings	**895**	871	3
Profit on disposal of assets	**(15)**	(12)	25
Impairment of goodwill and other assets	**80**	85	(6)
Remeasurements included in share of results of associates	**6**	–	>100
Tax and non-controlling interests	**1**	3	(67)
Headline earnings	**967**	947	2
Weighted average number of ordinary shares	**187**	200	(7)
Basic earnings per share (cents)	**479**	436	10
Basic headline earnings per share (cents)	**517**	474	9

[1] *The headline earnings and headline earnings per share in the prior period has been restated to include the derecognition of loans on deregistration of subsidiaries (R36 million), this is to align the treatment with that of the annual financial statements as at 30 June 2019.*

Financial position

	31 December 2019 Rm	31 December 2018 Rm	30 June 2019 Rm	December vs December % change	December vs June % change
ASSETS					
Goodwill and intangible assets	**1 370**	1 272	1 273	8	8
Property, plant and equipment	**7 498**	7 034	7 198	7	4
Right-of-use assets	**1 896**	–	–	>100	>100
Investments in associates and joint ventures	**251**	281	258	(11)	(3)
Vehicles for hire	**4 763**	4 067	3 385	17	41
Investments and other financial assets	**460**	607	509	(24)	(10)
Finance lease receivables	**110**	–	–	>100	>100
Net working capital (note 1)	**8 453**	8 415	7 580	–	12
Other assets	**1 355**	1 080	1 178	25	15
Assets classified as held for sale	**161**	208	182	(23)	(12)
Core debt	**(6 860)**	(6 126)	(4 777)	12	44
Floorplans from financial institutions	**(1 939)**	(1 564)	(1 841)	24	5
Lease liabilities	**(2 352)**	–	–	>100	>100
Contract liabilities	**(2 876)**	(2 752)	(2 818)	5	2
Other liabilities	**(331)**	(372)	(270)	(11)	23
Liabilities held for sale	**(18)**	(20)	(19)	(10)	(5)
Total shareholders' equity	**11 941**	12 130	11 838	(2)	1
Total assets	**42 375**	37 202	38 872	14	9
Total liabilities	**(30 434)**	(25 072)	(27 034)	21	13

Note 1: Net working capital includes R5 202 million (December 2018: R4 988 million, June 2019: R5 619 million) floorplan creditors.

Financial overview

FACTORS IMPACTING THE FINANCIAL POSITION AT 31 DECEMBER 2019 COMPARED TO 30 JUNE 2019

Goodwill and intangible assets
Increased mainly due to the acquisition of the DAF dealerships in the UK (R139 million) in July 2019. Enhanced by currency adjustments, offset by a decrease in intangibles due to their amortisation and the impairment of goodwill.

Goodwill amounting to R60 million relating to the Mercedes operations in the UK was impaired. This is due to diesel taxis no longer being sold and higher anticipated duties on imported inventory when Brexit is finalised.

Property, plant and equipment
Increased as a result of the acquisition of dealerships in the UK.

Vehicles for hire
Increased primarily due to the increase in vehicles for hire in the Retail and Rental segment. This was due to the change from leased vehicles to owned vehicles and the cyclical car rental up-fleet, recognised on the statement of financial position in the car rental business.

Importer and Financial Services vehicles for hire increased mainly as a result of increased sales to car rental companies. At a Group level, the Importer's vehicles for hire are eliminated against the buy-back creditors.

Investments and other financial assets
Declined in line with changes to our cell captive arrangements.

Net working capital
Net working capital increased since June 2019 mainly due to:
- the Aftermarket Parts segment increased working capital as a result of the inclusion of the Chinese distribution warehouse, which will ultimately improve inventory availability and reduce inventory holding in the South African business;
- acquisitions in the Retail and Rental segment increased inventory which was partially offset by floorplan financing; and
- offset by the reduced working capital in the Import and Distribution segment, as a result of additional vehicle sales to car rental companies.

Assets classified as held for sale
The current period assets held for sale relate to the non-strategic properties identified for sale, mainly retail properties in South Africa and Australia.

Core debt (excluding floorplan and IFRS 16 debt)
Increased primarily due to the higher debt in the Retail and Rental segment which is attributable to the increase in vehicles for hire resulting from the cyclical car rental up-fleet and the change from the leasing of vehicles to owning vehicles. The debt was further impacted by increased working capital requirements as a result of acquisitions.

Floorplans from financial institutions
Floorplan debt increased due to the acquisition of the additional dealerships in the UK.

Contract liabilities
Relate mainly to service and maintenance plans.

Shareholders' equity
Was enhanced by attributable profits, offset by:
- repurchase and cancellation of shares during the period totalling R71 million;
- the IFRS 16 adoption resulting in an adjustment of R178 million;
- dividend paid of R477 million; and
- hedging reserve adjustment of R154 million.

Financial overview

Cash flow

	31 December 2019 Rm	31 December 2018 Rm
Cash generated from operations before movements in net working capital	**2 712**	2 398
Movements in net working capital	**(1 011)**	(1 572)
Cash generated by operations before interest, tax paid and capital expenditure on vehicles for hire	**1 701**	826
Finance costs paid	**(532)**	(394)
Finance income received	**25**	31
Dividend income	**263**	299
Tax paid	**(336)**	(380)
Cash generated by operations before capital expenditure on vehicles for hire	**1 121**	382
Net capital expenditure – vehicles for hire	**(1 922)**	(613)
Cash utilised by operations	**(801)**	(231)
Net cash outflow on the acquisitions and disposals of businesses	**(259)**	(359)
Capital expenditure (excluding vehicles for hire)	**(170)**	(229)
Net movements in investments in associates	**5**	12
Net movements in investments and loans	**(105)**	(77)
Cash received on finance lease receivables	**23**	–
Cash utilised in operating and investing activities	**(1 307)**	(884)
Shares repurchased	**(71)**	(165)
Change in non-controlling interests	**–**	(28)
Dividends paid	**(477)**	(604)
Increase in net debt (excludes currency adjustments)	**(1 855)**	(1 681)

The Group generated cash of R1 121 million (before capital expenditure) mainly due to lower cash utilised in working capital.

The cash outflow on vehicles for hire increased due to the change from leased vehicles to owned vehicles and the cyclical car rental up-fleet.

Cash outflow on acquisition of businesses was due to the newly acquired operations in the Retail and Rental and Aftermarket Parts business segments.

Financial overview

Liquidity

The liquidity position is strong with R5,3 billion unutilised banking facilities. Excluding lease liabilities, 60% 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, 75% of the Group debt is long term in nature and 36% of the debt is at fixed rates.

Dividend

An interim dividend of 240 (2018: 240) cents per ordinary share has been declared. This is in line with our guideline payout ratio of 45% of headline earnings per share.

Subsequent events

In February 2020, the Group acquired eight passenger dealerships in Ballarat, Australia (provincial city in Victoria) for between R380 million and R420 million, including goodwill. Due to the recent nature of this acquisition, the amounts are still provisional.

Board changes

There have been no changes to the board of directors.

Strategy

We remain well positioned to maintain our leading automotive position in South Africa and grow in selected international markets. 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 bolt-on acquisitions. We aim to deliver stable profit margins and cash flows while maintaining a reliable dividend pay-out through the cycle.

Prospects

The results for the period reflect strong strategic and operational progress based on a resilient financial performance in a challenging environment. We are pleased with the stable performance given the uncertainties in the markets in which we operate.

The negative impact of the Coronavirus on a number of the OEMs production and supply of vehicles (as their parts supply are interrupted), the Aftermarket Parts business and the global economy is unknown at this stage. This could adversely impact the local and global economies in the short term. Due to the weak macro and consumer environment that appears to be deteriorating, we are cautious about expectations for the short and medium term.

Despite these challenges, we remain committed to delivering stable operating and financial results for the year to June 2020.

We thank all shareholders, the board of directors, management and stakeholders for their support.

OS Arbee
Chief Executive Officer

OJ Janse van Rensburg
Chief Financial Officer

25 February 2020

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

Dividend declaration

Declaration of interim ordinary dividends

for the six months ended December 2019

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 195 513 720 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 192,00 cents per ordinary share.

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

	2020
Last day for ordinary shares to trade cum ordinary dividend	Tuesday, 24 March
Ordinary shares commence trading ex-ordinary dividend	Wednesday, 25 March
Record date	Friday, 27 March
Payment date	Monday, 30 March

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

Share certificates may not be dematerialised/rematerialised between Wednesday, 25 March 2020 and Friday, 27 March 2020, both days inclusive.

On Monday, 30 March 2020, 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 30 March 2020 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, 30 March 2020.

On behalf of the board

JK Jefferies
Company Secretary

25 February 2020

Condensed interim unaudited financial statements

Condensed consolidated statement of financial position

as at 31 December 2019

	Notes	**Unaudited 31 December 2019 Rm**	Unaudited 31 December 2018 Rm	Audited[1] 30 June 2019 Rm
ASSETS				
Non-current assets		**12 715**	10 088	10 286
Goodwill	6	**1 127**	1 017	1 020
Intangible assets		**243**	255	253
Investments in associates and joint ventures		**251**	281	258
Property, plant and equipment		**7 327**	7 034	7 023
Investment properties		**171**	–	175
Right-of-use assets[2]		**1 896**	–	–
Finance lease receivables[2]		**56**	–	–
Deferred tax		**1 184**	894	1 048
Investments and other financial instruments		**460**	607	509
Current assets		**29 499**	26 906	28 404
Inventories		**19 190**	17 024	19 069
Vehicles for hire		**4 763**	4 067	3 385
Taxation		**171**	186	130
Trade and other receivables		**4 526**	4 720	4 744
Derivative financial assets		**7**	121	34
Finance lease receivables[2]		**54**	–	–
Cash resources	7	**788**	788	1 042
Assets classified as held for sale		**161**	208	182
Total assets		**42 375**	37 202	38 872
EQUITY AND LIABILITIES				
Capital and reserves				
Stated capital		**22 914**	23 525	22 985
Treasury shares		**(414)**	(360)	(435)
Common control reserve		**(19 224)**	(19 558)	(19 191)
Hedge accounting reserve		**(124)**	227	30
Other reserves		**(511)**	(516)	(447)
Retained income		**9 241**	8 849	8 933
Attributable to owners of Motus		**11 882**	12 167	11 875
Non-controlling interests		**59**	(37)	(37)
Total equity		**11 941**	12 130	11 838
Liabilities				
Non-current liabilities		**9 629**	7 524	6 716
Contract liabilities		**1 711**	1 570	1 649
Deferred tax		**27**	27	27
Interest-bearing debt		**5 725**	5 589	4 640
Lease liabilities[2]		**1 832**	–	–
Provisions		**321**	316	382
Other financial liabilities		**13**	22	18
Current liabilities		**20 787**	17 528	20 299
Contract liabilities		**1 165**	1 182	1 169
Trade and other payables[1]		**8 928**	7 693	9 716
Floorplans from suppliers[1]		**5 202**	4 988	5 619
Provisions		**422**	419	415
Other financial liabilities		**28**	–	35
Derivative financial liabilities		**397**	34	135
Taxation		**263**	323	190
Interest-bearing debt[1]		**1 923**	1 325	1 179
Lease liabilities[2]		**520**	–	–
Floorplans from financial institutions[1]		**1 939**	1 564	1 841
Liabilities relating to assets classified as held for sale		**18**	20	19
Total equity and liabilities		**42 375**	37 202	38 872

[1] *In line with the audited annual financial statements as at 30 June 2019, floorplans from suppliers and financial institutions have been disclosed separately from trade and other payables and interest-bearing debt respectively.*
[2] *Please refer to note 3, adoption of standards issued and effective, for the impact of the initial application of IFRS 16 – Leases.*

Condensed interim unaudited financial statements

Condensed consolidated statement of profit or loss

for the six months ended 31 December 2019

	Note	% change	Unaudited 31 December 2019 Rm	Unaudited 31 December 2018 Rm	Audited[1] 30 June 2019 Rm
Revenue		7	**41 954**	39 379	79 711
Net operating expenses			**(39 160)**	(36 902)	(74 905)
Earnings before interest, taxation, depreciation and amortisation			**2 794**	2 477	4 806
Depreciation and amortisation			**(963)**	(639)	(1 186)
Operating profit		–	**1 831**	1 838	3 620
Profit on sale of properties, net of impairments			**–**	25	15
Net foreign exchange losses			**(46)**	(42)	(14)
Issue of shares at a discount to a broad-based black economic empowerment partner (Ukhamba) and modification of share appreciation rights			**–**	(160)	(160)
Other non-operating items[1]	9		**(59)**	(64)	(104)
Profit before financing costs		8	**1 726**	1 597	3 357
Finance costs		32	**(520)**	(394)	(831)
Finance income			**23**	31	57
Profit before shares of associates and joint ventures			**1 229**	1 234	2 583
Share of associates and joint ventures			**14**	8	27
Profit before tax		–	**1 243**	1 242	2 610
Income tax expense			**(344)**	(363)	(714)
Attributable profit for the year		2	**899**	879	1 896
Net profit attributable to:					
Owners of Motus		3	**895**	871	1 868
Non-controlling interests			**4**	8	28
			899	879	1 896
Earnings per share (cents)					
Total earnings per share					
– Basic		10	**479**	436	953
– Diluted		10	**466**	425	929

[1] *Amortisation of intangible assets arising on business combinations has been re-presented and is now included under other non-operating items. The re-presentation was to further aggregate all non-core operational items. The re-presentation as at 30 June 2019 has not been audited.*

Condensed consolidated statement of other comprehensive income

for the six months ended 31 December 2019

	Unaudited 31 December 2019 Rm	Unaudited 31 December 2018 Rm	Audited 30 June 2019 Rm
Net profit for the year	**899**	879	1 896
Other comprehensive (loss)/income	**(125)**	19	(216)
Items that may be subsequently reclassified to profit or loss			
Exchange gains/(losses) arising on translation of foreign operations	**29**	(10)	(48)
Movement in hedge accounting reserve (net of tax)	**(154)**	29	(168)
– Net change in the fair value of the cash flow hedges	**(222)**	(225)	(339)
– Rolling of open hedging instruments	**9**	193	77
– Deferred tax relating to the hedge accounting reserve movements	**59**	61	94
Total comprehensive income for the year	**774**	898	1 680
Total comprehensive income attributable to:			
Owners of Motus	**768**	892	1 653
Non-controlling interests	**6**	6	27
	774	898	1 680

Headline earnings and normalised earnings per share information

for the six months ended 31 December 2019

Normalised earnings per share

Normalised earnings per share 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	**Unaudited 31 December 2019 Rm**	Unaudited 31 December 2018[1] Rm	Audited 30 June 2019 Rm
Headline earnings reconciliation				
Earnings	3	**895**	871	1 868
Profit on disposal of property, plant and equipment (IAS 16)		**(15)**	(25)	(41)
Loss on the disposal of intangible assets (IAS 38)		**–**	13	13
Impairment of property, plant and equipment (IAS 36)		**15**	(2)	23
Impairment of assets classified held for sale		**–**	–	10
Impairment of intangible assets (IAS 38)		**2**	–	–
Impairment of goodwill (IAS 36)		**68**	31	37
Impairment of investments in associates and joint ventures (IAS 28)		**(5)**	56	72
Profit on disposal of subsidiaries and businesses and other (IFRS 10)		**–**	–	(3)
Remeasurements included in share of results of associates		**6**	–	–
Tax effects of remeasurements		**1**	2	(2)
Non-controlling interests' share of remeasurements		**–**	1	–
Headline earnings[1]		**967**	947	1 977
Issue of shares at a discount to a broad-based black economic empowerment partner (Ukhamba) and modification of share appreciation rights		**–**	160	160
Normalised earnings		**895**	1 031	2 028
Normalised headline earnings		**967**	1 107	2 137
Normalised earnings per share (cents)		**479**	516	1 035
Headline earnings per share (cents)[1]				
Total operations				
– Basic	9	**517**	474	1 009
– Diluted	9	**504**	462	984
– Normalised	(7)	**517**	554	1 090
Additional information				
Net asset value per share (cents)	1	**6 221**	6 145	6 185
Tangible net asset value per ordinary share (cents)	–	**5 504**	5 503	5 522
Number of ordinary shares in issue (million)				
– Total shares		**196**	202	197
– Net of shares repurchased		**191**	198	192
– Weighted average for basic		**187**	200	196
– Weighted average for diluted		**192**	205	201

[1] *The headline earnings and headline earnings per share for the six months ended 31 December 2018 has been restated to include the derecognition of loans on deregistration of subsidiaries (R36 million), this is to align the treatment with that of the annual financial statements as at 30 June 2019.*

Condensed interim unaudited financial statements

Condensed consolidated statement of changes in equity

for the six months ended 31 December 2019

	Stated capital Rm	Shares repurchased Rm	Common control reserve Rm
Opening balance as at 1 July 2018 audited	23 358	–	(19 753)
Total comprehensive income for the year	–	–	–
Attributable profit for the year	–	–	–
Other comprehensive income	–	–	–
Additional share issued prior to unbundling	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 per share from former parent at 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 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 to other reserves	–	–	–
Other movements	–	–	–
As at 31 December 2018 unaudited	**23 525**	**(360)**	**(19 558)**
Total comprehensive income for the year	–	–	–
Attributable profit for the year	–	–	–
Other comprehensive loss	–	–	–
Additional shares issued	–	–	–
6 289 200 shares repurchased and cancelled at an average of R85,83 per share	(540)	–	–
825 822 shares repurchased at an average price of R90,82 per share	–	(75)	–
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	–	–	–
Dividends paid to Motus shareholders and non-controlling interests	–	–	–
Transfers between reserves	–	–	370
Other movements	–	–	(15)
As at 30 June 2019 audited	**22 985**	**(435)**	**(19 191)**
Total comprehensive income for the year	–	–	–
Attributable profit for the year	–	–	–
Other comprehensive loss	–	–	–
1 000 000 shares repurchased and cancelled at an average of R70,72 per share	(71)	–	–
Issue of treasury shares as settlement of share-based equity	–	21	–
Incremental interest purchased from non-controlling interests	–	–	–
Share-based equity costs charged to the statement of profit or loss	–	–	–
Dividends paid to Motus shareholders and non-controlling interests	–	–	–
Modified restrospective adjustment of the cumulative effect on the initial application of IFRS 16 – *Leases*	–	–	–
Transfers to other reserves	–	–	(33)
Other movements	–	–	–
As at 31 December 2019 unaudited	**22 914**	**(414)**	**(19 224)**

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

Condensed interim unaudited financial statements

Hedge accounting reserve Rm	Other reserves[1] Rm	Retained income Rm	Attributable to owners of Motus Rm	Non-controlling interests Rm	Total equity Rm
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)	–	(567)
–	–	–	–	(37)	(37)
–	8	(8)	–	–	–
–	14	–	14	–	14
227	**(516)**	**8 849**	**12 167**	**(37)**	**12 130**
(197)	(39)	997	761	21	782
–	–	997	997	20	1 017
(197)	(39)	–	(236)	1	(235)
–	–	–	–	–	–
–	–	–	(540)	–	(540)
–	–	–	(75)	–	(75)
–	–	–	12	–	12
–	(1)	–	(1)	–	(1)
–	–	–	–	2	2
–	17	–	17	–	17
–	49	–	49	–	49
–	–	(470)	(470)	(23)	(493)
–	56	(426)	–	–	–
–	(13)	(17)	(45)	–	(45)
30	**(447)**	**8 933**	**11 875**	**(37)**	**11 838**
(154)	27	895	768	6	774
–	–	895	895	4	899
(154)	27	–	(127)	2	(125)
–	–	–	(71)	–	(71)
–	(21)	–	–	–	–
–	(93)	–	(93)	93	–
–	52	–	52	–	52
–	–	(474)	(474)	(3)	(477)
–	–	(176)	(176)	(2)	(178)
–	(30)	63	–	–	–
–	1	–	1	2	3
(124)	**(511)**	**9 241**	**11 882**	**59**	**11 941**

Condensed interim unaudited financial statements

Condensed consolidated statement of cash flows

for the six months ended 31 December 2019

	% change	Unaudited 31 December 2019 Rm	Unaudited 31 December 2018 Rm	Audited 30 June 2019 Rm
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash generated from operations before movements in net working capital	13	**2 712**	2 398	4 819
Movements in net working capital		**(1 011)**	(1 572)	(636)
Cash generated by operations before interest, tax paid and capital expenditure on vehicles for hire		**1 701**	826	4 183
Finance costs paid		**(532)**	(394)	(765)
Finance income received		**25**	31	57
Dividends received		**263**	299	496
Tax paid		**(336)**	(380)	(910)
Cash generated by operations before capital expenditure on vehicles for hire		**1 121**	382	3 061
Net replacement capital expenditure – vehicles for hire[1]		**(1 922)**	(613)	(318)
– Additions		**(3 661)**	(2 858)	(4 367)
– Proceeds on disposals		**1 739**	2 245	4 049
		(801)	(231)	2 743
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash outflow on acquisition of businesses		**(250)**	(368)	(367)
Cash inflow from disposals of businesses		**–**	9	9
Cash outflow on payment of contingent consideration		**(9)**	–	–
Net capital expenditure – property, plant and equipment and intangible assets[2]		**(170)**	(229)	(592)
Expansion of property, plant and equipment and intangible assets		**(51)**	(205)	(441)
Net replacement capital expenditure – property, plant and equipment and intangible assets		**(119)**	(24)	(151)
Replacements of property, plant and equipment and intangible assets		**(251)**	(176)	(457)
Proceeds on disposal of property, plant and equipment and intangible assets		**132**	152	306
Movements in investments in associates		**5**	12	19
Increase in investments		**(105)**	(77)	(77)
Cash received on finance lease receivables		**23**	–	–
Repayments of other loans and other receivables		**–**	–	14
		(506)	(653)	(994)

[1] *The allocation of net capital expenditure has been re-presented to align to the disclosure as contained in the annual financial statements as at 30 June 2019.*

[2] *The comparative disclosure has been enhanced from prior year (December 2018), net replacement capital expenditure has been split further between proceeds on sale and gross replacements.*

Condensed consolidated statement of cash flows continued

for the six months ended 31 December 2019

	Note	**Unaudited 31 December 2019 Rm**	Unaudited 31 December 2018 Rm	Audited 30 June 2019 Rm
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		**(1 307)**	(884)	1 749
CASH FLOWS FROM FINANCING ACTIVITIES				
Repurchase of ordinary shares		**(71)**	(165)	(780)
Hedge cost premium received from Imperial Logistics		**–**	–	16
Dividends paid to Imperial Holdings Limited		**–**	(567)	(567)
Dividends paid to Motus shareholders		**(474)**	–	(470)
Dividends paid to non-controlling interests		**(3)**	(37)	(60)
Acquisition of non-controlling interests		**–**	(28)	(29)
Repayment of non-controlling and associate loan liabilities		**–**	–	(49)
Repayment of lease liabilities		**(243)**	–	–
Increase/(decrease) in floorplan liabilities		**98**	244	(52)
Advances of banking liabilities		**1 289**	7 241	7 103
Repayments of unsecured loans with Imperial		**–**	(7 066)	(7 066)
		596	(378)	(1 954)
Net decrease in cash and cash equivalents		**(711)**	(1 262)	(205)
Effects of exchange rate changes on cash and cash equivalents		**56**	15	(42)
Cash and cash equivalents at beginning of the year		**940**	1 187	1 187
Cash and cash equivalents at end of the year	7	**285**	(60)	940

Condensed interim unaudited financial statements

Segment financial position
as at 31 December 2019

	Group		Import and Distribution	
	2019 Rm	2018 Rm	**2019 Rm**	2018 Rm
FINANCIAL POSITION				
Assets				
Goodwill and intangible assets	**1 370**	1 272	**108**	109
Carrying value of associates and joint ventures (excluding loans to associates)[4]	**167**	196	**15**	20
Property, plant and equipment	**7 327**	7 034	**548**	745
Right-of-use assets	**1 896**	–	**125**	–
Investment properties	**171**	–	**152**	–
Investments and other financial instruments	**460**	607	**4**	4
Finance lease receivables	**110**	–	**110**	–
Inventories	**19 190**	17 024	**5 077**	3 996
Vehicles for hire	**4 763**	4 067	**1 693**	1 706
Trade and other receivables[1]	**4 533**	4 841	**2 248**	1 932
Operating assets[3, 4]	**39 987**	35 041	**10 080**	8 512
– South Africa	**28 202**	25 358	**10 080**	8 512
– International	**11 785**	9 683	**–**	–
Liabilities				
Contract liabilities[2]	**2 876**	2 752	**–**	–
Provisions	**743**	735	**141**	104
Trade and other payables[1]	**14 527**	12 715	**5 384**	4 382
Other financial liabilities	**41**	22	**–**	10
Operating liabilities	**18 187**	16 224	**5 525**	4 496
– South Africa	**12 433**	10 847	**5 525**	4 496
– International	**5 754**	5 377	**–**	–
Net working capital	**8 453**	8 415	**1 800**	1 442
– South Africa	**6 271**	6 599	**1 800**	1 442
– International	**2 182**	1 816	**–**	–
Net debt (2019 includes the impact of IFRS 16)	**11 151**	7 690	**2 746**	1 527
– South Africa	**7 286**	5 757	**2 746**	1 527
– International	**3 865**	1 933	**–**	–
Net capital expenditure	**(2 092)**	(842)	**(697)**	(174)
– South Africa	**(2 015)**	(756)	**(697)**	(174)
– International	**(77)**	(86)	**–**	–
Non-current assets (including equity investment in associates, excluding investments, deferred tax and other financial instruments)	**10 931**	8 502	**948**	874
– South Africa	**7 129**	6 012	**948**	874
– International	**3 802**	2 490	**–**	–
Source of internationally based non-current assets	**3 802**	2 490	**–**	–
– United Kingdom	**2 397**	1 399	**–**	–
– Other regions (Australia and South East Asia)	**1 405**	1 091	**–**	–

[1] *Includes amounts pertaining to derivative financial instruments.*
[2] *The prior year's contract liabilities have been re-presented for Retail and Rental and Head office and Eliminations. There is no impact on the Group's total numbers and these have been reallocated between segments.*
[3] *The prior year's operating assets allocation between South Africa and international has been re-presented in Group total, Retail and Rental and After Market Parts. The goodwill adjustment amounting to R391 million (R373 million in Retail and Rental and R18 million in After Market Parts) was previously included in South Africa and is now allocated to international to align it with the related operations.*
[4] *Certain amounts (R7 million) have been allocated from Retail and Rental to Head office and Eliminations to align to the treatment as contained in the annual financial statements as at 30 June 2019.*

Condensed interim unaudited financial statements

Retail and Rental[4]		Motor-Related Financial Services		After Market Parts		Head office and Eliminations[4]	
2019 Rm	2018 Rm	**2019 Rm**	2018 Rm	**2019 Rm**	2018 Rm	**2019 Rm**	2018 Rm
751	677	**22**	11	**465**	450	**24**	25
24	25	**37**	53	**83**	91	**8**	7
6 116	5 720	**113**	110	**492**	435	**58**	24
1 549	–	**12**	–	**210**	–	**–**	–
19	–	**–**	–	**–**	–	**–**	–
–	–	**450**	567	**–**	–	**6**	36
–	–	**–**	–	**–**	–	**–**	–
12 131	11 170	**305**	306	**1 713**	1 596	**(36)**	(44)
3 033	2 302	**1 817**	1 797	**–**	–	**(1 780)**	(1 738)
2 930	3 139	**425**	384	**690**	754	**(1 760)**	(1 368)
26 553	23 033	**3 181**	3 228	**3 653**	3 326	**(3 480)**	(3 058)
15 244	13 576	**3 181**	3 228	**3 177**	3 100	**(3 480)**	(3 058)
11 309	9 457	**–**	–	**476**	226	**–**	–
124	120	**2 752**	2 632	**–**	–	**–**	–
80	114	**244**	309	**2**	2	**276**	206
10 778	9 301	**592**	632	**907**	1 170	**(3 134)**	(2 770)
13	11	**–**	–	**21**	–	**7**	1
10 995	9 546	**3 588**	3 573	**930**	1 172	**(2 851)**	(2 563)
5 330	4 214	**3 588**	3 573	**841**	1 127	**(2 851)**	(2 563)
5 665	5 332	**–**	–	**89**	45	**–**	–
4 203	4 894	**(106)**	(251)	**1 494**	1 178	**1 062**	1 152
2 242	3 141	**(106)**	(251)	**1 273**	1 115	**1 062**	1 152
1 961	1 753	**–**	–	**221**	63	**–**	–
8 642	6 525	**(1 788)**	(1 490)	**1 321**	1 079	**230**	49
4 911	4 507	**(1 788)**	(1 490)	**1 193**	1 169	**224**	44
3 731	2 018	**–**	–	**128**	(90)	**6**	5
(1 273)	(543)	**(606)**	(152)	**(65)**	(34)	**549**	61
(1 209)	(459)	**(606)**	(152)	**(52)**	(32)	**549**	61
(64)	(84)	**–**	–	**(13)**	(2)	**–**	–
8 459	6 422	**184**	174	**1 250**	976	**90**	56
4 823	4 051	**184**	174	**1 084**	857	**90**	56
3 636	2 371	**–**	–	**166**	119	**–**	–
3 636	2 371	**–**	–	**166**	119	**–**	–
2 397	1 399	**–**	–	**–**	–	**–**	–
1 239	972	**–**	–	**166**	119	**–**	–

Condensed interim unaudited financial statements

Segment profit or loss

for the six months ended 31 December 2019

	Group		Import and Distribution[2, 3]	
	2019 Rm	2018 Rm	**2019 Rm**	2018 Rm
PROFIT OR LOSS				
Total revenue from contracts with customers	**41 954**	39 379	**10 158**	9 753
– South Africa	**28 263**	26 914	**10 158**	9 753
– International (see next page)	**13 802**	12 548	**–**	–
– Eliminations between geographical regions[1]	**(111)**	(83)	**–**	–
Operating profit	**1 831**	1 838	**430**	388
– South Africa	**1 698**	1 692	**430**	388
– International	**133**	146	**–**	–
Depreciation, amortisation, impairments net of recoupments	**(968)**	(623)	**(261)**	(171)
– South Africa	**(819)**	(572)	**(261)**	(171)
– International	**(149)**	(51)	**–**	–
Net finance cost	**(497)**	(363)	**(175)**	(81)
– South Africa	**(391)**	(292)	**(175)**	(81)
– International	**(106)**	(71)	**–**	–
Profit before tax and exceptional items	**1 306**	1 293	**243**	281
– South Africa	**1 287**	1 224	**243**	281
– International	**19**	69	**–**	–
Exceptional items	**(63)**	(51)	**6**	(20)
– South Africa	**(3)**	(51)	**6**	(20)
– International	**(60)**	–	**–**	–
Profit before tax	**1 243**	1 242	**249**	261
– South Africa	**1 284**	1 173	**249**	261
– International	**(41)**	69	**–**	–
Income tax expense	**(344)**	(363)	**(68)**	(121)

[1] 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.

[2] 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 (R62 million), being transferred in the prior year.

[3] 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 R406 million in Head office and Eliminations, and increases in eliminations in Import and Distribution (R289 million) and Retail and Rental (R117 million).

Condensed interim unaudited financial statements

Retail and Rental[2, 3]		Motor-Related Financial Services		After Market Parts		Head office and Eliminations[3]	
2019 Rm	2018 Rm	**2019 Rm**	2018 Rm	**2019 Rm**	2018 Rm	**2019 Rm**	2018 Rm
34 265	32 171	**1 126**	1 138	**3 433**	3 259	**(7 028)**	(6 942)
20 715	19 844	**1 126**	1 138	**3 292**	3 121	**(7 028)**	(6 942)
13 550	12 327	**–**	–	**252**	221	**–**	–
–	–	**–**	–	**(111)**	(83)	**–**	–
801	816	**483**	482	**247**	246	**(130)**	(94)
693	708	**483**	482	**222**	208	**(130)**	(94)
108	108	**–**	–	**25**	38	**–**	–
(615)	(399)	**(73)**	(80)	**(71)**	(26)	**52**	53
(477)	(349)	**(73)**	(80)	**(60)**	(25)	**52**	53
(138)	(50)	**–**	–	**(11)**	(1)	**–**	–
(353)	(289)	**(34)**	(28)	**(61)**	(54)	**126**	89
(249)	(221)	**(34)**	(28)	**(59)**	(51)	**126**	89
(104)	(68)	**–**	–	**(2)**	(3)	**–**	–
437	532	**451**	455	**177**	191	**(2)**	(166)
433	498	**451**	455	**162**	156	**(2)**	(166)
4	34	**–**	–	**15**	35	**–**	–
(60)	26	**(1)**	–	**(8)**	(57)	**–**	–
–	26	**(1)**	–	**(8)**	(57)	**–**	–
(60)	–	**–**	–	**–**	–	**–**	–
377	558	**450**	455	**169**	134	**(2)**	(166)
433	524	**450**	455	**154**	99	**(2)**	(166)
(56)	34	**–**	–	**15**	35	**–**	–
(132)	(116)	**(95)**	(78)	**(53)**	(48)	**4**	–

Segment profit or loss continued

for the six months ended 31 December 2019

	Group[5]		Import and Distribution[2, 3]	
	2019 Rm	2018 Rm	**2019 Rm**	2018 Rm
ADDITIONAL SEGMENT INFORMATION				
Analysis by revenue type[4]				
New motor vehicle sales	**19 098**	18 297	**7 763**	7 386
Used motor vehicle sales	**10 144**	9 279	**1 313**	1 307
Parts and other goods sales	**7 638**	7 159	**1 027**	1 000
Sale of goods	**36 880**	34 735	**10 103**	9 693
Vehicle workshop, maintenance, service and warranty	**2 856**	2 478	**35**	37
Motor vehicle rental	**1 280**	1 298	**1**	7
Fees on vehicles, parts and services sold[6]	**938**	868	**19**	16
Rendering of services	**5 074**	4 644	**55**	60
Total divisional revenue	**41 954**	39 379	**10 158**	9 753
Inter-group revenue	**–**	–	**(6 653)**	(6 184)
Total external revenue	**41 954**	39 379	**3 505**	3 569
Source of internationally derived revenue				
– United Kingdom	**10 737**	9 380	**–**	–
– Other regions (Australia and South East Asia)	**3 065**	3 168	**–**	–
	13 802	12 548	**–**	–
Analysis of depreciation, amortisation, impairments and recoupments	**(968)**	(623)	**(261)**	(171)
Depreciation and amortisation	**(965)**	(629)	**(274)**	(177)
Recoupments and impairments	**2**	15	**13**	6
Amortisation of intangible assets arising on business combinations	**(5)**	(9)	**–**	–
(Costs)/income included in profit before tax and exceptional items				
Employee costs	**(3 585)**	(3 395)	**(244)**	(234)
Operating lease charges	**(51)**	(318)	**(6)**	(17)
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)/gains	**(46)**	(42)	**(35)**	(36)
Associate income included in pre-tax profits	**14**	8	**1**	3
Operating margin (%)	**4,4**	4,7	**4,2**	4,0

[2] *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 (R62 million), being transferred in the prior year.*

[3] *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 R406 million in Head office and Eliminations, and increases in eliminations in Import and Distribution (R289 million) and Retail and Rental (R117 million).*

[4] *In line with IFRS 15 – Revenue from Contracts with Customers, there is greater disaggregation of the revenue as was disclosed in annual financial statements for the year ended 30 June 2019. This has resulted in further disaggregation of the prior year comparatives.*

[5] *In the prior year, the revenue in After Market Parts, was included under sale of goods amounting to R12 million. This related to commission received on sale of goods, and therefore has been reallocated from parts and other goods sold to fees received on vehicles, parts and services sold.*

[6] *Fees received from sales of goods and services includes fees on vehicles, parts and value-added products sold, as well as revenue from vehicle maintenance, service and warranty plans.*

Retail and Rental[2, 3]		Motor-Related Financial Services		After Market Parts[5]		Head office and Eliminations[3]	
2019 Rm	2018 Rm	**2019 Rm**	2018 Rm	**2019 Rm**	2018 Rm	**2019 Rm**	2018 Rm
16 437	15 535	**–**	–	**–**	–	**(5 102)**	(4 624)
9 784	8 951	**–**	–	**–**	–	**(953)**	(979)
3 882	3 669	**–**	–	**3 404**	3 246	**(675)**	(756)
30 103	28 155	**–**	–	**3 404**	3 246	**(6 730)**	(6 359)
2 103	2 036	**815**	798	**1**	1	**(98)**	(394)
1 163	1 141	**219**	254	**–**	–	**(103)**	(104)
896	839	**92**	86	**28**	12	**(97)**	(85)
4 162	4 016	**1 126**	1 138	**29**	13	**(298)**	(583)
34 265	32 171	**1 126**	1 138	**3 433**	3 259	**(7 028)**	(6 942)
(172)	(335)	**(192)**	(423)	**(11)**	–	**7 028**	6 942
34 093	31 836	**934**	715	**3 422**	3 259	**–**	–
10 737	9 380	**–**	–	**–**	–	**–**	–
2 813	2 947	**–**	–	**252**	221	**–**	–
13 550	12 327	**–**	–	**252**	221	**–**	–
(615)	(399)	**(73)**	(80)	**(71)**	(26)	**52**	53
(604)	(417)	**(73)**	(81)	**(66)**	(21)	**52**	67
(12)	21	**–**	1	**1**	1	**–**	(14)
1	(3)	**–**	–	**(6)**	(6)	**–**	–
(2 435)	(2 385)	**(264)**	(256)	**(429)**	(392)	**(213)**	(128)
(46)	(255)	**(1)**	(5)	**–**	(41)	**2**	–
–	–	**–**	–	**–**	–	**–**	(160)
–	(1)	**–**	–	**(12)**	(4)	**1**	(1)
2	(5)	**1**	2	**9**	8	**1**	–
2,3	2,5	**42,9**	42,4	**7,2**	7,5		

Notes to the condensed consolidated financial statements

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and financial reporting pronouncements as issued by the Financial Reporting Standards Council (FRSC). The results contain the 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 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 2019.

These 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 2020.

2. ACCOUNTING POLICIES

The accounting policies adopted and methods of computation used in the preparation of the condensed consolidated financial statements are in accordance with International Financial Reporting Standards (IFRS) and are consistent with those of the annual financial statements for the year ended 30 June 2019, 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 RELATED IMPACTS ON SIGNIFICANT ACCOUNTING POLICIES

In the current year, effective 1 July 2019, IFRS 16 – *Leases* became applicable to the Group for the first time. Details of the expected impact of this standard were outlined in the 30 June 2019 annual financial statements.

IFRS 16 introduces new requirements with respect to lease accounting by removing the distinction between operating and finance leases for lessees, requiring the recognition of right-of-use assets and lease liabilities at commencement of all leases with limited practical exceptions allowed by the standard.

Lessor accounting remains similar to former practice; ie lessors continue to classify leases as finance leases or operating leases. IFRS 16 provides additional disclosures for both lessees and lessors.

The Group adopted IFRS 16 using the modified retrospective approach. The comparative information for 2019 has not been restated, and the cumulative effect of the initial application of IFRS 16 has been recognised as an adjustment to the opening balance of retained earnings as at 1 July 2019. The right-of-use assets is the carrying amount as if the standard had been applied since the commencement date, but discounted using the Group's incremental borrowing rate at the date of initial application. Right-of-use assets are depreciated over the shorter of the lease term and the useful life of the underlying asset. The related lease liabilities are the present value of the minimum lease payments plus the related interest less the rental payments. Any lease smoothing liabilities, in terms of IAS 17 – *Leases*, were derecognised as part of the net adjustment to the opening balance of retained earnings as at 1 July 2019.

The majority of the Group's long-term property, vehicles, equipment and other leases previously classified as "operating leases" under IAS 17 and were expensed to profit or loss on a straight-line basis are now recognised in the statement of financial position. Rental contracts are typically entered into for fixed periods but may have extension options. Lease terms are negotiated on an individual basis and contain a range of terms and conditions. The impact of IFRS 16 is excluded in terms of the facility agreements from the bank covenant calculations and the right-of-use assets may not be used as security for borrowing purposes.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance lease receivable by reference to the right-of-use asset arising from the head lease. The Group recognised the present value of future lease payments under the head lease as a lease liability, and capitalised the present value of the future lease receivables under its sub-lease contracts as a net investment in lease receivables.

In applying IFRS 16 for the first time, the Group used the following practical expedients permitted by the standard in the application of the initial accounting:

- Leases where the maximum lease term is 12 months or less will be treated as operating leases and will be expensed to profit or loss.
- Leases of low-value assets will be treated as an operating lease and expensed to profit or loss.
- The Group has elected to not reassess whether a contract is, or contains a lease on the date of adoption of 1 July 2019. Instead, if a contract was a lease in terms of IAS 17 and IFRIC 4 it will remain a lease in terms of IFRS 16.
- Where the contract contains options to extend or terminate the lease, this will only be taken into account if it was reasonably certain that the option will be exercised or lease will be terminated.

3. ADOPTION OF STANDARDS ISSUED AND EFFECTIVE AND RELATED IMPACTS ON SIGNIFICANT ACCOUNTING POLICIES continued

Critical accounting judgements and key sources of estimation uncertainty

Extension and terminations

Extension and termination options are included in various lease agreements in the Group. The Group has applied judgement to determine the lease term for some of the lease contracts. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, affecting the value of the right-of-use assets and the lease liabilities at initial recognition.

The judgements applied relate to the determination of economic incentive to extend or to terminate. This is determined on a lease-by-lease basis with reference to past experience as well current and future performance indicators of the underlying businesses utilising the right-of-use asset. Further considerations are given to specific terms and clauses in the various underlying agreements as well as other factors that may be applicable to the segment or the geography in which the assets will operate in.

Incremental borrowing rate

IFRS 16 defines an appropriate discount rate as either the rate implicit in the lease or the entity's incremental borrowing rate. The incremental borrowing rate, is the amount that is defined as the interest rate at which the entity can borrow funds of a similar amount to the lease term; secured by the right-of-use asset associated with the lease; for a similar term to the lease and in a similar economic environment. Motus has elected to use the incremental borrowing rate.

The Group has applied judgement in assessing the incremental borrowing rate taking into account:
- The lease term.
- Nature of the lease.
- The geography and currencies in which the leases are denominated.
- An appropriate base risk-free rate.
- Motus's credit spread and credit risk.

Impact on the financial statements

As at 1 July 2019 the right-of-use assets for the leases amounted to R1 881 million. The related lease liabilities amounted to R2 336 million.

	July 2019 Increase/ (decrease) Rm
ASSETS	
Right-of-use assets	1 881
Net investment in the lease receivables	133
	2 014
Deferred tax asset	71
Total assets	**2 085**
EQUITY AND LIABILITIES	
Retained income	(176)
Non-controlling interest	(2)
Lease liabilities	2 336
Operating lease smoothing liability	(73)
Total equity and liabilities	**2 085**

Within the statement of profit or loss, operating expenses were decreased by reduced rental expenses offset by an increased amortisation on the right-of-use assets. Interest was increased by the interest on the lease liabilities. The impact on the profit before tax was immaterial. Where lease liabilities subject the Group to foreign currency exposure, it will result in foreign exchange differences.

On the statement of cash flow, operating cash flows were higher as the principal portion of the cash payments against the lease liability are now classified within financing activities, with only the interest portion of the payment remaining in operating cash flows.

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

IFRS 9 – *Financial Instruments*

The Group still applies 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 managements 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 the application of IFRS 9 will have on the disclosures and other factors relating to hedge accounting.

5. EXCHANGE RATES

	Closing rates			Average rates		
	December 2019	June 2019	December 2018	**December 2019**	June 2019	December 2018
US Dollar	**14,01**	14,10	14,39	**14,73**	14,18	14,17
British Pound	**18,51**	17,95	18,42	**18,50**	18,35	18,34
Australian Dollar	**9,84**	9,90	10,14	**10,05**	10,14	10,27
Euro	**15,72**	16,06	16,46	**16,29**	16,18	16,32

	Unaudited 31 December 2019 Rm	Unaudited 31 December 2018 Rm	Audited 30 June 2019 Rm
6. GOODWILL			
Carrying value at beginning of period	**1 020**	953	953
Net acquisition of subsidiaries and businesses	**142**	86	111
Impairments	**(68)**	(31)	(37)
Currency adjustments	**33**	9	(7)
Carrying value at end of period	**1 127**	1 017	1 020
7. CASH RESOURCES			
Cash resources	**788**	788	1 042
Bank overdrafts	**(503)**	(848)	(102)
	285	(60)	940

8. FAIR VALUE OF FINANCIAL INSTRUMENTS

8.1 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.

8. FAIR VALUE OF FINANCIAL INSTRUMENTS continued

8.2 Fair value 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:

	Total Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm
31 December 2019				
Financial assets carried at fair value				
Listed investments (included in investments)	**10**	**10**	**–**	**–**
Unlisted investments (included in investments)	**450**	**16**	**–**	**434**
Foreign exchange contracts and other derivative instruments	**7**	**–**	**7**	**–**
Financial liabilities carried at fair value				
Contingent consideration	**17**	**–**	**–**	**17**
Foreign exchange contracts and other derivative instruments	**397**	**–**	**397**	**–**

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:

	Total Rm
Financial assets	
Carrying value at beginning of period	474
Additional investment in underlying preference shares	105
Dividends received	(252)
Fair valued through profit or loss as unrealised gains	107
Carrying value at the end of the period	434
Financial liabilities	
Carrying value at beginning of period	26
Payment made to former equity holder of subsidiary acquired	(9)
Carrying value at the end of the period	17

Level 2 valuations 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.

Level 3 sensitivity information

The fair value of the level 3 financial assets of R434 million (2019: R552 million) consists of investments in cell captives through 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 pay outs and the settlement of the capital. A new preference share structure with a new underwriter was subscribed for in the current financial period.

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 R17 million (2019: 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.

8. FAIR VALUE OF FINANCIAL INSTRUMENTS continued

8.2 Fair value of financial assets and liabilities continued

The following table shows how the fair value of the level 3 financial assets and liabilities as at 31 December 2019 would change if the significant assumptions were to be replaced by a reasonable possible alternative.

Financial instruments	Valuation technique	Key assumption	Carrying value Rm	Increase in carrying value Rm	Decrease in carrying value Rm
Financial assets					
Preference shares	Cash flow projections	Present value of expected dividend flows	**434**	**6**	**(6)**
Financial liabilities					
Contingent consideration	Multiples of future net operating profits after tax	Future expected profits	**17**	**0,2**	**(0,2)**

9. OTHER NON-OPERATING ITEMS

	31 December 2019 Rm	31 December 2018 Rm	30 June 2019 Rm
Derecognition of loans on derecognition of dormant companies	**–**	36	36
Impairment of goodwill	**(68)**	(31)	(37)
Reversal of/(impairment) of associates and joint ventures	**5**	(56)	(72)
Impairment of asset classified as held for sale	**–**	–	(10)
Other non-operating items	**–**	–	3
Total exceptional items	**(63)**	(51)	(80)
Amortisation on intangible assets arising on business combinations	**(5)**	(9)	(17)
Gain on derecognition of financial instrument	**10**	–	–
Business acquisition costs	**(1)**	(4)	(7)
Other non-operating items	**(59)**	(64)	(104)

10. CONTINGENCIES AND COMMITMENTS

	31 December 2019 Rm	31 December 2018 Rm	30 June 2019 Rm
Capital commitments#	**337**	233	254
Contingent liabilities*	**2 761**	3 330	3 779

 # 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 37 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 on 25 February 2020. For further details, please refer to the dividend declaration on page 17.

Please refer to page 38 for acquisition of business after reporting date.

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
F&G Holdings Group and F&G Commercial	The Group comprises four DAF dealerships along with a commercial body-building operation as well as a vehicle repair centre	Retail and Rental	July 2019	100	278
Other various individually immaterial acquisitions					41
					319

	F&G Holdings Group and F&G Commercial Rm	Individually immaterial acquisitions Rm	Total Motus Rm
Fair value of assets acquired and liabilities assumed at date of acquisition			
ASSETS			
Property, plant and equipment	232	5	**237**
Inventories	295	31	**326**
Trade and other receivables	27	–	**27**
Cash resources	69	–	**69**
	623	36	**659**
LIABILITIES			
Trade and other payables	359	3	**362**
Provisions	2	–	**2**
Deferred tax liability	12	–	**12**
Income tax payable	4	–	**4**
Interest-bearing debt	102	–	**102**
	479	3	**482**
Net assets acquired	144	33	**177**
Purchase consideration transferred	278	41	**319**
Goodwill	134	8	**142**

Due to the recent nature of these acquisitions, all numbers are treated as provisional.

Business combinations continued

BUSINESS COMBINATIONS DURING THE YEAR continued

Process involved with obtaining control

The material acquisitions related to the purchase of the legal entities, which were then 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 and structures and create synergies supporting the recognition of goodwill.

Acquisition costs

Acquisition costs for business acquisitions concluded during the year amounted to R1 million (2018: 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 R694 million and after tax profit of R4 million including the after tax funding costs. Had all the acquisitions been consolidated from 1 July 2019, they would have contributed revenue of R794 million and an after tax profit of R5 million (including the after tax impact of funding costs). The Group's total revenue would have been R42 054 million and an after tax profit of R900 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 rights cannot be sold, transferred, licensed or rented/exchanged separately.

Other details

Trade and other receivables had a gross contractual amount of R28 million and allowance for expected credit losses of R1 million.

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

BUSINESS COMBINATIONS AFTER REPORTING PERIOD

On 1 February 2020, Motus acquired the underlying assets and liabilities of eight dealerships for between R380 million and R420 million. These operations are located in the city of Ballarat in Victoria, Australia. Due to the recent nature of this acquisition, the amounts are still provisional.

	2020 Rm
Fair value of assets acquired and liabilities assumed at date of acquisition	
ASSETS	
Property, plant and equipment	56
Inventories	193
Trade and other receivables	29
Cash resources	2
	280
LIABILITIES	
Trade and other payables	40
Interest-bearing debt	179
	219
Net assets acquired	61
Purchase consideration transferred (purchase range R380 million to R420 million)	400
Goodwill based on maximum purchase price	339

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.
Core debt	Is the aggregate of interest-bearing debt (excluding the lease liabilities in terms of IFRS 16 and floorplans from financial institutions) less cash resources.
Net debt	Is the aggregate of interest-bearing debt (including the lease liabilities in terms of IFRS 16 and floorplans from financial institutions) 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.
EBITDA	Earnings before interest, tax, depreciation and amortisation.
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 net debt.
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.

Corporate information

DIRECTORS

GW Dempster (Chairman)*
A Tugendhaft (Deputy Chairman) **
OS Arbee (CEO)#
OJ Janse van Rensburg (CFO)#
KA Cassel#
P Langeni*
S Mayet*
KR Moloko*
MJN Njeke*

* *Independent non-executive*
** *Non-executive*
\# *Executive*

COMPANY SECRETARY

JK Jefferies

GROUP INVESTOR RELATIONS MANAGER

N Varty

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The results announcement is available on the Motus website:
www.motuscorp.co.za

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