enX GROUP

CONDENSED UNAUDITED INTERIM FINANCIAL RESULTS

for the six months ended 28 February 2018

Revenue
R3.6 billion
(2017: R2.4 billion)

Profit before taxation
R182.7 million
(2017: R175.2 million)

Adjusted HEPS
87.5 cps
(2017: 75.1 cps)

Strengthened maturity profile and sufficient liquidity for 2019 repayments

enX GROUP LIMITED (Incorporated in the Republic of South Africa) (Registration number 2001/029771/06) JSE share code: ENX ISIN: ZAE000222253 ("enX" or "the Group")

NATURE OF BUSINESS

enX is a diversified industrial group that provides quality branded industrial, petrochemical, and fleet management and logistics products and services.

enX is organised into the three business segments as follows:

- enX Equipment ("**Equipment**"):
  - EIE Group provides distribution, rental and value added services for industrial and materials handling equipment in South Africa, other African countries, the United Kingdom and Ireland ("**UK**"). EIE in South Africa is the market leader in materials handling and the sole distributor of Toyota Forklifts, BT warehousing equipment and Konecranes heavy duty forklifts and container handling equipment in sub-Sahara Africa. Its UK operation, Impact, is the exclusive distributor for Cat Lift Trucks and Konecranes heavy duty forklifts and container handling equipment in the UK and Ireland ("**EIE**");
  - New Way Power manufactures, installs and maintains diesel generators as well as provides temporary power through Genmatics. It distributes a range of industrial and marine engines and components through PowerO² which is the sole distributor of John Deere and Mitsubishi industrial engines in South Africa ("**Power**"); and
  - Austro distributes professional woodworking equipment and tooling and provides associated services such as blade sharpening and equipment maintenance. It is the sole distributor of Biesse equipment and Leitz tooling in South Africa ("**Wood**").
- enX Fleet ("**Fleet**"):
  - Eqstra Fleet Management and Logistics business ("**EFML**") provides a full spectrum of services including leasing, fleet management, outsourcing solutions, maintenance, warranty management and vehicle tracking solutions for passenger and commercial vehicles. Its footprint is in South Africa and sub-Saharan Africa. The EFML's commercial vehicle operations are supported by a nationwide network of workshops and panel repair shops.
- enX Petrochemicals ("**Petrochemicals**"):
  - Centlube produce and market oil lubricants in South Africa. It is the sole distributor of ExxonMobil lubricants (excluding marine and aviation). ("**Lubricants**"); and
  - West African International distributes plastics, polymers, rubber and speciality chemicals into Southern African. They are the sole distributors of ExxonMobil chemicals in South Africa. ("**Chemicals**").

enX has a proven track record of acquiring quality industrial assets that have strong market positions, represent leading global brands with committed customer partnerships. We instill entrepreneurial management to drive returns through the disciplined allocation of capital. enX was founded in 2007, operates in fourteen countries and has over 2 400 employees.

OVERVIEW

The board is pleased to present enX's interim results for the six months ended 28 February 2018. These results include six months of trading for EIE and EFML as compared to the four months of trading included in the comparative period.

Our strategic focus during the past six months has been on deepening our OEM relationships, expanding our UK footprint, strengthening our funding profile and bedding down our management structure. Having separated from the contract mining business, operated our acquired businesses profitably for a further twelve months, reduced our net debt and re-entered the debt capital markets, the Group has substantially stabilised relative to the comparative period:

1. EIE and EFML performed satisfactorily. Under enX's ownership the businesses have steadied. Capital constraints experienced by the EFML business in the past have largely been released, freeing up the business to refocus on maintaining and growing its leasing book.
2. In line with our strategic intent to expand our footprint in the UK, two forklift businesses were acquired. Both businesses are similar to our current operations and will be seamlessly integrated as additional branches. These acquisitions were funded internally by the UK operations and are not material to the Group.
3. The recapitalisation and unbundling of eXtract Group Limited ("**eXtract**") was finalised in October 2017 and R175 million of the R250 million remaining debt has been received from eXtract at reporting date. A further R25 million was received post February, with the remaining R50 million expected in the next few months. This is well ahead of our original anticipated timing.
4. The Lubricants business, having finalised the re-commissioning of a manufacturing plant in Boksburg to carry the highest global quality standards, concluded a 5 year agreement with ExxonMobil for the blending of lubricants. The benefits of local blending will largely become evident in our 2019 financial year. In addition to this, a 3 year extension was signed with ExxonMobil to continue marketing and distributing their oil lubricants.
5. The Group took a strategic decision to hedge all of its foreign exchange positions ahead of the political events that took place in South Africa over December 2017. As a result of a subsequent stronger Rand, foreign exchange losses for the Group of R26.8 million were incurred.
6. Power commenced the year with a healthy order book but difficult trading conditions resulted in a substantial slow down in new order intake during the period. As a result the business was restructured to align to the lower sales volumes.
7. Subsequent to the period-end, the Group raised a R315.5 million 3.5 year note specific liquidity facility and R260 million in the debt capital markets through an auction conducted on 17 April 2018. Together with the cash held at 28 February 2018 and the funds received from the bonds raised, we were able to redeem R565.5 million of maturing debt during April 2018. The Group's debt funding position has been strengthened with a more prudent maturity profile and sufficient liquidity to address capital repayments to the end of August 2019.

In terms of transformation, the Group has been verified as a level 7 contributor in terms of the amended B-BBEE codes of good practice. Our main operating segments continue to operate at levels 2 and 4 BBBEE contribution levels. The lower Group rating (previously level 4) was as a result of the corporate action's resulting dilutionary effect of our empowerment interest. The board remains committed to transformation and endeavours to improve the rating.

FINANCIAL RESULTS

Overview

Revenue for the period increased to R3.6 billion (2017: R2.4 billion) with the inclusion of EIE and EFML for six months as compared to their four months inclusion for the prior corresponding period. Revenues for Petrochemicals increased to R778.4 million (2017: R695.7 million) following good growth in the Chemicals business. The Group's EBIT improved to R354.1 million (2017: R257.1 million) and PBT improved to R182.7 million (2017: R175.2 million). Consistent with prior disclosures, management has elected to disclose adjusted EBIT which provides a more meaningful reflection of sustainable earnings. Adjusted EBIT increased to R377.9 million (2017: R306.7 million). The restructure and unbundling of eXtract, culminating in an *in specie* dividend having been made to shareholders in October 2017, resulted in the Group's NAV and NTAV dropping to 1 459.7 cents (2017: 1 820.6 cents) and 993.7 cents (2017: 1 367.8 cents) respectively. If eXtract was excluded from the 2017 comparative number the NAV would have been at 1 323.7, a period on period increase of 10.3% and the TNAV would have been at 870.9, a period on period increase of 14.1%.

The effective tax rate for the period was 22.9% (2017: 33.33%). The lower charge is primarily due to the lower effective tax rate in the UK and Botswana and the impact of the deemed interest income. Looking forward we anticipate the tax rate to normalise.

Earnings

Headline earnings increased by 20.9% to R138.0 million (2017: R114.1 million). This translates into headline earnings per share ("**HEPS**") of 77.4 cents (2017: 73.6 cents). Adjusted headline earnings increased by 33.9% to R156.0 million (2017: R116.5 million) and translated into adjusted HEPS of 87.5 cents (2017: 75.1 cents). The weighted average number of shares (net of treasury shares) in issue during the current reporting period was 178 332 559 as compared to the previous reporting period's weighting of 155 154 559, following the shares issued for the acquisition of EIE and EFML and the capital raise in November 2016.

Cap*ex*

Capital expenditure increased to R823.2 million (2017: R492.8 million). The increase was due to the longer trading period and was employed primarily to maintain and grow leasing fleets.

Funding

The Group's net interest-bearing debt (including deferred vendor consideration and cash) decreased to R4 345.5 million (August 2017: R4 572.3 million). As announced on SENS on 7 December 2017, the Group raised a term loan of R200 million the proceeds of which, together with the loan repayments received from eXtract, are included in our cash balances at 28 February 2018. These cash balances were utilised in April 2018 to settle maturing bonds.

Cash flow

Cash flows from the Group were positive over the period. The key drivers being cash flow from operating activities after capital expenditure on leasing assets of R1 094.8 million and the R175 million cash received from eXtract in respect of amounts due. The cash paid for the 'Business combinations' was settled out of existing cash resources and funding facilities available to the Group.

BASIS OF PREPARATION

The condensed unaudited interim financial results for the six months ended 28 February 2018 have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") and complies with IAS 34 – Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Board, the Financial Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act, No. 71 of 2008 of South Africa and the Listings Requirements of the JSE Limited. The accounting policies used in the preparation of the condensed unaudited interim financial results for the six months ended 28 February 2018, are consistent with those applied in the audited financial statements for the year ended 31 August 2017.

During the current period, the Group adopted those standards and interpretations in issue and effective for the period. The adoption of these new and amended standards and interpretations has not had a significant impact on the Group's adopted accounting policies.

These results have been compiled under the supervision of Irwin Lipworth CA(SA), the Financial Director. The condensed interim financial results have not been reviewed or reported on by the Group auditors.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited as at 28 February 2018 R'000	Unaudited as at 28 February 2017 R'000	Audited as at 31 August 2017 R'000
ASSETS			
Non-current assets	**6 439 158**	6 480 481	6 557 215
Property, plant and equipment	**387 849**	379 753	374 470
Leasing assets	**5 045 852**	5 115 365	5 077 814
Goodwill	**530 352**	480 930	504 510
Intangible assets	**415 485**	442 408	428 943
Trade and other receivables	**5 339**	11 697	3 140
Investment in associate	**–**	1 149	–
Other investments and loans	**19 556**	12 007	142 908
Deferred taxation	**34 725**	37 172	25 430
Current assets	**3 138 090**	3 846 976	3 093 649
Inventories	**1 339 986**	1 207 683	1 229 624
Trade, other receivables and derivatives	**1 162 666**	1 115 834	1 213 608
Other investments and loans	**73 739**	–	94 415
Taxation receivable	**11 576**	12 143	26 020
Bank and cash balances	**550 123**	376 026	317 806
Assets held for sale – eXtract	**–**	1 135 290	212 176
Total assets	**9 577 248**	10 327 457	9 650 864
EQUITY AND LIABILITIES			
Total shareholders' interests	**2 646 822**	3 273 993	2 715 250
Stated capital	**3 103 366**	3 087 083	3 087 083
Other reserves	**(950 561)**	(10 599)	(725 389)
Accumulated profits	**460 525**	167 019	322 145
Equity attributable to equity holders of the parent	**2 613 330**	3 243 503	2 683 839
Non-controlling interests	**33 492**	30 490	31 411
Non-current liabilities	**4 573 459**	4 832 483	4 534 345
Interest-bearing liabilities	**4 054 000**	4 307 191	4 002 506
Deferred vendor consideration	**–**	42 588	24 186
Deferred taxation	**519 459**	482 704	507 653
Current liabilities	**2 356 967**	2 220 981	2 401 269
Interest-bearing liabilities	**795 517**	453 170	820 125
Deferred vendor consideration	**25 922**	23 840	26 898
Trade, other payables and provisions	**1 477 934**	1 536 798	1 500 073
Taxation payable	**37 380**	144 022	37 824
Bank overdrafts	**20 214**	63 151	16 349
Total equity and liabilities	**9 577 248**	10 327 457	9 650 864
Supplementary information:			
Number of shares in issue	**181 317 732**	180 439 427	180 439 427
Number of shares in issue (net of treasury shares)	**179 036 174**	178 156 727	178 156 727
Net asset value per share (cents)	**1 459.7**	1 820.6	1 506.4
Net tangible asset value per share (cents)	**993.7**	1 367.8	1 047.7

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited for the six months ended 28 February 2018 R'000	Unaudited for the six months ended 28 February 2017 R'000	Audited for the year ended 31 August 2017 R'000
Stated capital	**3 103 366**	3 087 083	3 087 083
Balance at beginning of the period	**3 087 083**	634 565	634 565
Increase through the issue of shares (net of costs)	**16 283**	2 494 201	2 494 201
Treasury shares	**–**	(41 683)	(41 683)
Other reserves	**(950 561)**	(10 599)	(725 389)
Balance at beginning of the period	**(725 389)**	(40)	(40)
Foreign currency translation reserve	**(14 368)**	(10 559)	4 108
Share-based payment expense	**1 372**	–	7 106
Transfer from accumulated profits (eXtract)	**(212 176)**	–	(736 563)
Accumulated profits	**460 525**	167 019	322 145
Balance at beginning of the period	**322 145**	52 895	52 895
Total comprehensive income/(losses) for the period	**138 380**	114 124	(467 313)
Dividend *in specie*	**(212 176)**	–	–
Transfer to other reserves (eXtract)	**212 176**	–	736 563
Non-controlling interests	**33 492**	30 490	31 411
Balance at beginning of the period	**31 411**	–	–
At acquisition of subsidiary	**–**	27 812	27 812
Total comprehensive income for the period	**2 430**	2 678	6 186
Dividends paid to minority shareholders	**(349)**	–	(2 587)
Balance at end of the period	**2 646 822**	3 273 993	2 715 250

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited for the six months ended 28 February 2018 R'000	Unaudited for the six months ended 28 February 2017 R'000	Audited for the year ended 31 August 2017 R'000
Cash flows from operating activities	**888 013**	765 398	1 640 721
Cash generated from operations before working capital movements	**935 987**	698 495	1 699 545
Working capital movements	**177 821**	163 068	391 735
Interest received	**6 684**	65 542	71 803
Interest paid	**(202 151)**	(143 996)	(356 864)
Taxation paid	**(30 328)**	(17 711)	(165 498)
Cash flows from investing activities	**(688 629)**	(1 750 885)	(2 636 043)
Capital expenditure	**(823 217)**	(492 761)	(1 384 740)
Proceeds on disposal of assets	**3 103**	6 038	12 859
Business combinations	**(43 515)**	(1 315 228)	(1 315 228)
Proceeds from other investments and loans	**175 000**	51 066	51 066
Cash flows from financing activities	**37 367**	1 290 365	1 288 782
Net increase/(decrease) in interest-bearing borrowings	**47 198**	(114 824)	(109 193)
Deferred vendor consideration paid	**(9 482)**	(36 808)	(40 989)
Payments on transactions with non-controlling interest	**(349)**	–	(2 587)
Net proceeds from shares issued	**–**	1 441 997	1 441 551
Net increase in cash and cash equivalents	**236 751**	304 878	293 460
Exchange rate translation on cash and cash equivalents	**(8 299)**	–	–
Cash and cash equivalents at beginning of the period	**301 457**	7 997	7 997
Cash and cash equivalents at end of the period	**529 909**	312 875	301 457

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited for the six months ended 28 February 2018 R'000	Unaudited for the six months ended 28 February 2017 R'000	Audited for the year ended 31 August 2017 R'000
Revenue	**3 624 391**	2 399 978	6 218 342
Net operating expenses	**(2 662 802)**	(1 707 749)	(4 485 094)
Profit from operations before depreciation and amortisation	**961 589**	692 229	1 733 248
Depreciation and amortisation	**(577 152)**	(409 852)	(1 026 379)
Profit/(loss) on disposal of property, plant and equipment	**524**	(30)	27
IFRS 2 charges	**(4 086)**	(2 319)	(6 708)
Foreign exchange losses	**(26 770)**	(8 173)	(27 085)
Operating profit	**354 105**	271 855	673 103
Fair value adjustment of investments	**–**	(12 506)	(736 563)
Profit/(loss) before interest and taxation	**354 105**	259 349	(63 460)
Net finance costs	**(171 385)**	(81 929)	(291 679)
Interest received	**33 871**	65 542	71 803
Interest paid	**(205 256)**	(147 471)	(363 482)
Share of losses from associates	**–**	(2 226)	(2 620)
Net profit/(loss) before taxation	**182 720**	175 194	(357 759)
Taxation	**(41 910)**	(58 392)	(103 368)
Net profit/(loss) after taxation	**140 810**	116 802	(461 127)
Attributable to:			
Equity holders of the parent	**138 380**	114 124	(467 313)
Non-controlling interests	**2 430**	2 678	6 186
Net profit/(loss) after taxation	**140 810**	116 802	(461 127)
Other comprehensive income/(loss) net of taxation:			
Net profit/(loss) after taxation	**140 810**	116 802	(461 127)
Items that may be reclassified subsequently to profit or loss:			
– Foreign currency translation reserve	**(14 368)**	(10 559)	4 108
Total comprehensive income/(loss)	**126 442**	106 243	(457 019)
Attributable to:			
Equity holders of the parent	**124 012**	103 565	(463 205)
Non-controlling interests	**2 430**	2 678	6 186
Total comprehensive income/(loss)	**126 442**	106 243	(457 019)
Supplementary information:			
Basic earnings/(loss) per share (cents)	**77.6**	73.6	(301.2)
Headline earnings per share (cents)	**77.4**	73.6	(301.2)
Adjusted headline earnings per share (cents) #	**87.5**	75,1	181.2
Diluted earnings per share (cents)	**^**	72.8	^
Diluted headline earnings per share (cents)	**^**	72.8	^
EBIT	**354 370**	257 123	(66 080)
Adjusted EBIT #	**377 937**	306 749	735 626
Adjusted headline earnings	**155 989**	116 492	281 072
Number of shares in issue	**181 317 732**	180 439 427	180 439 427
Weighted average number of shares in issue (net of treasury shares)	**178 332 559**	155 154 559	155 154 559
Diluted number of shares in issue	**^**	156 867 245	^

^ Dilutionary instruments in issue do not have a dilutionary effect.

HEADLINE EARNINGS RECONCILIATION

	Unaudited for the six months ended 28 February 2018 R'000	Unaudited for the six months ended 28 February 2017 R'000	Audited for the year ended 31 August 2017 R'000
Net profit/(loss) after taxation attributable to equity holders of the parent	**138 380**	114 124	(467 313)
Adjusted for:			
(Profit)/loss on disposal of property, plant and equipment	**(524)**	30	(27)
Taxation effect on adjustments	**147**	(8)	8
Headline earnings attributable to ordinary shareholders	**138 003**	114 146	(467 332)
Adjusted for:			
IFRS 2 charges	**4 086**	2 319	6 708
Restructuring and IFRS 3 transaction costs	**2 953**	22 203	28 720
Interest received - eXtract*	**–**	(60 800)	(60 800)
Amortisation of intangible assets	**16 793**	10 194	27 311
Fair value adjustment of investments and associate losses - eXtract	**–**	14 910	738 967
Taxation effect on adjustments	**(5 846)**	13 520	7 498
Adjusted headline earnings attributable to ordinary shareholders #	**155 989**	116 492	281 072
EBIT RECONCILIATION			
Earnings before interest, taxation, depreciation and amortisation	**931 257**	670 662	967 869
Depreciation and amortisation	**(577 152)**	(413 539)	(1 033 949)
EBIT	**354 105**	257 123	(66 080)
IFRS 2 charges	**4 086**	2 319	6 708
Restructuring and IFRS 3 transaction costs	**2 953**	22 203	28 720
Amortisation of intangible assets	**16 793**	10 194	27 311
Fair value adjustment of investments and associate losses - eXtract	**–**	14 910	738 967
Adjusted EBIT #	**377 937**	306 749	735 626
Adjusted EBIT %	**10**	13	12

* *Interest earned from our investments in eXtract Group Limited of R60.8million has been removed from the 28 February 2017 adjusted headline earnings to align with the headline earnings presented at 31 August 2017. The eXtract Investments were subsequently restructured and unbundled in October 2017.*

\# *Adjusted headline earnings per share and adjusted EBIT takes into account all the profits and losses from operational, trading, and funding activities for the period and excludes adjustments in line with those of the comparitive period.*

CONDENSED CONSOLIDATED SEGMENTAL ANALYSIS

	Equipment			Fleet			Petrochemicals			Group, financing and consolidation			Total		
	Unaudited for the six months ended 28 February 2018 R'000	Unaudited for the six months ended 28 February 2017 R'000	Audited for the year ended 31 August 2017 R'000	Unaudited for the six months ended 28 February 2018 R'000	Unaudited for the six months ended 28 February 2017 R'000	Audited for the year ended 31 August 2017 R'000	Unaudited for the six months ended 28 February 2018 R'000	Unaudited for the six months ended 28 February 2017 R'000	Audited for the year ended 31 August 2017 R'000	Unaudited for the six months ended 28 February 2018 R'000	Unaudited for the six months ended 28 February 2017 R'000	Audited for the year ended 31 August 2017 R'000	Unaudited for the six months ended 28 February 2018 R'000	Unaudited for the six months ended 28 February 2017 R'000	Audited for the year ended 31 August 2017 R'000
Revenue	**1 835 005**	1 160 989	3 062 983	**1 032 268**	554 848	1 649 884	**778 441**	695 716	1 538 666	**(21 323)**	(11 575)	(33 191)	**3 624 391**	2 399 978	6 218 342
– South Africa	**1 335 888**	871 724	2 322 261	**934 159**	481 543	1 453 546	**717 448**	660 521	1 449 123	**23 856**	37 295	72 785	**3 011 351**	2 051 083	5 297 715
– Rest of world	**494 808**	287 869	736 944	**87 545**	63 127	175 169	**54 543**	35 195	81 299	**–**	–	–	**636 896**	386 191	993 412
– Intercompany	**4 309**	1 396	3 778	**10 564**	10 178	21 169	**6 450**	–	8 244	**(45 179)**	(48 870)	(105 976)	**(23 856)**	(37 296)	(72 785)
EBITDA#	**485 699**	335 500	858 530	**444 506**	341 422	807 432	**40 806**	48 450	108 767	**(39 754)**	(54 710)	(806 860)	**931 257**	670 662	967 869
Depreciation and amortisation	**(304 070)**	(202 445)	(515 328)	**(251 045)**	(196 745)	(482 684)	**(4 839)**	(3 777)	(10 870)	**(17 198)**	(10 572)	(25 067)	**(577 152)**	(413 539)	(1 033 949)
EBIT	**181 629**	133 055	343 202	**193 461**	144 677	324 748	**35 967**	44 673	97 897	**(56 952)**	(65 282)	(831 927)	**354 105**	257 123	(66 080)
– South Africa	**138 979**	108 877	293 027	**171 930**	124 899	293 097	**25 607**	40 054	84 891	**(56 952)**	(65 282)	(831 927)	**279 564**	208 548	(160 912)
– Rest of world	**42 650**	24 178	50 175	**21 531**	19 778	31 651	**10 360**	4 619	13 006	**–**	–	–	**74 541**	48 575	94 832
Adjusted EBIT	**182 959**	133 885	345 706	**194 881**	145 269	326 760	**36 233**	44 744	101 381	**(36 136)**	(17 149)	(38 221)	**377 937**	306 749	735 626
Net finance costs	**(86 354)**	(58 929)	(149 047)	**(91 340)**	(62 286)	(145 735)	**(9 828)**	(12 702)	(23 960)	**16 137**	51 988	27 063	**(171 385)**	(81 929)	(291 679)
Adjusted PBT	**96 605**	74 956	196 659	**103 541**	82 983	181 025	**26 405**	32 042	77 421	**(19 999)**	34 839	(11 158)	**206 552**	224 820	443 947
Total assets	**4 404 417**	4 413 519	4 320 170	**2 988 357**	3 280 261	3 117 237	**825 319**	649 423	840 424	**1 359 155**	1 984 254	1 373 033	**9 577 248**	10 327 457	9 650 864
– Goodwill and intangibles	**27 496**	50 106	13 235	**22 571**	9 251	8 391	**3 671**	17 177	2 881	**892 099**	846 804	908 946	**945 837**	923 338	933 453
– Leasing assets	**2 550 585**	2 497 207	2 494 411	**2 495 267**	2 618 158	2 583 403	**–**	–	–	**–**	–	–	**5 045 852**	5 115 365	5 077 814
– Inventory	**868 318**	805 761	810 449	**30 681**	28 662	27 630	**440 987**	373 260	391 545	**–**	–	–	**1 339 986**	1 207 683	1 229 624
– Trade and other receivables	**574 469**	508 249	612 183	**314 754**	344 498	290 651	**278 569**	244 910	310 352	**213**	29 874	1 873	**1 168 005**	1 127 531	1 215 059
– Other assets	**383 549**	552 196	389 892	**125 084**	279 692	207 162	**102 092**	14 076	135 646	**466 843**	1 107 576	462 214	**1 077 568**	1 953 540	1 194 914
Total liabilities	**3 385 100**	3 373 528	3 341 322	**2 469 371**	2 927 531	2 482 791	**591 539**	405 432	766 238	**484 416**	346 973	345 263	**6 930 426**	7 053 464	6 935 614
– Interest-bearing liabilities and overdraft	**2 370 268**	2 479 231	2 474 841	**1 886 450**	2 252 360	1 884 969	**224 153**	14 454	289 830	**388 860**	77 467	189 340	**4 869 731**	4 823 512	4 838 980
– Deferred vendor consideration	**4 695**	8 927	9 413		–	–	**21 227**	57 501	41 671		–	–	**25 922**	66 428	51 084
– Trade and other payables and provisions	**799 653**	693 385	646 135	**304 288**	386 587	319 655	**338 903**	328 457	427 665	**35 090**	128 369	98 885	**1 477 934**	1 536 798	1 492 340
– Other liabilities	**210 484**	191 985	210 933	**278 633**	288 584	278 167	**7 256**	5 020	7 072	**60 466**	141 137	57 038	**556 839**	626 726	553 210
Net capital expenditure	**400 922**	305 354	736 540	**400 349**	174 321	615 677	**18 836**	6 952	19 219	**7**	96	445	**820 114**	486 723	1 371 881
Number of employees	**1 857**	1 779	1 736	**600**	552	611	**102**	96	97	**14**	13	14	**2 573**	2 440	2 458
GEOGRAPHICAL SEGMENTATION															
Total assets	**4 404 417**	4 413 519	4 320 170	**2 988 357**	3 280 261	3 117 237	**825 319**	649 423	840 424	**1 359 155**	1 984 254	1 373 033	**9 577 248**	10 327 457	9 650 864
– South Africa	**3 166 154**	3 224 819	3 134 732	**2 639 497**	2 919 016	2 777 549	**794 606**	621 459	812 091	**1 359 155**	1 984 254	1 373 033	**7 959 412**	8 749 548	8 097 405
– Rest of world	**1 238 263**	1 188 700	1 185 438	**348 860**	361 245	339 688	**30 713**	27 964	28 333	**–**	–	–	**1 617 836**	1 577 909	1 553 459
Total liabilities	**3 385 100**	3 373 528	3 341 322	**2 469 371**	2 927 531	2 482 791	**591 539**	347 931	766 238	**484 416**	404 474	345 263	**6 930 426**	7 053 464	6 935 614
– South Africa	**2 407 028**	2 409 876	2 402 197	**2 364 790**	2 743 762	2 381 130	**570 981**	319 732	742 208	**484 416**	404 474	345 263	**5 827 215**	5 877 844	5 870 798
– Rest of world	**978 072**	963 652	939 125	**104 581**	183 769	101 661	**20 558**	28 199	24 030	**–**	–	–	**1 103 211**	1 175 620	1 064 816

Excludes intercompany management fees.

NOTES

	Unaudited for the six months ended 28 February 2018 R'000
1. Capital commitments	
Total capital commitments contracted	**21 522**
Expenditure will be financed from cash generated from operations and existing banking facilities. There were no contingent liabilities or unrecorded guarantees at 28 February 2018.	
2. Assets held for sale – eXtract	
These assets were distributed via an *in specie* dividend declaration to enX shareholders on 13 October 2017, as part of the eXtract restructure agreement.	

	Unaudited for the six months ended 28 February 2018 R'000	Unaudited for the six months ended 28 February 2017 R'000	Audited for the year ended 31 August 2017 R'000
3. Interest-bearing borrowings and overdraft			
Medium Term Note Program	**1 210 000**	1 531 051	1 233 897
Bank debt and overdraft – South Africa	**2 861 553**	2 523 266	2 776 806
Bank debt and overdraft – Rest of world	**798 178**	769 195	828 277
Deferred vendor consideration	**25 922**	66 428	51 084
	4 895 653	4 889 940	4 890 064
Comprising:			
Non-current	**4 054 000**	4 349 779	4 026 692
Current	**841 653**	540 161	863 372
	4 895 653	4 889 940	4 890 064
In April 2018 bonds of R565.5 million were settled and new bonds of R260 million were raised.			
4. Net finance costs			
Interest received	**6 684**	4 742	11 003
Interest received – MCC	**–**	60 800	60 800
Interest paid	**(204 653)**	(144 695)	(356 864)
Deemed interest income/(expense)	**26 584**	(2 776)	(6 618)
	(171 385)	(81 929)	(291 679)

5. Fair value hierarchy disclosures

Valuation methodology

Level 1 – Valuations with reference to quoted prices in an active market:

Financial instruments valued with reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available and the price represents actual and regularly occurring market transactions on an arm's length basis.

Level 2 – Valuations based on observable and unobservable inputs include:

Financial instruments valued using inputs other than quoted prices as described above for level1 but which are observable for the asset or liability, either directly or indirectly, such as a quoted price for similar assets or liabilities in an active market; a quoted price for identical or similar assets or liabilities in inactive markets; a valuation model using observable inputs; and a valuation model using inputs derived from/corroborated by observable market data.

The table below shows the Group's financial asset and liabilities that are recognised and subsequently measured at fair value, analysed by valuation technique.

28 February 2018	Level 1 R'000	Level 2 R'000	Fair value R'000
Financial assets			
Other investments and loans	**–**	**93 295**	**93 295**
Designated as fair value through profit and loss – Derivative financial assets	**–**	**2 638**	**2 638**
	–	**95 933**	**95 933**
Financial liabilities			
Financial liabilities designated as fair value through profit and loss – Derivative financial liabilities	**–**	**46 164**	**46 164**
	–	**46 164**	**46 164**

BUSINESS COMBINATIONS

EIE

The UK operation of EIE, Impact, acquired 100% of the share capital of two UK companies during the period thus expanding our geographical footprint in the UK. The companies acquired were Bendigo Mitchell (Holdings) Limited on 17 October 2017 and MacBrown Fork Truck Services Limited on 8 December 2017. Both businesses operate in broadly the same geographical, product and customer markets as our current business operations.

These acquisitions were funded from existing cash and funding resources within the UK. The aggregate amount paid for these two companies was R38.9m.

The summary of the net assets acquired through this business combination, for which the purchase price has been allocated to the respective assets and liabilities, are as follows:

	R'000
Non-current assets	**17 549**
Current assets	**25 592**
Non-current liabilities	**(8 685)**
Current liabilities	**(12 341)**
Total identifiable net assets acquired	**22 115**
Goodwill arising from business combination	**16 819**
Total purchase consideration settled in cash	**38 934**
Cash balances taken over	**(6 954)**
Net cash outflow on total acquisition	**31 980**

The purchase price allocation is provisional and will be finalised on the first anniversary of the business combination.

Revenue of GBP 1.1 million and net profit after taxation of GBP 86 000 have been included in these results since the acquisition dates. If the acquisitions had occurred on 1 September 2017, revenue of GBP 1.6 million and net profit after taxation of GBP 137 000 would have been included in these results.

EFML

During the period enX completed the acquisition of the EFML business in Botswana by paying R11.5 million.

This payment was recorded as additional goodwill in the EFML cash-generating unit.

OPERATIONAL OVERVIEW

Equipment

Revenues of R1 835.0 million, adjusted EBIT of R183.0 million and adjusted PBT of R96.6 million were achieved. The inclusion of EIE's results for the full six months was the primary reason for the movement. The EIE business continued to report solid orders and increasing market share both in SA and the UK. Rental and value add services revenue contributed 63% of total revenue.

The Power business experienced a sharp decline in its order book since August, resulting in reduced revenue and a loss before taxation of R11.3 million for the period. The business has concluded a restructuring process to re-align its cost base with its revenue projections. The business will now focus on the manufacturing of customised generators and importing smaller units below 600kVA.

The Wood business continued to operate in a subdued market. Notwithstanding margin pressure the business reported a stable PBT number driven by consistent sales of capital goods.

Fleet

Revenues of R1 032.3 million, adjusted EBIT of R194.9 million and adjusted PBT of R103.5 million were achieved. EFML leasing book has stabilised. The inclusion of EFML's results for the full six months was the primary reason for the movement. Customer retention rates improved alongside growing pipeline opportunities created by the strengthened sales team. Value added products ("VAPs") and remarketing revenues showed continued traction, increasing to 55% of revenue contribution. End of term residual values continued to be profitable.

Our Quest system is starting to show differentiating benefits and will allow scalability to the segment without a proportionate increase in overhead structure.

Petrochemicals

Revenues of R778.4 million, adjusted EBIT of R36.2 million and adjusted PBT of R26.4 million were achieved. Lubricants experienced a temporary overstock position due to a large blending customer reducing manufacturing orders to rectify their overstocking situation. The resulting lower operating profit was somewhat offset by an improved period on period performance in the Chemicals business. Chemicals reported strong growth in all product ranges.

PROSPECTS

Strategy

The Group is focused on the dynamic allocation of capital and is continuously assessing its long term strategic options. Reducing our cost structures throughout the Group is an ongoing objective. Our goal is to build a growing, cash generative industrial business which over time consistently delivers returns on equity in excess of its cost of capital. We aim to do this by investing in assets and opportunities that:

- drive differentiation, diversity and scale;
- strengthen our partnerships with leading global brand owners;
- expand our businesses geographically;
- build an entrepreneurial culture;
- maintain strong financial disciplines; and
- ensure an ongoing social licence to do business.

The specific initiatives that we are and intend to pursue to deliver on these strategic priorities are as follows:

Equipment

- EIE will continue to seek growth in its South African share of the forklift market in line with Toyota's aspirations and improve its operational efficiencies through the use of technology.
- In addition to the two companies acquired, EIE will further look to expand its UK market share through the acquisition of complementary forklift businesses and strengthen its long-term partnership with Mitsubishi, the supplier of Cat Lift Trucks.
- The Group is reviewing its long term strategic options for the Power business.
- Wood aims to maintain its leading market share and gradually build a leasing and rental book. The business intends to grow revenues from its innovating box-on-demand machines and expand into the steel and stone industries with its OEM's. It will hold its biennial show in July 2018, which historically has produced strong sales.

Fleet

- EFML is focused on growing revenues derived from VAPs, which are non-capital intensive. The business has been released of the capital constraints it was operating under. As a result, there has been renewed focus on increasing customer retention rates and winning new business within established credit granting and financial return criteria. The Quest system will present opportunities to offer outsourced processing and fleet management services and drive operational efficiencies.

Petrochemicals

- The Lubricants business will focus on rolling out the blending contract with ExxonMobil and growing its distribution and contract manufacturing volumes. It will also seek new product distribution opportunities through its relationship with ExxonMobil. We expect the implementation of ExxonMobil local production to improve gross margins and lower working capital levels from the first quarter of 2019.
- The Chemicals business will focus on growing volumes in selected polymer, natural rubber, performance polyethylene and speciality chemicals. Volume growth is expected in polymer and speciality chemicals products on the back of excess volumes from the USA refineries. The business will also seek new distributorships, to increases volumes through its existing infrastructure.

Outlook

We expect EIE and Wood to improve on their first half reported performances. Power has largely completed its restructure, resulting in an improved performance in the second half.

EFML expects to perform in line with its current performance and aims to grow its leasing book. Encouraging progress has been made in the first half with regard to improving customer retention rates and winning new business.

Petrochemicals should show moderate improved performance in the second half. The Lubricants business will commence blending for ExxonMobil and should deliver overall growth in ExxonMobil distribution volumes. Orders from the existing toll blending customer are expected to improve in the first half of FY2019. The Chemicals business is expected to increase volumes of ExxonMobil chemicals and synthetic rubber.

The Group will begin to engage with the South African leasing business banking consortium in the coming months, to refinance the term facility that begins amortising in August 2019.

Key risks to our business are posed by declines in overall levels of economic sentiment, growth rates, currency volatility and higher interest rates. Whilst recognising this, enX believes its business model and current portfolio of businesses have defensive characteristics given the annuity generating nature of its assets, strong market positions, brand partnerships and long-term client commitments.

We have an experienced management team who will maintain the strong relationships with our OEMs, drive cost efficiencies and be alert to opportunities to grow.

SUBSEQUENT EVENTS

Debt capital markets and new note specific liquidity facility

enX Corporation Limited ("enX Corporation"), a wholly-owned subsidiary of the Group and borrower of the debt raised to finance enX's South African leasing businesses, has raised R260 million in the debt capital markets, through an auction conducted on 17 April 2018. The funding raised will comprise R102 million 3 year 50% guaranteed notes (ENX01S) and R158 million 3 year unsecured notes (ENX01). Rand Merchant Bank, a division of FirstRand Bank Limited, has provided the guarantee to the ENX01S noteholders.

The proceeds received from the R200 million term loan raised in late 2017, as announced on SENS on 7 December 2017, a portion of the R200 million loan repayments received to date from eXtract and the R260 million notes raised were utilised to redeem R265.5 million of notes that matured in early April 2018 (as announced on SENS on 28 March 2018 and 4 April 2018) and R300 million of notes maturing on 25 April 2018. Accordingly, overall debt levels have declined following the redemptions.

enX Corporation entered into a new Note Specific Liquidity Facility ("**NSLF**") of R315.5 million with all the banks currently participating in its banking credit facilities. The NSLF replaces enX Corporation's existing R300 million liquidity facility which terminated on 30 April 2018. The NSLF, which is available for a 42 month period, may only be used to fund the redemption of principal amounts of any notes issued under enX Corporation's DMTN programme on their respective due dates.

DIVIDENDS

In line with the Group policy to reinvest for growth, no cash dividend has been declared for the period.

DIRECTORS

Executive directors: SB Joffe (Chief Executive Officer), IM Lipworth (Financial Director)
Non-executive directors: PM Makwana* (Chairman), PC Baloyi, SF Booysen*, NV Lila*, LN Molefe*, PS O'Flaherty, AJ Phillips*, LL von Zeuner*

(Independent)*

The following director roles changed during the period:

- SB Joffe was appointed CEO on 1 January 2018, relinquishing the role as non-executive chairman; and
- PM Makwana took the role as interim Chairman from 1 January 2018 until his appointment as Independent Chairman of the board on 13 February 2018, relinquishing the role as Lead Independent director. He stepped down as a member of the audit and risk committee with this new appointment.

The following changes to directorships took place during the period:

- TC Moodley resigned as a non-executive director on 22 December 2017;
- PD Mansour resigned as director on 31 December 2017 and appointed as Chief Investment Officer; and
- JL Serfontein resigned as CEO and director on 31 December 2017.

For and on behalf of the board

SB Joffe
Chief Executive Officer

IM Lipworth
Financial Director

14 May 2018

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Sponsor: The Standard Bank of South Africa Limited
Company secretary: L Möller
Transfer secretaries: Computershare Investor Services Proprietary Limited