

COMBINED MOTOR HOLDINGS LIMITED
INTEGRATED ANNUAL REPORT 2012



Our mission

CUSTOMERS

to provide a total commitment to customer satisfaction in all aspects of business, and to ensure that our customers are treated fairly and equitably by a motivated, well-trained team of specialists.

EMPLOYEES

to provide a stable and challenging work environment in which employees are treated on an equal opportunity basis with open lines of communication, are encouraged to participate to the maximum of their ability and are rewarded commensurate with their achievement.

SUPPLIERS

to conduct our relationship in an ethical and supportive manner conducive to the achievement of mutual long-term profit and market share objectives.

SHAREHOLDERS

to produce a consistent, meaningful growth in earnings and dividends, commensurate with the risks involved, after making adequate provision for future expansion.

In doing so, to become a valued, respected and committed contributor to the society in which we all coexist.

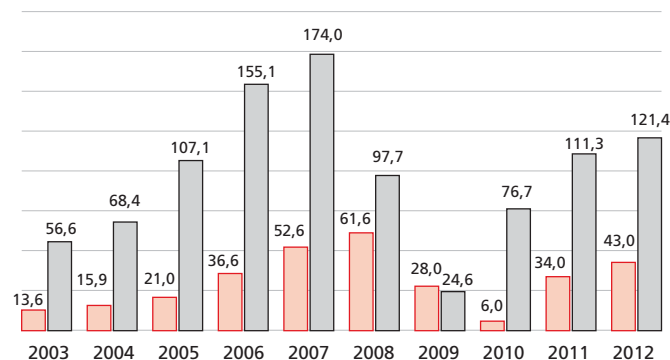


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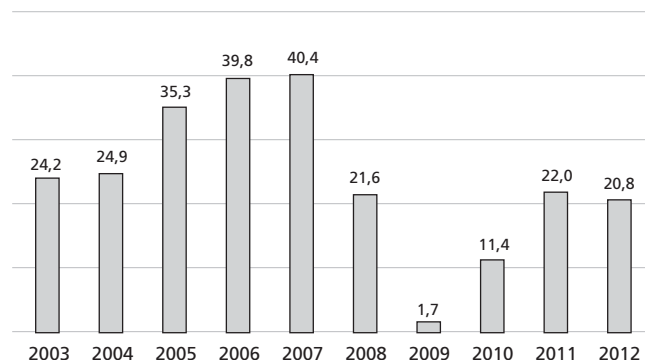
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Group financial highlights

		2012	2011	% Change
Total assets	(R'000)	2 483 139	2 176 761	14
Net asset value per share	(cents)	616	542	14
Revenue	(R'000)	8 293 728	7 362 224	13
Operating profit	(R'000)	217 124	199 992	9
Net profit attributable to ordinary shareholders	(R'000)	131 297	120 031	9
Return on shareholders' funds	(%)	20,8	22,0	(5)
Earnings per share	(cents)	121,4	111,2	9
Headline earnings per share	(cents)	121,4	111,3	9
Dividends per share	(cents)	43,0	34,0	26

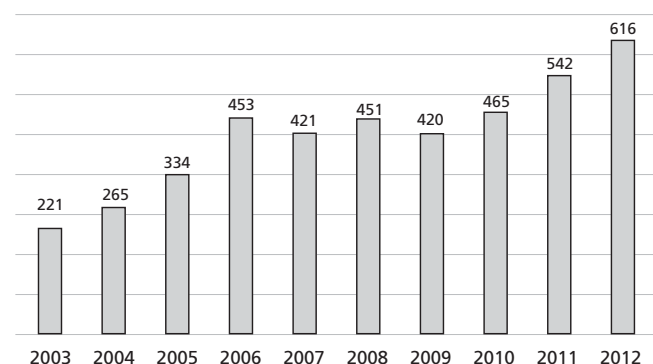


HEADLINE EARNINGS AND DIVIDENDS PER SHARE
(cents)

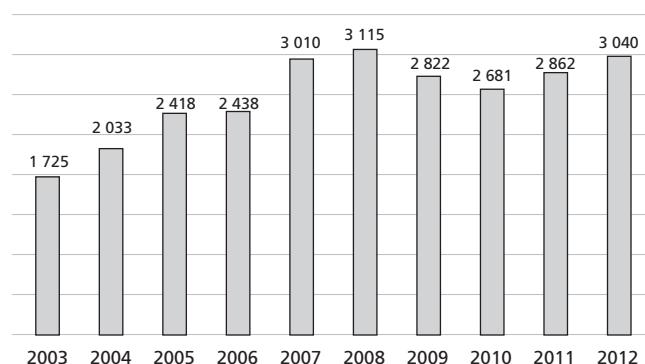


RETURN ON SHAREHOLDERS' FUNDS
(%)

■ Dividends per share
■ Headline earnings per share



NET ASSET VALUE PER SHARE
(cents)



REVENUE PER EMPLOYEE
(R'000)

Group profile and structure

RETAIL MOTOR DEALERSHIPS

VOLVO

Swedocar

Bryanston
Cape Town
Hatfield
Pretoria East
Umhlanga Rocks
West Rand

FORD/MAZDA

Kempster Auto

Bluff
Durban
Umhlanga Rocks

Steyns Auto

Pretoria

Rand Auto

Randburg

Metro Auto

Gezina

Hatfield Auto

Hatfield

NISSAN

Datcentre Nissan

Durban
Hillcrest
Pietermaritzburg
Pinetown

CMH Nissan

Midrand

SUZUKI

Pinetown
Umhlanga Rocks

KIA

Bryanston

FIAT/ALFA ROMEO

CMH Umhlanga

CMH Pietermaritzburg

CMH Pretoria

CMH West Rand

GENERAL MOTORS

East Rand GM

Boksburg

West Rand GM

Constantia

Umhlanga GM

Umhlanga Rocks

TOYOTA/LEXUS

CMH Toyota Alberton
CMH Toyota Melrose
CMH Toyota/Lexus Umhlanga

JAGUAR

Jaguar Cape Town
Jaguar Umhlanga

HONDA

Honda Hatfield
Honda Menlyn
Honda Pinetown

NISSAN DIESEL

CMH Commercial
Pietermaritzburg
Westmead

LAND ROVER

Land Rover Cape Town
Land Rover Hatfield
Land Rover Pretoria
Land Rover Umhlanga

BMW/MINI

Lyndhurst Auto
Menlyn Auto
Umhlanga Auto

VOLKSWAGEN

Cape City VW
Cape Town

PEUGEOT

Peugeot Cape Town
Peugeot Durban
Peugeot Johannesburg South
Peugeot Menlyn

CITROËN

Citroën Cape Town
Citroën Hatfield
Citroën Johannesburg South

RENAULT

Midrand

INVESTMENT CARS

Bryanston
Tygervally

BMW APPROVED REPAIR CENTRE

Umhlanga Rocks
Wynberg

NAVISTAR

CMH Commercial International
Westmead

MORRIS GARAGES (MG)

Bryanston
East Rand
Gezina
Hatfield
Tygervally
Umhlanga Rocks
West Rand

CAR HIRE

FIRST CAR RENTAL

OR Tambo (Johannesburg), King Shaka International (Durban), Bloemfontein, Port Elizabeth, Kimberley, Upington, East London, Nelspruit, George, Durban, Richards Bay, Pietermaritzburg, Lanseria and Cape Town airports, Cape Town central, Pomona, Sandton, Randburg, Pretoria, Bellville, Roodepoort, Polokwane, Stellenbosch, Rondebosch, Boksburg, Pinetown, Klerksdorp, Menlyn, Umhlanga Ridge, Witbank, Midrand, Mthatha, Southbroom.

MARINE AND LEISURE

CMH RECREATIONAL PRODUCTS

Randburg

WATERWORLD

Cape Town, Randburg

DISTRIBUTION AND FRANCHISING

BONERTS

Johannesburg

NATIONAL WORKSHOP EQUIPMENT

Pinetown

BRITISH MOTORS DISTRIBUTORS

Durban
Randburg

CMH GREEN

Countrywide

FINANCIAL AND SUPPORT SERVICES

Full Maintenance Leasing

Treasury

Warranty

Credit Life

Vehicle Insurance

CMH Finance

CMH Insurance

CMH Carshop

Board of directors



1 JEBB McINTOSH
CA (SA)
Chief executive officer
Member of social, ethics and transformation committee
Age: 66
Appointed to the board in 1976

2 VUSI KHANYILE
BCom (Hons)
Independent non-executive
Chairman of social, ethics and transformation committee
Age: 61
Appointed to the board in 2007

3 MALDWYN ZIMMERMAN
Non-executive chairman
Member of remuneration committee
Age: 77
Appointed to the board in 1976

4 JOHN EDWARDS
CA (SA)
Independent non-executive
Member of audit committee
Chairman of remuneration committee
Age: 76
Appointed to the board in 2002

5 STUART JACKSON
BCom (Hons) (Tax Law), CA (SA)
Financial director
Age: 59
Appointed to the board in 1986

6 ZEE CELE
BCom, Postgrad Dip Tax, MAcc (Tax)
Independent non-executive
Member of audit committee
Member of social, ethics and transformation committee
Age: 59
Appointed to the board in 2007

7 JAMES DIXON
CA (SA)
Independent non-executive
Chairman of audit committee
Age: 60
Appointed to the board in 2010

8 MARK CONWAY
CA (SA)
Executive
Member of social, ethics and transformation committee
Franchise director for various motor retail divisions, Marine and Leisure and British Motor Distributors
Age: 56
Appointed to the board in 2000

9 DINEO MOLEFE
Masters in International Accounting, CA (SA)
Independent non-executive
Age: 34
Appointed to the board in 2011

Definitions

Acid-test ratio

Current assets less inventory divided by total current liabilities including short-term loans.

Basic earnings per share

Total profit attributable to equity holders divided by the weighted average number of shares in issue.

Current ratio

Current assets divided by current liabilities including short-term loans.

Dividend cover

Headline earnings per share divided by dividends paid per share.

Dividend yield

Dividends paid divided by the year-end share price on the JSE Limited.

Earnings yield

Earnings per share divided by the year-end share price on the JSE Limited.

Headline earnings per share

Total profit attributable to equity holders after excluding the impact of goodwill assets impaired and profit/losses on disposal of investments, divided by the weighted average number of shares in issue.

Net interest cover

Operating profit before net finance costs divided by net finance costs.

Net asset value per share

Total equity divided by the number of shares in issue at year-end.

Return on shareholders' funds

Total profit attributable to equity holders of the Company divided by the average ordinary shareholders' equity during the year.

Revenue per employee

Revenue divided by the number of employees in service at year-end.

Weighted average

The number of shares in issue at the beginning of the year increased by shares issued during the year weighted on a time basis for the period during which they were issued.

Group ten-year statistical review

Statement of financial position

		2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Interest-bearing debt to total assets	(%)	0,0	0,0	0,2	0,3	0,3	0,4	0,2	0,2	0,4	1,7
Interest-bearing debt to total equity	(%)	0,0	0,2	0,6	1,2	1,4	1,9	0,9	0,7	1,4	5,6
Current ratio	(ratio)	1,3	1,4	1,4	1,3	1,3	1,3	1,3	1,4	1,4	1,4
Acid-test ratio	(ratio)	0,7	0,7	0,8	0,7	0,7	0,7	0,3	0,5	0,5	0,5
Net asset value per share	(cents)	616	542	465	420	451	421	453	334	265	221
Total assets per employee	(R'000)	910	846	826	814	795	786	638	627	541	483

Years 2005 – 2012 have been prepared in accordance with International Financial Reporting Standards. Years prior to 2005 have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice.

Statement of comprehensive income

		2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Weighted average number of shares in issue	('000)	108 179	107 943	107 562	107 470	107 195	105 867	105 055	103 245	102 010	101 930
Headline earnings per share	(cents)	121,4	111,3	76,7	24,6	97,7	174,0	155,1	107,1	68,4	56,6
Basic earnings per share	(cents)	121,4	111,2	50,6	7,6	91,6	175,4	157,2	108,9	60,6	49,2
Dividends per share											
– traditional	(cents)	43,0	34,0	6,0	28,0	61,6	52,6	36,6	21,0	15,9	13,6
– special	(cents)	–	–	–	–	–	140,0	–	–	–	–
Dividend cover											
– traditional	(times)	2,8	3,3	12,8	0,9	1,6	3,3	4,2	5,1	4,3	4,2
Net interest cover	(times)	11,4	10,2	6,1	1,4	4,7	10,6	19,9	57,6	15,8	8,7
Number of employees		2 728	2 572	2 427	2 418	2 829	3 018	2 771	1 842	1 584	1 502
Revenue per employee	(R'000)	3 040	2 862	2 681	2 822	3 115	3 010	2 438	2 418	2 033	1 725
Operating profit on average total equity	(%)	34,7	36,8	22,7	9,9	45,4	73,2	61,2	51,6	40,5	42,4
Return on shareholders' funds	(%)	20,8	22,0	11,4	1,7	21,6	40,4	39,8	35,3	24,9	24,2

Years 2005 – 2012 have been prepared in accordance with International Financial Reporting Standards. Years prior to 2005 have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice.

Group ten-year financial review

Statement of financial position

	2012 R'000	2011 R'000	2010 R'000	2009 R'000	2008 R'000	2007 R'000	2006 R'000	2005 R'000	2004 R'000	2003 R'000
ASSETS										
Plant and equipment	58 537	58 565	64 493	75 069	71 717	69 441	57 621	25 856	19 481	18 266
Investments	204 500	187 271	166 037	146 848	124 379	106 001	1 082	488	1 242	2 834
Deferred taxation	49 964	55 287	49 896	43 535	36 396	32 296	27 614	16 873	7 159	4 876
Goodwill	89 972	89 972	89 972	123 001	144 346	154 574	153 174	29 450	7 450	10 391
Current assets	2 080 166	1 785 666	1 634 769	1 579 834	1 871 007	2 008 853	1 527 337	1 082 178	822 152	688 897
Total assets	2 483 139	2 176 761	2 005 167	1 968 287	2 247 845	2 371 165	1 766 828	1 154 845	857 484	725 264
EQUITY AND LIABILITIES										
Ordinary shareholders' equity	671 543	588 572	500 764	451 905	472 716	438 089	477 141	346 851	272 302	225 500
Non-controlling interest	(5 301)	(2 563)	(818)	(433)	12 121	12 217	1 289	286	9	237
Interest-bearing debt	–	986	3 169	5 398	6 838	8 556	–	2 434	3 784	12 532
Non-controlling shareholders of subsidiaries	140 339	176 162	208 944	245 613	270 724	285 845	4 668	625	618	200
Assurance funds	7 731	13 137	14 766	19 458	26 217	37 669	32 639	21 987	16 829	10 893
Lease liabilities	111 167	110 176	98 079	88 613	77 905	63 491	44 099	31 830	–	–
Other current liabilities	1 557 660	1 290 291	1 180 263	1 157 733	1 381 324	1 525 298	1 206 992	750 832	563 942	475 902
Total equity and liabilities	2 483 139	2 176 761	2 005 167	1 968 287	2 247 845	2 371 165	1 766 828	1 154 845	857 484	725 264

Years 2005 – 2012 have been prepared in accordance with International Financial Reporting Standards. Years prior to 2005 have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice.

Statement of comprehensive income

	2012 R'000	2011 R'000	2010 R'000	2009 R'000	2008 R'000	2007 R'000	2006 R'000	2005 R'000	2004 R'000	2003 R'000
Revenue	8 293 728	7 362 224	6 507 518	6 822 786	8 811 995	9 085 649	6 756 951	4 454 213	3 220 632	2 591 397
Profit to revenue (%)	2,6	2,7	1,7	0,7	2,4	3,7	3,7	3,8	3,1	3,4
Operating profit	217 124	199 992	108 103	46 378	212 237	339 757	252 711	167 187	100 857	87 861
Net finance costs	(19 110)	(19 517)	(17 734)	(33 295)	(45 472)	(32 082)	(12 731)	(2 902)	(6 372)	(10 097)
Profit before taxation	198 014	180 475	90 369	13 083	166 765	307 675	239 980	164 285	94 485	77 764
Tax expense	(53 868)	(50 139)	(35 586)	(11 023)	(54 857)	(113 997)	(73 870)	(51 573)	(32 376)	(27 588)
Total profit	144 146	130 336	54 783	2 060	111 908	193 678	166 110	112 712	62 109	50 176
Non-controlling interest	(12 849)	(10 305)	(344)	6 067	(13 735)	(7 995)	(953)	(277)	(244)	(11)
Attributable profit	131 297	120 031	54 439	8 127	98 173	185 683	165 157	112 435	61 865	50 165
Dividends										
– traditional	(46 513)	(36 703)	(6 457)	(30 094)	(65 988)	(55 745)	(38 586)	(21 658)	(16 186)	(13 862)
– special	–	–	–	–	–	(149 853)	–	–	–	–
Retained earnings/(deficit) (including special dividend)	84 784	83 328	47 982	(21 967)	32 185	(19 915)	126 571	90 777	45 679	36 303
Retained earnings/(deficit) (excluding special dividend)	84 784	83 328	47 982	(21 967)	32 185	129 938	126 571	90 777	45 679	36 303

Years 2005 – 2012 have been prepared in accordance with International Financial Reporting Standards. Years prior to 2005 have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice.

Group non-financial highlights

for the year ended 29 February 2012



Estimated saving of 100 million litres of water per annum following the introduction of CMH Green waterless car washes at all branches

Entrepreneurial opportunities provided to more than 200 previously – disadvantaged individuals



145 employees registered on learnerships

Application made for a further 200 learnerships

In excess of R9 million spent on skills development

Installation of water filtration and recycling plants and rain water capture facilities has reduced water consumption by up to 45%

ENVIRONMENTAL AND CHARITABLE PROJECTS

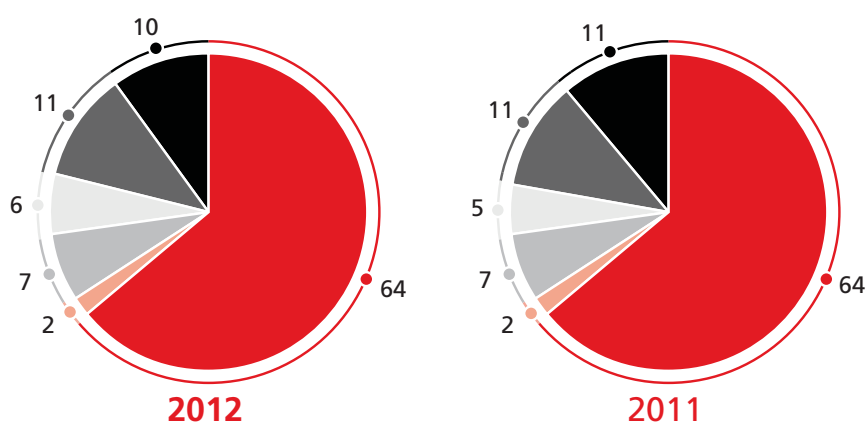
- R2,2 million invested in energy-saving devices during 2011 and 2012 resulting in an estimated saving of 1,4 million kilowatt hours
- Training and Resources in Early Education
- Reach for a dream
- KwaZulu-Natal Athletics
- Teachers Across Borders South Africa



Value-added statement

	2012 R'000	2012 %	2011 R'000	2011 %
WEALTH CREATED				
Revenue	8 293 728		7 362 224	
Cost of goods and services	(7 466 361)		(6 604 980)	
Value added	827 367		757 244	
WEALTH DISTRIBUTION				
To employees – remuneration and benefits	531 476	64	484 097	64
To lenders – net finance costs on borrowings	19 110	2	19 517	2
To government – taxation	53 868	7	50 139	7
To shareholders – dividends	46 513	6	36 703	5
Retained for reinvestment in the Group				
– depreciation	91 616	11	83 460	11
– retained earnings	84 784	10	83 328	11
	827 367	100	757 244	100

WEALTH DISTRIBUTION



- To employees – remuneration and benefits
- To lenders – net finance costs on borrowings
- To government – taxation
- To shareholders – dividends
- Retained for reinvestment in the Group – depreciation
- Retained for reinvestment in the Group – retained earnings

Group operations

RETAIL MOTOR DEALERSHIPS



FRANCHISE: Volvo

Operating locations

Bryanston, Cape Town, Hatfield, Pretoria East, Umhlanga Rocks, West Rand

Staff employed 213

Senior management

S Atkinson (franchise manager), A Bell, W Edgar, N Fourie, O Fourie, D Gray, M Macpherson, C Pienaar



FRANCHISE: Land Rover

Operating locations

Cape Town, Hatfield, Umhlanga Rocks, Pretoria

Staff employed 81

Senior management

S Atkinson (franchise manager), G Enous, D Gray, A Pretorius, E Vorster



FRANCHISE: Jaguar

Operating locations

Umhlanga Rocks, Cape Town

Staff employed 43

Senior management

S Atkinson (franchise manager), D Gray, A Pretorius



FRANCHISE: Peugeot

Operating locations

Menlyn, Cape Town, Durban, Johannesburg South

Staff employed 138

Senior management

S Atkinson (franchise manager), P Bell, W Edgar, J Kimber, J Nell, M Padayachee



CITROËN

FRANCHISE: Citroën

Operating locations

Hatfield, Johannesburg South, Cape Town

Staff employed 32

Senior management

S Atkinson (franchise manager), J Kimber, J Nell, R van der Walt

Group operations

RETAIL MOTOR DEALERSHIPS

**FRANCHISE: Nissan****Operating locations**

Durban, Pinetown,
Pietermaritzburg, Hillcrest,
Midrand

Staff employed 214**Senior management**

C Ferreira, G Garrod,
G Gray (franchise manager),
A Hughes, C Massey-Hicks,
S Singleton, J van der Linde

**FRANCHISE: Navistar****Operating location**

Westmead

Staff employed 17**Senior management**

R Byng, G Gray (franchise
manager)

**FRANCHISE: Nissan Diesel****Operating locations**

Westmead, Pietermaritzburg

Staff employed 61**Senior management**

R Byng, G Gray (franchise
manager)

**FRANCHISE: Honda****Operating locations**

Hatfield, Menlyn, Pinetown

Staff employed 107**Senior management**

B Alkema, T Horn, A Hughes,
A Potgieter, J van der Linde,
C Webber (franchise manager)

**FRANCHISE: Ford, Mazda****Operating locations**

Durban, Bluff, Umhlanga Rocks,
Pretoria, Gezina, Hatfield,
Randburg

Staff employed 348**Senior management**

P Gething, D Grobler, M Holmes,
K Kruger, T Morey (franchise
manager), P Ras, R Spence,
A Sumares, Z van Greuning,
C Wainwright

**FRANCHISE: General Motors****Operating locations**

Boksburg, Constantia: West
Rand, Umhlanga Rocks

Staff employed 144**Senior management**

M Conway (director), R Downs,
A Hughes, T Petzer, S Singleton,
J van der Linde

Group operations

RETAIL MOTOR DEALERSHIPS



FRANCHISE: BMW, Mini

Operating locations

Melrose Arch, Menlyn,
Umhlanga Rocks

Staff employed 302

Senior management

B Cole, M Conway (director),
A Sumares, W van Zyl, E Wilson



FRANCHISE: Toyota

Operating locations

Alberton, Umhlanga Rocks,
Melrose Arch

Staff employed 170

Senior management

P de Villiers, A Hughes, D Stotter,
C Walters, C Webber (franchise
manager)



MORRIS GARAGES

FRANCHISE: Morris Garages

Operating locations

Bryanston, East Rand,
Gezina, Hatfield, Tygervalley,
Umhlanga Rocks, West Rand

Staff employed 14

Senior management

E Edgar, N Fourie, T Goddard,
C Lanham-Love, S Lopez, P Ras,
R Steyl, C Walters



FRANCHISE: BMW Approved Repair Centre

Operating locations

Wynberg, Umhlanga Rocks

Staff employed 92

Senior management

B Cole, M Conway (director),
A Sumares, E Wilson



FRANCHISE: Volkswagen

Operating location

Cape Town

Staff employed 53

Senior management

S Atkinson (franchise manager),
W Edgar, G Enous, M Haf



FRANCHISE: Lexus

Operating location

Umhlanga Rocks

Staff employed 12

Senior management

C Walters, C Webber (franchise
manager)

Group operations

RETAIL MOTOR DEALERSHIPS



FRANCHISE: Fiat,
Alfa Romeo

Operating locations

Umhlanga Rocks,
Pietermaritzburg, Hatfield,
West Rand

Staff employed 66

Senior management

G Garrod, G Gray (franchise
manager), N Grobler, A Pillay



FRANCHISE: Investment Cars

Operating locations

Bryanston, Tygervalley

Staff employed 38

Senior management

M Bruce, W Edgar, T Morey
(franchise manager), R Steyl



FRANCHISE: Suzuki

Operating locations

Pinetown, Umhlanga Rocks

Staff employed 27

Senior management

B Faulds, B Ward, C Webber
(franchise manager)



FRANCHISE: Kia

Operating location

Byranston

Staff employed 22

Senior management

T Morey (franchise manager),
P van der Walt



FRANCHISE: Renault

Operating location

Midrand

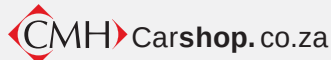
Staff employed 10

Senior management

C Ferreira, G Gray (franchise
manager)

Group operations

FINANCIAL AND SUPPORT SERVICES



FRANCHISE: CMH Fleet Solutions, CMH Finance, CMH Insurance, CMH Carshop, CMH IT

Staff employed 94

Senior management

G Bartel, S Cumming,
JP de Bruyn, C Downs, S Eloff,
K Fonseca, A Jithoo, A Julius,
G Liebenberg, R Minnaar,
V Naidoo, E Utermark,
G van Dyk



CAR HIRE



FRANCHISE: First Car Rental

Operating locations at airports

OR Tambo (Johannesburg), King Shaka International (Durban), Port Elizabeth, East London, George, Cape Town, Bloemfontein, Nelspruit, Kimberley, Upington, Richards Bay, Lanseria, Pietermaritzburg

Operating locations

Durban, Cape Town central, Pomona, Randburg, Richards Bay, Sandton, Pretoria, Midrand, Polokwane, Kimberley, Upington, Stellenbosch, Boksburg, Pinetown, Bellville, Bloemfontein, Roodepoort, Port Elizabeth, Menlyn, Umhlanga Ridge, Witbank, Rondebosch, Mthatha, Southbroom, Klerksdorp

Staff employed 307

Executive Committee

B Barritt (managing director),
U Crouse, R McKay, A Nel,
M Storey, B Troeberg

Other senior management

C Ault, S Duriex, B du Toit,
V Govender, L Hall, S Marshall,
C Saayman, M Voges, K Werth

Group operations

DISTRIBUTION AND FRANCHISING

MARINE AND LEISURE

bonert's
USED MOTOR SPARES & REBUILDS



**FRANCHISE: Bonerts,
National Workshop
Equipment, CMH Green,
British Motor Distributors**

Operating locations

Bonerts: Johannesburg
National Workshop Equipment:
Pinetown
CMH Green: Countrywide
British Motor Distributors:
Durban, Randburg

Staff employed 59

Senior management

A Sumares, C Lanham-Love,
S Lopez, R Margach,
S McCulloch, I Pardy, G Thomas



Sea Ray

SUPRA
LUXURY INBOARD BOATS

EVINRUDE 

can-am 

SEA-DOO 
LEAVE EVERYTHING ELSE BEHIND™

**FRANCHISE: CMH Marine
and Leisure, Waterworld**

Operating locations

Randburg, Cape Town

Staff employed 64

Senior management

F Fensham, A Hughes,
C Lanham-Love, D Savadier

Report of the chief executive officer



JD McIntosh

“The year was one during which the Group consolidated the gains achieved in 2010 and 2011, and laid the seeds for organic growth during the years ahead.”

It gives me pleasure to report on the Group's activities during the year ended 29 February 2012. The year was one during which the Group consolidated the gains achieved in 2010 and 2011, and laid the seeds for organic growth during the years ahead.

FINANCIAL OVERVIEW

Despite the continued difficult economic conditions, which hampered the ability of potential customers to obtain credit facilities, the Group delivered a satisfactory set of results for the year. A drive to increase sales resulted in market share gains in both new and used cars, and revenue increased 13%. Of concern is the reduction in the gross margin, from 17,5% to 16,5%. This is principally the result of shifting consumer demand, from the medium-priced used car market to the lower end of the new car market, where margins are tighter. Strategies have been implemented to augment margins,

particularly through the sale of “add-on” products. Despite the opening of eight new retail branches, and the launch of an import and distribution infrastructure for the MG range of vehicles, operating costs were well contained at a 6% increase. As a result, the Group achieved a 2,6% operating margin, which is well ahead of the industry average of 2,2%.

Continued tight control over working capital meant that net finance costs were marginally reduced. Utilisation of prior year assessed losses helped the decline in the overall tax rate, with the result that total profit increased by 10,6%. After adjusting for minority interests, the Group recorded a 9,4% increase in earnings.

Strong cash generation from operations ensured that, after paying dividends of R46,5 million to its listed shareholders, and dividends and loan repayments to its BEE minority partners of

R50,9 million, the Group increased its level of cash and cash resources by R83 million, to R395 million. Bearing in mind that the Group has substantial working capital liabilities in terms of its car hire fleet and new vehicle floorplan facilities, the cash balance can be used from time to time to reduce finance charges.

The balance sheet remains sound. Because the Group is principally a retailer, it has a relatively low investment in non-current assets. In addition to its investment in support of the BEE transaction concluded in 2006, the level of plant and equipment is only R59 million, or 2,4% of total assets. Focus is therefore concentrated on working capital levels and ratios. It is pleasing to see that the current ratio and acid-test ratio remain steady at 1,3 and 0,7 respectively. The interest-free advance from minority shareholders in support of the BEE transaction has been reduced by R154 million from its original balance of R294 million. Compared with an average of R35 million per year which the Group has repaid over the past three years, the commitment for the next two years totals only R12 million. The balance has no defined repayment terms. This reduction will boost the Group's cash resources.

The increase in earnings justifies a 10% increase in the dividend payable in June 2012. However, the directors have decided to use the Group's strong past and expected future cash flow to increase the dividend level, thereby enabling shareholders to offset, in part, the impending 15% withholding tax on dividends. As a result, the board has recommended an increase of 20%, to 36 cents per share. It is estimated that the dividend will be covered 2,6 times by headline earnings.

OPERATIONAL OVERVIEW

The Group will continue to build on its strong accounting, internal control and cash management base, augmented by aggressive marketing. Remuneration of management and staff is linked to performance benchmarks, all of which are closely monitored by internally-generated scorecards and totem poles, and peer group review. Staff training is focused on general management skills, combined with technical and product sales knowledge. After considerable research, the Group has linked up with a training material supplier based in the USA. This provider gives the Group's sales staff access to what I believe is one of the best training courses in the areas of sales, deal-closing and customer follow-up support. The material is web-based and will, if closely studied, provide a competitive advantage.

Retail motor

National new vehicle sales increased 13% during the year under review. The trend towards more affordable models continued. The highest growth came from the entry-level segment, with consequent lower revenue and margins for retail dealers. Price increases were contained at an average of less than 4%. The buy-down trend adversely affected



CEO, Jebb McIntosh, congratulates Bo Mcoyi, the Group's top sales performer.

used car sales. Major vehicle finance houses reported a fall of approximately 8% in sales of one to five-year-old vehicles. Group sales of such vehicles declined only 1,8%. In respect of the makes and models which the Group represents in the new vehicle market, national sales increased 13%, whilst Group sales increased 19%.

For the most part, franchise groupings performed in line with expectations. However, the catastrophic earthquake and tsunami which hit Japan in March 2011, and the floods in Thailand towards the end of the year, severely disrupted supplies of both vehicles and replacement parts from those countries. Supply disruptions meant that vehicle sales at some dealerships were barely sufficient to cover overheads. Supplies of Ford light commercial vehicles were particularly limited during the last four months of the year. In addition, the Group's Peugeot and Citroën outlets suffered because of the disruptions caused by management and policy changes at manufacturer level. Recent leadership changes improved the outlook, and positive progress should continue into the year ahead.

The used car market is expected to endure continued pressure in the year ahead. Management will increase its focus in this area in an attempt to restore previously-enjoyed profit margins. The Group's web-based brand "Carshop – powered by the CMH Group" has gained market recognition, and provides an ever-increasing source of sales leads.

The parts and service departments enjoyed steady growth, with revenue increases of 13,2% and 15,8% respectively.

Report of the chief executive officer continued

Good customer service remains a Group commitment. It is encouraging to record that the results of efforts in this regard are supported by the very few customer complaints which have been lodged following the recently-enacted Consumer Protection Act. The motor industry still awaits ratification by Government of its proposed charter which will clarify certain aspects of the CPA that are peculiar to the industry.

During the year the Group concluded an agreement with SAIC Motor Corporation for the importation and distribution of the MG range of passenger vehicles and the Maxus range of light commercial vehicles. SAIC is China's largest producer of motor vehicles, mainly in partnership with General Motors and Volkswagen. Both MG and Maxus are supported by British and Chinese engineering and design, with a focus on retaining the British heritage of the models. The present model range will be augmented during the forthcoming year as further options become available in a right-hand-drive version. The Group has opened seven MG/Maxus retail outlets and has appointed two independent dealers. The network will be expanded during the year ahead.

Car hire

This division enjoyed an excellent year, surpassing the record performance recorded during the previous year – and without the boost of the World Cup. Average daily rental revenue and fleet utilisation rate, together the crucial measurements of success, showed pleasing improvement. The home-grown “First Car Rental” brand is growing in recognition both locally and in the important overseas market. Not being linked to an international brand gives the division the benefit of saving on royalty payments, and provides a competitive pricing advantage. The division's conservative policy regarding fleet depreciation has ensured that retired vehicles can be readily disposed of, and the fleet size tailored to meet anticipated seasonal fluctuations in demand. As many as 70% of retired vehicles are sold through Group motor retail outlets, to the benefit of both divisions. First Car Rental's locally developed web-based marketing and customer-interface computer systems are state-of-the-art, and will provide a reliable platform for future expansion.

Marine and leisure

After a number of years of difficult trading conditions, the marine and leisure division recorded a positive, albeit small, contribution to Group results. This market segment is particularly susceptible to economic downturn, and it is gratifying to see that the restructuring and cost-cutting measures taken over the past three years are beginning to bear fruit. This division operates largely as a wholesale operation, supplying a number of independent retailers. As such, it needs to generate higher trading margins to support its investment in inventory and dealer network support. The Group's MG/Maxus distribution centre shares facilities with this division, resulting

in an overhead saving for both operations. The improved profit trend is expected to continue in the years ahead.

Financial services

Annuity income from insurance policies sold during the current and previous years boosted revenue in this division, enabling it to record its best results since the sale of term-based products was abolished in 2007.

Policy premiums have been outsourced to a collections agency and the result has been an improved collections rate and a reduction in early lapsing of policies. Income from the Group's ventures with two vehicle finance houses showed steady improvement.

Black economic empowerment

I am proud of the gains that the Group has achieved in terms of both employment equity and its empowerment scorecard. Particularly pleasing has been the improvement in the ratio of African employees, both male and female, in the categories of “professionally qualified” and “semi-skilled”. Empowerment scorecard criteria are being continuously tightened, and the Group has done well to maintain its overall status as a level 4 contributor. Separately measured, the car hire division is rated at level 3. Full details are tabled in the Corporate Governance report.

Environmental issues

Significant progress has been made throughout the Group in the introduction of electricity-saving measures and devices. Cost savings in the dealerships vary between 10% and 40%, and investment in new equipment has been recouped over an average of 9 to 12 months.

The Group's waterless car wash system has proved to be a great success, with an estimated saving of about 100 million litres of water per year. The system has been used to create micro businesses, with in excess of 200 African individuals having been empowered as entrepreneurs. Their earnings have increased by up to 300%, whilst the Group has enjoyed savings in terms of space utilisation and productivity. The system is being marketed outside the Group and will, I believe, provide a source of sustainable earnings.

BOARD AND COMMITTEES

In terms of the BEE transaction concluded with Thebe Investment Corporation in 2006, Thebe has the right to nominate two directors to the Board. During the year, the nomination of Mpilo Shelembe was withdrawn, and Dineo Molefe replaced him. Dineo is welcomed as a highly qualified Board member. Her curriculum vitae is recorded on page 78.

After nine years serving as chairman of the audit committee, John Edwards stood down at the last annual general meeting and was replaced by James Dixon. I thank John for his tireless

efforts, and his dedication and commitment to the Group. John has replaced Maldwyn Zimmerman as chairman of the remuneration committee.

In compliance with the requirements of the Companies Act, the board has expanded the portfolio of the transformation committee to include matters concerning social responsibility and ethics. The renamed social, ethics and transformation committee is chaired by Vuzi Khanyile.

PROSPECTS

The consensus view is that national new and used vehicle sales will show a moderate increase during calendar 2012. If this is accurate, and coupled with stable interest and currency exchange rates, I am confident that the Group will continue its trend of earnings growth. Seeds planted during the current year, particularly the establishment of the MG/Maxus distribution centre and the opening of the retail branch network, were a drain on current year profits and resources. However, this investment should provide modest returns in the year ahead, and improvement thereafter.

Of concern is the ongoing Middle East conflict and its impact on the domestic petrol price. Locally, the inefficiencies of Government and local authorities have resulted in unacceptable and unsustainable increases in electricity tariffs, property rates and toll road fees. All of these have the effect of reducing the buying power of the consumer and retarding economic growth.

The Group is well-structured in terms of personnel, products and resources, and is ideally positioned to take advantage of the prospects that lie ahead.

ACKNOWLEDGEMENT

Each year during which the Group continues its trend of improved earnings becomes increasingly more difficult. I take this opportunity to thank my colleagues on the Board, members of the executive committee, and all their staff for another year of hard work and commitment. It is through their efforts that the Group has enjoyed continued success.

As always, the Group is appreciative of the support of its trading partners. Its bankers, insurers, legal counsel and, particularly its motor manufacturers, have played a significant role in the Group's success.

The new Companies Act, the King III Report and the JSE Listings Requirements have placed a far greater burden and responsibility on the shoulders of directors. I thank the Board members, and especially the non-executives, for rising to the challenges, ensuring that the Group is fully compliant in all respects, and is a valued, respected and committed contributor to the community.

JD McIntosh

19 April 2012



King III: an overview

KEY	
√	Compliant
#	Partially compliant
?	Under review
ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP (PAGE 22)	
√	Effective leadership based on an ethical foundation
√	Responsible corporate citizen
√	Effective management of Group's ethics
BOARDS AND DIRECTORS (PAGE 22)	
√	The Board is the focal point for and custodian of corporate governance
√	Strategy, risk, performance and sustainability are inseparable
√	Directors act in the best interests of the Group
#	The chairman of the Board is an independent non-executive director (note 1)
√	Framework for the delegation of authority has been established
√	The Board comprises a balance of power, with a majority of non-executive directors who are independent
√	Directors are appointed through a formal process
?	Formal induction and ongoing training of directors is conducted (note 2)
√	The Board is assisted by a competent, suitably qualified and experienced company secretary
#	Regular performance evaluations of the Board, its committees and the individual directors (note 3)
√	Appointment of well-structured committees and oversight of key functions
√	An agreed governance framework between the Group and its subsidiary Board is in place
√	Directors and executives are fairly and responsibly remunerated
#	Remuneration of directors and senior executives is disclosed (note 4)
√	The Group's remuneration policy is approved by its shareholders
AUDIT COMMITTEE (PAGE 27)	
√	Effective and independent
√	Suitably skilled and experienced independent non-executive directors
√	Chaired by an independent non-executive director
√	Oversees integrated reporting
√	A combined assurance model is applied to improve efficiency in assurance activities
√	Satisfies itself of the expertise, resources and experience of the Group's finance function
√	Oversees internal audit
√	Integral to the risk management process
√	Oversees the external audit process
√	Reports to the Board and shareholders on how it has discharged its duties
THE GOVERNANCE OF RISK (PAGE 29)	
√	The Board is responsible for the governance of risk and setting levels of risk tolerance
√	The risk committee assists the Board in carrying out its risk responsibilities
√	The Board delegates the risk management plan to management
√	The Board ensures that risk assessments and monitoring are performed on a continual basis
√	Frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks
√	Management implements appropriate risk responses
√	The Board receives assurance of the effectiveness of the risk management process
√	Sufficient risk disclosure to stakeholders

THE GOVERNANCE OF INFORMATION TECHNOLOGY (PAGE 30)	
√	The Board is responsible for information technology (IT) governance
√	IT is aligned with the performance and sustainability objectives of the Group
√	Management is responsible for the implementation of an IT governance framework
√	The Board monitors and evaluates significant IT investments and expenditure
√	IT is an integral part of the Group's risk management
√	IT assets are managed effectively
√	The audit and risk committee assists the Board in carrying out its IT responsibilities
COMPLIANCE WITH LAWS, CODES, RULES AND STANDARDS (PAGE 30)	
√	The Board ensures that the Group complies with relevant laws
√	The Board has a working understanding of the relevance and implications of non-compliance
√	Compliance risk forms an integral part of the Group's risk management process
√	The Board has delegated to management the implementation of an effective framework and processes
INTERNAL AUDIT (PAGE 30)	
√	Effective risk-based internal audit
#	Written assessment of the effectiveness of the Group's system of internal controls and risk management (note 5)
√	Internal audit is strategically positioned to achieve its objectives
GOVERNING STAKEHOLDER RELATIONSHIPS (PAGE 31)	
√	Appreciation that stakeholders' perceptions affect the Group's reputation
√	Management proactively deals with stakeholder relationships
√	There is an appropriate balance amongst the Group's various stakeholder groupings
√	Equitable treatment of stakeholders
√	Transparent and effective communication to stakeholders
√	Disputes are resolved effectively and timeously
INTEGRATED REPORTING AND DISCLOSURE (PAGE 31)	
√	Ensures the integrity of the Group's integrated report
√	Sustainability reporting and disclosure is integrated with the Group's financial reporting
#	Sustainability reporting and disclosure is independently assured (note 6)

NOTES

1. The chairman of the Board is not an independent non-executive director because of his indirect shareholding in CMH. A lead independent director has been appointed.
2. Induction of directors is not conducted through formal processes. This has not been necessary to date as new appointees have been familiar with the Group's operations, business environment and sustainability issues. Consideration will be given to an induction programme for future appointees.
3. Other than in respect of the audit committee, the Board does not conduct regular appraisals of its members and committees. Consideration will be given to this in the year ahead.
4. The remuneration of the three most highly paid employees who are not directors has not been disclosed. The Board believes that such information is private to the individuals concerned, sensitive to peer review, and adds no value to stakeholders. The Board confirms that no such employee earns in excess of the executive directors.
5. The internal audit function is not subjected to an independent quality review as the Board does not believe this will add value.
6. Systems for the measurement and monitoring of various sustainability issues are in the process of being implemented. Statistics are being extracted and compared, and more detailed disclosure will be provided as and when it becomes available.

Corporate governance

BACKGROUND

The King Code of Governance for South Africa 2009 ("King III") became effective on 1 March 2010. In terms of the Listings Requirements of the JSE Limited, the Group is required to report in line with the requirements of King III.

The Board of directors ("the Board") of Combined Motor Holdings Limited ("CMH") is fully committed to business integrity, fairness, transparency and accountability in all its activities. To this end the Board subscribes to high standards of corporate governance in all aspects of the business and to the ongoing development and implementation of best business practices.

King III has adopted the "apply or explain" approach, which encourages consideration of how and whether the principles and recommendations can be applied. It is the duty of the Board to act in the best interests of CMH and its subsidiaries ("the Group") and, in following the "apply or explain" approach, the Board may decide that to follow a particular principle would not be in such best interests. The Group may apply an alternative practice, or decide that the principle adds no value due to the nature, size and scope of its operations, and still achieve the objective of the overarching corporate governance principles. Where the cost of compliance is burdensome in terms of both time and direct cost, and there is a concern that the Board and management become focused on compliance issues at the expense of entrepreneurship, the Board has strived to achieve a balance which is appropriate to the Group. It is the duty of the Board to undertake risk for reward in order to increase the economic value of the Group. If the Board has an undue focus on compliance, the attention towards financial performance may be diluted.

The Board recognises that the ultimate compliance officers are the various stakeholders of the Group. They will, by their continued support or lack thereof, let the Board know whether they accept the Group's departure from a recommended practice. The Group aims to provide accurate, complete and reliable information in respect of financial and non-financial reporting through the strengthening of its overall control environment.

ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP

The Board recognises that good corporate governance emanates from effective, responsible leadership, which is characterised by the ethical values of responsibility, accountability, fairness and transparency.

To this end the Board has:

- accepted responsibility for ensuring that management activity cultivates a culture of ethical conduct and that the highest level of integrity permeates all aspects of the Group's business; and

- developed a Code of Ethics to provide guidance to all employees to ensure they act with uncompromising honesty and integrity. The Code is communicated to each employee at time of engagement, is reinforced at meetings of the Executive Committee ("Exco"), dealer principals and staff, and is posted on the Group's internal website. The Code aims to guide every level of the business in terms of expected behaviour and practices with reference to interaction with all material stakeholders. The Group's performance in this area is monitored by reference to the number of instances of unethical behaviour detected by management and the internal audit department, or reported via the outsourced, anonymous, toll-free hotline.

BOARDS AND DIRECTORS

Role

The role and responsibilities of the Board are set out in a charter which has been adopted and signed by each director. The Board recognises that its paramount responsibility is the positive performance of the Group in creating value. This value creation is designed to satisfy the legitimate interests and expectations of all stakeholders.

Function

King III imposes various specific responsibilities on the Board. The directors embrace these and acknowledge that the Board has primary responsibility for ensuring that:

- **Group strategy, risk, performance and sustainability are inseparable;**
The Board plays a prominent role in the strategy development process and ensures that it is aligned with the purpose of the Group and its value drivers. Key performance indicators are identified in areas of finance and sustainability. Such indicators are clear and measurable and, if attained, result in profitable and sustainable results.
- **it provides effective leadership based on an ethical foundation of responsibility, accountability, fairness and transparency;**
The Board takes active measures to ensure that the Group's code of conduct is adhered to in all aspects of business.
- **the Group is and is seen to be a responsible corporate citizen;**
The Board is not merely responsible for the Group's financial bottom line, but for its performance within the triple context in which it operates: economic, social and environmental.

- **the Group has an effective and independent audit and risk committee;**

Full details of the audit and risk committee are provided on page 27.

- **the Board has an effective system for the governance of risk;**

Whilst management has responsibility for the implementation of the risk management plan and for providing assurance to the Board in this regard, the Board ensures, through the audit committee, that risk monitoring is a continual process and that risk assessments are performed on an ongoing basis with appropriate risk responses.

In addition, the Board ensures that the frameworks are such that they increase the probability of anticipating unpredictable risks, and that appropriate risk disclosure is made to stakeholders.

- **the Board understands and manages the risks, benefits and constraints of the information technology ("IT") department. These include the relevant structures, processes and mechanisms to enable IT to facilitate the achievement of the Group's strategic objectives;**

Full details on IT governance are provided below.

- **the Group complies with applicable laws and considers adherence to non-binding rules, codes and standards;**

- **there is an effective risk-based internal audit function and an adequate system of internal controls;**

- **there is an appreciation that stakeholders' perceptions affect the Group's reputation;**

Whilst Exco is tasked with managing stakeholder relationships, the Board gives due consideration to the effect of stakeholder perceptions on the Group's reputation and strives to optimise the impact on various stakeholder groupings in its decision-making processes.

- **the Board underpins the integrity of the Group's integrated report; and**

- **the Board and its members act in the best interests of the Group.**

Leadership

The position of chairman is held by a non-executive director, M Zimmerman, whose role is clearly defined and separate from that of the chief executive officer ("CEO"), JD McIntosh. M Zimmerman is not an independent director as he indirectly holds a substantial proportion of the issued shares of CMH. For this reason the Board has appointed JTM Edwards as lead independent non-executive director to serve as chairman on occasions when the independence of the chairman may be questioned or impaired.

Both the chairman and CEO provide leadership and guidance to the Board, encouraging deliberation on all matters regarding the Board's attention, and obtaining optimum input from the other directors.

Composition

In line with the requirements of King III, the Board comprises a majority of non-executive directors, the majority of whom are independent. The current Board structure consists of nine directors, five of whom are independent non-executive, one non-executive, and three executive. The executive directors are all full-time salaried employees of the Group.

Three sub-committees, viz. audit and risk assessment, remuneration and social, ethics and transformation have been appointed to assist the Board in the discharge of its duties. The Board and its committees are currently constituted as follows:

MAIN BOARD

Independent non-executive directors

LCZ Cele

JS Dixon

JTM Edwards

VP Khanyile

D Molefe (appointed 14 September 2011)

Non-executive director

M Zimmerman (chairman)

Executive directors

JD McIntosh (chief executive officer)

SK Jackson (financial)

MPD Conway

Alternate director

JW Alderslade (alternate to VP Khanyile and D Molefe)

Audit and risk assessment committee

JS Dixon (chairman)

LCZ Cele

JTM Edwards

Remuneration committee

JTM Edwards (chairman)

M Zimmerman

Social, ethics and transformation committee

VP Khanyile (chairman)

BWJ Barritt

LCZ Cele

MPD Conway

K Fonseca

JD McIntosh

Other directors attend various committee meetings on an ad hoc basis, by invitation of the committee chairman.

Corporate governance continued

Directors

The non-executive directors come from diverse backgrounds in commerce and industry. They bring with them a wide range of experience, insight and independent judgement on issues of strategy, performance, resources, marketing and standards of conduct. Collectively they are ultimately responsible for the performance of the Group, its long-term sustainable growth and enhancement of shareholder value.

The Board is responsible for the appointment of the CEO and for providing input on the appointment of the financial director and other senior executives. The collective responsibilities of management vest in the CEO who bears ultimate responsibility for all management functions and duties.

All directors have unrestricted access to the chairman, CEO, financial director and company secretary. Directors are encouraged, at the reasonable cost of the Group, to seek independent, professional advice on all matters which they consider necessary. Meetings of the Board and its sub-committees are held at varying intervals during the year. The chairman and CEO encourage full and proper deliberation on all matters requiring the Board's attention and obtain optimum participation and input from all directors.

Attendance at meetings during the year under review, is tabled below.

Director appointment and tenure

Newly-appointed directors hold office until the next annual general meeting, at which time they retire and become eligible for re-election. Each year one third of the directors is subject to retirement by rotation. The Board recommends re-election by the shareholders after due consideration is given to the individual director's past attendance and performance.

Non-executive directors have no fixed term of employment.

There is no formal process in terms of which new directors are inducted with the objective of maximising their understanding of the Group and enabling immediate input and decision-making. This has not been necessary as appointees to date have been familiar with Group operations. Consideration will be given to introducing an induction programme for future appointees.

There are no long-term contracts of service between the Group and any of the executive directors, and all are terminable after one month's written notice.

Independence assessment

Independent directors are those who are independent in fact and in the perception of a reasonably informed outsider. Independence reduces the possibility of conflict of interest and promotes objectivity. An evaluation of the independence of directors is conducted each year.

Five of the non-executive directors meet the independence criteria. By virtue of his personal indirect interest in CMH, M Zimmerman is not considered independent. Despite being nominees of Thebe Investment Corporation ('TIC'), the Group's empowerment partner, VP Khanyile and D Molefe do meet the independence criteria in terms of King III. TIC does not have the ability to control or significantly influence the Board, the directors' personal interest in the Group is less than 5% of issued shares, and is not material to their respective personal wealth.

Of the independent non-executive directors, JTM Edwards is approaching his tenth year in office, having been appointed in 2002. The Board has rigorously examined his position and, after due consideration and discussion with him, concluded that his long association with the Group has not impaired his

ATTENDANCE AT MEETINGS DURING THE YEAR UNDER REVIEW IS STATED BELOW

Director	Full Board	Audit and risk committee	Remuneration committee	Social, ethics and transformation committee	Executive committee
LCZ Cele	3/3	2/2		2/2	
MPD Conway	3/3	2/2*		2/2	7/7
JS Dixon	3/3	2/2			1/7*
JTM Edwards	3/3	2/2	1/1		
SK Jackson	3/3	2/2*	1/1*	1/2*	7/7
VP Khanyile	3/3			2/2	
JD McIntosh	3/3	2/2*	1/1*	2/2	7/7
D Molefe	1/1	1/1*			
MH Shelembe	1/2				
M Zimmerman	1/3		0/1		
JW Alderslade**	1/3*	2/2*			

* By invitation

** Alternate to VP Khanyile and D Molefe

independence.

Board charter

The Board is governed by a formal charter supported by relevant authority limits. The charter has been reviewed and amended where necessary to align with the King III requirements, and is updated periodically to incorporate developing best practice.

Board meetings

The Board has three scheduled meetings each year, and these are augmented when necessary with meetings held at short notice. Proceedings at meetings are directed by a formal agenda. The proposed agenda is circulated prior to the meeting to allow Board members sufficient opportunity to request additional agenda items.

In addition, a comprehensive board pack is distributed to all directors in advance of meetings to ensure that they are properly informed and enable them to undertake meaningful discussion and effectively discharge their duties. These packs typically include:

- agenda
- previous meeting minutes
- documentation in support of all matters on the agenda
- update on matters arising since the last Board meeting
- governance update to assist directors in remaining abreast of relevant legislation

Performance assessment

Contrary to the requirements of King III, and with the exception of the audit and risk assessment committee, the Group does not conduct a formal annual appraisal of the Board, its committees and individual directors. Such appraisals are informally conducted through peer review and candid discussion amongst Board members. Where deficiencies are identified, plans are immediately developed and implemented for the director concerned to acquire the necessary skills and/or to develop appropriate behavioural patterns.

Subsidiary boards of directors

When deliberating on matters pertaining to CMH, the Board is always mindful of the impact that decisions may have on subsidiaries. The Board recognises the fiduciary duties of the directors of subsidiaries who are not directors of CMH.

Directors' share dealings

The Board complies with the requirements of the JSE Limited in relation to restrictions on the trading of CMH's shares by directors and Exco members during the defined closed periods. Restrictions may also be placed on share dealings at other

times if the Group is involved in corporate activity or sensitive negotiations. The company secretary notifies all directors and Exco members prior to the commencement of the closed trading periods, which commence 15 days before the half-year and year-end, and end on the date the respective results are published. Details of directors' share dealings are disclosed to the listings division of the JSE Limited and communicated through its electronic news service, SENS. There is a process in place in terms of the requirements of the JSE Limited for directors to obtain prior clearance before dealing in the Company's shares. All transactions are conducted at the ruling market price on the JSE Limited.

Directors' interests in contracts

In addition to a formal annual disclosure process, directors are required to make ongoing disclosures of any interests in contracts. The interests of directors in contracts is disclosed in note 30 to the attached financial statements.

Executive directors are not permitted to hold non-executive directorships in any outside companies, except personal interest companies and non-profit companies.

Directors' shareholdings are recorded on page 73.

Succession

The Board holds the responsibility to ensure adequate succession planning for all main Board directors, committees and members of Exco. It is appreciated that advanced planning is the key to succession, and due consideration is given to this on an ongoing basis.

MAIN BOARD COMMITTEES

The main Board has delegated specific responsibilities to Board committees, each with its own charter that defines its powers and duties. The committees review their charters on an annual basis. All committees are chaired by an independent non-executive director.

The Board committees meet independently and provide feedback to the main Board through their chairpersons. In addition, the minutes of all committee meetings are included in the main board packs and all directors are given the opportunity to raise any questions or concerns arising from these minutes.

The composition of these committees as well as changes thereto during the current year are reflected earlier in this report.

Remuneration committee

Members:

- JTM Edwards (independent non-executive) – chairman
- M Zimmerman (non-executive)

Corporate governance continued

Attendance at meetings is recorded on page 24. The committee is charged with the responsibility of ensuring that the Group has a transparent procedure for developing policies on executive remuneration and determining remuneration packages of individual directors and senior executives within agreed terms of reference and within the framework of good corporate governance. Such packages are designed to ensure that executives are fairly and appropriately remunerated for their contribution to the operating and financial performance of the Group, and the value created over the long term. The committee aims to promote a culture that supports enterprise and innovation with an appropriate mix of short-term and long-term performance-related rewards that are fair and challenging.

Remuneration report

The Group's remuneration report, as recorded below, will be tabled at the annual general meeting for a non-binding advisory vote. This vote will enable shareholders to express their views on the Group's remuneration policies adopted, and on their implementation.

Elements of executive remuneration

The remuneration of executive directors and Exco members comprises the following four principal elements:

- base salary
- annual performance-related awards
- share incentive awards
- other benefits

The committee seeks to ensure an appropriate balance between the fixed and performance-related elements of remuneration, and between those aspects of the package aligned to short-term financial performance and those linked to longer-term shareholder value creation. The policy relating to each component of remuneration is summarised below:

Base salary

The base salary of each executive is subject to annual review and is set to be responsible and competitive with reference to external market practice in similar companies which are comparable in terms of size, market sector and business complexity. Group performance, individual performance and changes in responsibilities are also taken into account when determining annual base salaries.

Annual performance-related awards

All executives are eligible to receive a performance-related annual award. The award is partly contractual and partly non-contractual, and is not pensionable. The committee reviews awards annually and determines the level of the award based on performance criteria set at the start of the performance

period. The criteria include targets relating to headline earnings per share, divisional operating profit growth, Black Economic Empowerment and certain discretionary elements.

Share incentive schemes

Three long-term incentive plans have been approved by shareholders. Participation in the schemes by executives is based on criteria set by the committee. The schemes embody the following elements:

The Share Appreciation Rights Scheme ("SAR")

Selected participants receive periodic grants of SARs, which are conditional rights to receive CMH shares equal in value to the difference between the exercise price and the grant price. Vesting of rights is subject to performance conditions. The performance conditions and performance period are determined by the committee in respect of each new grant of rights.

The targets and measuring terms relating to each issue are detailed in the letter of grant. After vesting, the rights will become exercisable. Upon exercise by a participant, the relevant employer subsidiary will settle the value representing the difference between the exercise price and the grant price by delivering CMH shares that will constitute a fresh issue or be purchased on the open market or, as a fall-back provision only, by settling the value in cash.

A total of 3 300 000 SARs were granted to executives and other employees on 1 June 2010 at a price of R10,31 per SAR, and a further 420 000 on 1 June 2011 at a price of R11,48 per SAR. These may be exercised in equal instalments over three, four and five years of service.

Forfeitable Share Plan ("FSP")

A FSP entails the free award of CMH shares subject to forfeiture and disposal restrictions until the expiry of the vesting period, intended to be over three to five years. Participants will have all shareholder rights (including voting and dividend rights) from the award date.

No FSP awards have been made.

Share Option Scheme

During October 2004 the Group granted twelve employees the option to acquire a total of 4 350 000 shares at R5,12 per share. All the options were exercised immediately and have now vested, but 3 116 427 (2011: 3 176 425) shares have not yet been taken up. No further grants will be made in terms of the scheme.

Retirement and medical aid

Executives participate in contributory retirement schemes, which provide retirement, death and disability benefits, and medical aid schemes.

Other benefits

Executives are entitled to a car allowance or the use of a fully-expensed vehicle, and reimbursement of reasonable business expenses.

Non-executive directors' fees

Directors' fees take into account the estimated time which a director is expected to dedicate to Group affairs, and the personal responsibility which the position entails. Fees are proposed by the remuneration committee in conjunction with the executive directors, and recommended by the Board for approval by shareholders.

Directors' emoluments

Directors' emoluments and participation in long-term incentive plans are recorded on pages 72 and 73.

Contrary to the requirements of King III, the emoluments of the three most highly-paid employees who are not directors of CMH have not been disclosed. The Board believes that this information is confidential to the employees concerned and adds no value to stakeholders. However, it confirms that no employee earned in excess of the executive directors.

Audit and Risk Assessment committee

Members:

- JS Dixon (independent non-executive) – chairman
- LCZ Cele (independent non-executive)
- JTM Edwards (independent non-executive)

The audit committee is vital to ensure, inter alia, the integrity of integrated reporting and internal controls, and identify and manage business risks. The members of the committee are elected annually at the annual general meeting from a list of suitable candidates presented by the Board. The committee performs its functions in terms of a written charter approved by the Board.

The committee meets formally twice a year. Attendance details are recorded on page 24. In addition, the members meet in private before each meeting, and at least annually with the external and internal auditors, without management's presence. In its deliberations the committee acts on behalf of CMH and each of its subsidiaries.

The qualifications of the committee members are disclosed on the inside back cover. The Board is satisfied that collectively the committee members have a sound knowledge and understanding of integrated reporting, internal financial controls, the external and internal audit process, corporate law, risk management and IT governance, and sustainability issues.

Subject to approval by shareholders, the Board nominates the committee and its chairman, who is a person able to lead constructive dialogue with Group executives, the internal and external auditors, and Board members. The chairman is present at the annual general meeting to answer questions on the audit committee's activities and matters within the scope of its responsibilities.

The Companies Act 2008 has transformed the audit committee from being a committee of the Board to a separate statutory committee appointed by shareholders. As such, it has specific statutory responsibilities over and above those assigned by the Board.

The role and functions of the committee, and the manner in which it has discharged its responsibilities are as follows:

Oversee integrated reporting

- evaluate significant judgements and reporting decisions made by management, including changes in accounting policies and decisions requiring a significant element of judgement;
- be informed of any monitoring or enforcement actions and involved in management's response thereto;
- consider any evidence that comes to its attention that brings into question any previously-published Group information;
- review forward-looking statements of financial or sustainable information to ensure their credibility;
- review and comment on the annual and interim financial statements, accounting practices and internal financial controls; and
- review management's statement regarding the going concern status of the Group.

The committee has discharged this function by:

- taking appropriate steps to ensure that the financial statements are prepared in accordance with International Financial Reporting Standards, the AC 500 standards as issued by the Accounting Practices Board, and the South African Companies Act 2008;
- considering and, when appropriate, making recommendations on internal financial control;
- dealing with concerns or complaints relating to accounting policies, internal audit and internal financial controls; and
- recommending to the Board that the financial statements and integrated report be approved, and that the Group's status as a going concern be confirmed.

Corporate governance continued

Ensure that a combined assurance model is applied to promote a co-ordinated approach to assurance activities

The committee has satisfied itself that the combined assurance provided by internal and external assurance providers and management is sufficient to address significant risk areas within the Group and to ensure that suitable controls exist to mitigate and reduce these risks.

Satisfy itself of the expertise, resources and experience of the Group's finance function

The committee has evaluated and satisfied itself of the suitability of the expertise and experience of the financial director, SK Jackson, and the adequacy of resources and expertise of the finance department and its senior management.

Accept responsibility for overseeing of internal audit

The committee has satisfied itself that the Group's internal audit function is independent and has the necessary resources, budget, standing and authority within the Group to enable it to discharge its functions. The internal audit plan has been considered and approved, and areas of overlap between internal and external audit identified so as to optimise the combined assurance model.

Accept responsibility for the Group's risk management function

Full details of the committee's role and function in this area are provided below.

Oversee the appointment of the external auditor and the external audit process

- recommend to shareholders the appointment, reappointment and removal of the external auditor;
- approve the external auditor's terms of engagement and remuneration;
- review, monitor and report on the external auditor's independence and objectivity;
- define, for Board approval, a policy addressing the nature, extent and terms under which the external auditor may perform non-audit services; and
- develop a process in terms of which the committee receives, and communicates to the Board, any notices of reportable irregularities reported by the external auditor.

The committee reviewed and approved the external audit plan and the external auditor's terms of engagement and remuneration. It is satisfied, after due consideration, that the external auditor is independent of the Group, and able to express an objective opinion. The re-appointment of PricewaterhouseCoopers, and of the lead partner, ME Jones, were reviewed and recommended for approval by shareholders at the forthcoming annual general meeting.

Social, ethics and transformation committee

Members:

- VP Khanyile (independent non-executive) – chairman
- BWJ Barritt (executive committee member)
- LCZ Cele (independent non-executive)
- MPD Conway (executive)
- K Fonseca (executive committee member)
- JD McIntosh (chief executive officer)

The functions of the Company's previously-named transformation committee have been expanded in line with the Companies Act requirements to include social and ethical issues. The newly-constituted committee will have its first meeting in May 2012 with a view to ensuring the Company's compliance with regulation 43 of the Companies Regulations, 2011. A report to shareholders will be made at the 2013 annual general meeting.

Executive committee

Assisting the CEO in the discharge of his overall responsibility for the day-to-day management of the Group is the Exco. Exco is comprised of the executive directors, JD McIntosh (CEO), SK Jackson (finance director) and MPD Conway, and the members listed below.

The Exco members represent the key management of the Group. Their wide range of complementary skills, together with their years of experience in their particular fields of expertise, justify their selection to Exco. None of the members of Exco (other than the executive directors) has the individual authority to exercise executive control over and management of the whole, or a significant portion, of the business and activities of the Company or the Group. Consequently the Board considers that they do not meet the Companies Act definition of "prescribed officers" and their remuneration is not individually recorded in this report. The Board confirms that no Exco member earns in excess of the executive directors.

Exco member	Function	Age	Years of service
SL Atkinson	Motor retail	51	17
BWJ Barritt	Car hire	53	12
JP de Bruyn	Customer finance and insurance	57	31
K Fonseca	Company secretary, chief audit executive	36	6
GP Gray	Motor retail	53	20
RJ Minnaar	Information technology	48	22
TH Morey	Motor retail	44	16
CG Webber	Motor retail	43	12

THE GOVERNANCE OF RISK

The Board recognises the critical role of risk management in the Group and accepts responsibility for the governance of risk through formal processes which include the total system and process of risk management. The Group operates within an effective risk management framework in the normal course of its business. All material risks are identified, managed and mitigated to within acceptable levels, to enable sustainable growth of the Group.

The Board has assigned oversight of the Group's risk management function to the audit and risk assessment committee. The committee gives due consideration to the effectiveness of the risk management activities, the key risks facing the Group, and the responses identified to address them.

Group management is responsible for designing, implementing and monitoring the risk management plan, and integrating it into the day-to-day activities. Whilst formal accountability to the Board lies with the CEO, it is appreciated that risk management requires an all-inclusive approach for effective operation. A systematic, documented, formal risk assessment is conducted annually. Potential risks are categorised firstly by "likelihood of occurrence" in the short and medium-term future, and then by "level of impact". Where possible, risks are quantified and tolerance levels set.

Risk review

The primary risks identified by the Group, and management's strategies to reduce the impact thereof are as follows:

Financial risks

- full details of the Group's exposure to a variety of financial risks is disclosed on page 53.

Low economic growth

- rapid reduction of working capital assets
- close monitoring of accounts receivable levels and quality
- review of operation overheads and efficiencies
- maximise efforts to retain existing customers and attract new customers by the provision of good service and follow up.

Information technology

- appropriate disaster recovery and business continuity plans
- decentralisation of systems
- implementation of access controls and segregation of duties
- emphasis on IT security

Management succession

- identification of individuals within the Group for training and leadership focus
- mentoring members of Exco to be the Group's leaders of tomorrow

- extensive training programmes for lower management levels and technical staff

Key suppliers

- diversification of product range to reduce dependency on a single supplier
- development of good working relationships with principal suppliers

Business continuity

- diversification of business across many geographically-dispersed operating units
- wide range of key suppliers
- wide range of product offerings

Crime

- continual review of branch security
- strong internal financial controls
- established anti-hijacking measures
- anonymous, toll-free whistle-blowing facility for reporting of irregular activities
- gap analysis, being regular monitoring of actual profitability and working capital levels against budget

Legal compliance

- ongoing review of applicable legislation
- centralisation of selected specialist areas, eg. taxation and contracts, where compliance risk is high
- management awareness seminars on legislation amendments
- liaison with industry bodies on compliance issues

Insurance

The Group has in effect a comprehensive insurance policy administered by a reputable broker and underwritten by financially sound insurers. The principal areas of cover include:

- tangible assets – fire and allied perils
- business interruption
- public and employers' liability
- directors' and officers' liability
- business travel
- motor fleet (subject to limits recorded below)

In all instances, cover is subject to an excess which must be borne by the Group, and which is within the Group's tolerance limits.

Corporate governance continued

Because of the perceived high cost: benefit assessment, the Group has no insurance cover in respect of the following potential risks:

- “on-road” motor vehicle losses such as accident damage and theft. The low aggregation risk and the predictability of these losses mitigates against insurance, but full provision for potential losses is provided internally; and
- riot, strike and civil commotion.

To-date, no material unexpected losses have occurred in respect of these uninsured risks.

THE GOVERNANCE OF INFORMATION TECHNOLOGY

Information technology (IT) is essential to manage the transactions, information and knowledge necessary to initiate and sustain the Group. It is an integral part of the business and fundamental to its support, sustainability and growth. The Board is responsible for IT governance, being the framework that supports effective and efficient management of IT resources to facilitate the achievement of the Group's strategic objectives. The IT strategy is integrated with the Group's strategic and business processes.

Management is responsible for the implementation of the structures, processes and mechanisms to execute the governance framework. This is performed with a view to minimise IT risk, deliver value, ensure business continuity and efficiently and cost-effectively manage IT resources.

The individual responsible for the IT department is appointed by the CEO. He is suitably qualified and experienced and, being a member of Exco, interacts regularly on IT matters with both the Board and executive management.

The Group has a relatively low level of investment in IT hardware, the majority of it related to desktop equipment and communications devices. All software programmes and the hosting thereof are outsourced and used in terms of software licence and operating agreements. The principal programmes utilised by the Group are in respect of:

- retail motor dealer management;
- car hire management;
- payroll;
- emails, SMSs and web-hosting; and
- various marketing initiatives.

Programme updates, amendments and protection are controlled by the outsourced providers. Adequate measures are in place to govern information security management and privacy. A comprehensive disaster recovery programme has been documented.

The audit and risk assessment committee ensures that IT risks are adequately addressed through its risk management, monitoring and assurance processes.

Terms and conditions of use have been formulated and communicated to all users in respect of the Group's website, electronic communications and email messaging.

COMPLIANCE WITH LAWS, RULES, CODES AND STANDARDS

The Board is responsible for the Group's compliance with applicable laws and with any non-binding rules, codes and standards with which the Group has elected to comply. The responsibilities include:

- identifying and advising the Group on existing and new legislation that is applicable to the Group's business;
- facilitating compliance with relevant legislation and assigning responsibility for areas of compliance;
- facilitating compliance with internal policies, rules, guidelines and procedures; and
- monitoring of compliance.

The internal audit department works closely with the Board in monitoring compliance. Where significant deviations are detected, immediate remedial action is taken. The Board is not aware of any material areas of non-compliance during the year under review.

INTERNAL AUDIT

It is the responsibility of the Board to establish and maintain an effective risk-based internal audit function. The key responsibility of internal audit is to perform the following functions:

- evaluate the Group's governance processes, including ethics;
- ensure that the Group's financial processes are designed to minimise the possibility of material misstatement of reported results;
- perform an objective assessment of the effectiveness of risk management and the overall internal control framework;
- analyse business processes and associated controls; and
- provide information regarding instances of fraud, corruption, unethical behaviour and irregularities.

As such the audit process needs to be dynamic and flexible to adapt to ever-changing business operational and assurance needs.

A formal internal audit charter has been defined and approved by the Board.

The Group's internal audit team pursues a risk-based approach rather than a compliance approach. The risk-based approach assesses whether the process intended to serve as a control is an appropriate risk measure, rather than merely evaluating whether procedures have been adhered to.

The internal audit function is independent of management, and the chief audit executive (“CAE”) is appointed by and reports directly to the chairman of the audit committee.

Through this committee, internal audit provides assurance to the Board regarding the effectiveness of the Group's systems of internal control and risk management. This assurance covers financial, operational and compliance issues. The CAE attends all audit committee meetings and provides the committee with a written assessment of the effectiveness of the Group's systems of internal control and risk management. The audit committee evaluates the performance of the internal audit function. However, this function is not subjected to an independent quality review. The Board considers that such review will not add value.

The CAE is a member of Exco and has a standing invitation to attend, as an invitee, any other committee meetings. The audit committee is of the opinion that the CAE and the internal audit team have the appropriate competencies and resources to fulfil their obligations.

GOVERNING STAKEHOLDER RELATIONSHIPS

The Board recognises the important role it has to play as the ultimate custodian of the corporate reputation of the Group and its relationships with stakeholders. Whilst management is responsible for the implementation of the policies and processes relating to stakeholder engagement, the Board performs an oversight role in ensuring that there are no significant gaps between stakeholder perceptions and the performance of the Group.

The Board acknowledges the importance of proactive engagement with all of its stakeholders and, in this connection, strives to foster sound relationships between the Group and each stakeholder grouping. The identified stakeholder groups include:

- employees;
- shareholders and investors;
- banks and other vehicle finance houses;
- customers;
- suppliers; and
- industry bodies

The Board acknowledges that the main audience of this integrated report is shareholders and investors. Communication with these stakeholder groupings is primarily through formal means via the Group's website, the JSE stock exchange news service, the financial press (where this is required) and through the distribution of annual and interim reports.

Executive directors are accessible to investors, and regular meetings are held with shareholders, both current and prospective. In addition, invitations are extended to members of the Investment Analysts Society to attend results presentations to provide them with timeous and relevant information regarding financial performance and prospects.

A summary of the Group's engagement with its various stakeholders is as follows:

Employees

- regular dialogue and communication sessions
- team-building exercises
- notice boards
- newsletters
- training and development sessions
- internet and email
- branch visits

Shareholders and investors

- presentation of results
- investor relations meetings
- annual and interim reports, SENS and profit announcements
- annual general meeting
- Group website

Banks and other vehicle finance houses

- regular meetings with senior management

Customers

- interaction on dealership floors
- sales follow-up
- email and SMS

Suppliers

- daily communication with dealership staff
- periodic meetings with executive management

Industry bodies

- regular update sessions

Executive management strives to ensure that disputes are resolved expeditiously and effectively in a cost-efficient manner.

INTEGRATED REPORTING AND DISCLOSURE

Integrated reporting means a holistic and integrated representation of performance in terms of both finances and sustainability. Key to the Group's long-term success is providing deliverables to all stakeholders. The starting point is a sustainable return to shareholders. A profitable and cash-generating business is the foundation which underpins the Group's interactions with other stakeholders.

Corporate governance continued

Sustainability

Sustainability implies conducting business in such a manner as to meet present needs without compromising the ability of future generations to meet their own needs.

This section provides an overview of the principal focus areas which determine the Group's sustainability programme:

- contributing positively to the economy by providing stable employment, generating business for local suppliers, paying taxes and supplying quality goods and services at value-driven, competitive prices. Details of the Group's financial results are addressed throughout this report. A summary of pertinent financial information is contained in the table below.
- providing a safe place of work where employees are treated on an equal opportunity basis with open lines of communication, are trained and encouraged to participate to the maximum of their ability and are rewarded commensurate with their achievement.

Realising that there is no formal training school for tomorrow's leaders in the retail motor industry, the Group has invested extensively in skills development programmes for its departmental and branch managers, and technical staff. Further details are provided in the report on transformation.

- promoting sound environmental practices in all Group operations.

Operating as it does in the retail industry, the Group has a relatively low environmental impact. However, measures are being taken to determine the Group's utilisation of resources and implement steps to effect reductions. Further details are provided in the report on environmental issues.

TRANSFORMATION AND EMPLOYMENT EQUITY

The Board recognises the role it has to play in the transformation process. The social, ethics and transformation committee is tasked with ensuring that an appropriate strategy exists that aligns with the Broad-based Black Economic Empowerment Act, and that the Group complies with the principles embodied in the Skills Development Act and Employment Equity Act. The Board believes that development of initiatives in these areas will generate long-term benefits for the Group and the country as a whole.

Employment equity

Employment equity policies have been implemented within the Group to create an environment in which employees from previously disadvantaged backgrounds are trained, instructed, promoted and rewarded according to their initiative, loyalty and work ethic. The Group has, during each year since the inception of the Skills Development Act and Employment Equity Act, exceeded its training and development targets. Full compliance with the requirements of these Acts has been achieved and the Group has timeously submitted the report in terms of Section 21 of the Employment Equity Act. As a result, the Group has, over the past five years, recouped in full its costs in respect of the Skills Development Levy. An extract of the most recent report submitted, as at 31 August 2011, is tabled on page 33.

The Group continues to move towards an organisational structure which reflects the diverse mix of the population, and supports the principles embodied in the National Skills Development strategy.

Key sustainability issues at a glance		2012	2011
FINANCIAL			
Revenue	(R'000)	8 293 728	7 362 224
Operating profit	(R'000)	217 124	199 992
Headline earnings per share	(cents)	121,4	111,3
Dividends paid per share	(cents)	43,0	34,0
Cash generated from operating activities	(R'000)	181 849	142 786
Cash resources	(R'000)	395 408	312 588
Return on shareholders' funds	(%)	20,8	22,0
EMPLOYMENT			
Number of employees		2 728	2 572
Revenue per employee	(R'000)	3 040	2 862
Employment costs	(R'000)	531 476	484 097

ENVIRONMENTAL

Energy usage and water consumption: The Group has recently developed a framework for measuring these statistics. More detailed information will be provided when a base-line has been established and trends can be monitored.

The Board's philosophy regarding the appointment of management has been based on the concept of "merit with bias". Where there are a number of candidates who merit promotion to a particular position, then bias will be shown towards those from a disadvantaged background. It is not considered wise to promote managers, from whatever background, beyond their perceived level of competency and training.

Rapid growth in the retail motor industry has led to a shortage of manpower skills. The Board has realised that there is no "training school" for previously disadvantaged dealership managers other than on-the-job experience and monitoring. Consequently, the Group's thrust has been to develop candidates from lower levels in the expectation that, given time, the "cream" will rise to higher positions.

Service departments have, for many years, provided a fertile source of dealership managers and it is this area where the Group has focused its skills and development training. The Group has successfully indentured approximately 40 technical apprentices each year since 2001, the majority of whom come from previously disadvantaged backgrounds. Many of these apprentices have remained within the Group after qualifying and continue to work as technicians and mentors.

In January 2008, Merseta launched an initiative labelled the Accelerated Artisan Training Programme (AATP) which encouraged the accelerated training and qualification of apprentices over a two-year period. The Group identified 17 apprentices to participate in the programme. All these apprentices qualified as technicians and 80% of them were selected for permanent employment within the Group.

The Group will continue to support the Merseta AATP initiative in the coming years and currently has 95 learners in this programme. The intention is to maintain a pool of approximately 100 apprentices at all times.

Skills training has been further extended within the Group in the form of short-term learnerships, designed exclusively for non-technical employees. In this regard the Group has applied to Merseta for registration and funding for a further 200 learners. The first phase of this programme was completed during the first quarter of 2012 when 36 learners were indentured into various development programmes.



Occupational levels	Male				Female				Foreign nationals		Total
	A	C	I	W	A	C	I	W	M	F	
Top management	2	1	3	58	1	3	0	20	0	0	88
Senior management	7	14	49	179	3	6	24	96	1	0	379
Professionally qualified and experienced specialists	197	49	184	360	40	12	53	173	1	1	1070
Skilled technical and academically qualified	32	4	46	14	53	34	60	135	0	0	378
Semi-skilled	392	49	82	53	27	9	2	6	1	0	621
Unskilled	54	2	4	7	20	2	0	0	0	0	89
Total permanent	684	119	368	671	144	66	139	430	3	1	2625
Temporary employees	12	2	4	4	2	1	0	3	0	0	31
Total August 2011	696	121	372	675	146	67	139	436	3	1	2656
Total August 2010	623	131	376	657	95	54	122	445	9	2	2514

Key: A = African; C = Coloured; I = Indian; W = White; M = Male; F = Female.

Corporate governance continued

B-BBEE SCORECARD RATINGS			2013	2012	2011
Independently audited	Maximum		Target	Actual	Actual
TOTAL GROUP					
Ownership	20,0		14,5	15,6	12,5
Management control	10,0		4,5	4,4	4,1
Employment equity	15,0		7,0	8,0	9,9
Skills development	15,0		6,5	7,4	5,1
Preferential procurement	20,0		12,5	12,4	13,5
Enterprise development	15,0		15,0	15,0	15,0
Socio-economic development	5,0		5,0	5,0	5,0
	100,0		65,0	67,8	65,1
B-BBEE recognition level contributor			4	4	4
CAR HIRE DIVISION					
Ownership	20,0		14,5	12,1	12,5
Management control	10,0		6,1	7,0	5,5
Employment equity	15,0		7,2	6,4	10,3
Skills development	15,0		13,7	18,0	1,7
Preferential procurement	20,0		18,0	12,5	14,1
Enterprise development	15,0		10,0	12,8	14,5
Socio-economic development	5,0		7,0	8,0	5,0
	100,0		76,5	76,8	63,6
B-BBEE recognition level contributor			3	3	5

These candidates will be mentored by the Group's branch and department managers, and will hopefully become future managers themselves. In an effort to ensure a high success rate and a consistent level of competency among all its learners, the Group has recruited the services of two of the leading national training providers, Kwazulu Automotive Training Services and Invuya Training College. This allows learners access to training of an international standard.

The Group has also focused on identifying "champions" within its employees, with a view to promotion into second-tier supervisory, administrative or customer liaison positions. Appropriate training in this regard is being provided by the Group by way of a combination of on-the-job training and on-line interactive modular training. The initiative should see an increase in previously-disadvantaged staff being promoted to junior and middle management levels from within the Group.

Within the car hire division, the Group has selected 20 students from previously-disadvantaged backgrounds for on-the-job training. Whilst being paid during their 12-month session, these students are rotated through all the departments to enable them to gain general work experience and select areas in which they would like to specialise. Of the first batch which have completed the cycle, four have been offered full-time employment within the car hire division, and a further two elsewhere in the Group.

Broad-based Black Economic Empowerment

The aim of the Board is to achieve sustainable empowerment through alignment with the seven elements of the B-BBEE code, being: ownership, management control, employment equity, skills development, preferential procurement, enterprise development and socio-economic development. Clear guidelines have been defined for each element and ongoing progress is measured and monitored to ensure continuous improvement towards targets. With effect from the February 2013 financial year, the new B-BBEE targets are applicable. The new targets have an impact on the ownership, employment equity and preferential procurement pillars. Despite the more onerous targets, the Group aims to maintain its current B-BBEE ratings. The Group's scorecard ratings are recorded in the table above.

SOCIAL ISSUES

Whilst appreciating that long-term financial success is an essential component of stakeholder confidence, the directors recognise that the Group's operations and activities must be such that it is able to support the communities in which it operates, and ensure that its operations do not adversely impact the environment to the detriment of future generations.

The concept of sharing the wealth generated by Group operations has prompted the directors to select and support a wide range of charitable projects. These include:

- Training and Resources in Early Education;
- Reach for a Dream;
- KwaZulu-Natal Athletics;
- Teachers Across Borders South Africa; and
- Support for the Code of Conduct for the Protection of Children from Sexual Exploitation in Travel and Tourism.

A number of additional projects are supported in areas where the Group has operations.



Training and Resources in Early Education ("TREE")

The Group has been working with TREE for many years. Its assistance is in the form of unconditional sponsorship of vehicles and business advice to ensure the sustainability of the organisation.

Established in 1984, TREE is a non-profit organisation which believes that all children should have access to quality, sustainable early childhood development ("ECD") so that they can develop to their full educational and personal potential. TREE promotes ECD primarily in rural areas by training adults (mostly women) in the communities on how to provide young children with access to qualified ECD programmes that promote the children's holistic development, support, health and welfare. TREE complements these programmes with further education of the adults in the community on parenting, childcare, HIV/AIDS and self-help schemes.

TREE achieves its objectives through:

- formal, in-service, participatory ECD Core and Elective training courses at NQF (National Qualifications Framework) Level 1, 4 and 5 accredited by SAQA (South African Qualification Authority) through the ETDP SETA (Education and Development Practices, Sector Education and Training Authority). These courses are run throughout KwaZulu-Natal and the Eastern Cape;
- support, monitoring and assessment visits to pre-school teachers in their ECD pre-schools and crèches on a regular basis;
- working in communities with parents, caregivers, community members and organisations that impact on the lives of young children;

- producing and selling toys, educational equipment and printed resource materials;
- teaching and assisting people in communities to develop skills to make educational equipment from waste and other materials;
- indirectly providing opportunities and linkages for women's empowerment, income generation and community development; and
- networking, partnerships and cooperation with government departments at local provincial and national levels, as well as other stakeholders, on all issues that affect young children.

Reach for a Dream ("RFD")

The Group has supported this project since 2007. RFD has as its objective the fulfilment of the dreams of children between the ages of 3 and 18 who have been diagnosed as having a life-threatening disease. RFD enriches these children's lives by making dreams come true and, for an all too brief period, distracting them from their predicament.

KwaZulu-Natal Athletics ("KZNA")

First Car Rental has shown a keen interest in the youth development of athletics since 2006. It sponsors vehicles to management and coaches of KZNA to assist them with travelling to rural parts of KwaZulu-Natal to identify and develop promising athletes.

Teachers Across Borders South Africa ("TABSA")

Teachers Across Borders supports leaders, worldwide, with professional development opportunities and tools that connect them with information and each other so that they can play a more vital role in their communities. They focus on teachers with initiative, who are passionate about their subjects and compassionate towards children.

The Group supports TABSA by supplying vehicles to the project leaders during their stay in South Africa.

Code of Conduct for the Protection of Children from Sexual Exploitation in Travel and Tourism

The Group, through First Car Rental, has adopted the Code of Conduct for the Protection of Children from Sexual Exploitation in Travel and Tourism.

Taking a stance against the sex tourism industry and leading the way in combating the exploitation of thousands of children, First Car Rental has signed the Code of Conduct for the Protection of Children from Sexual Exploitation in Travel and Tourism.

By signing the Code, First Car Rental has committed itself to making South Africa a safe tourist destination for children by supporting the Code's initiative to establish an ethical policy against commercial sexual exploitation of children.

Corporate governance continued

REDUCING OUR FOOTPRINT ONE CAR AT A TIME

For the past 7 years First Car Rental has been going green with purple passion.

- We have fully paperless departments;
- At our larger branches we use grey water to wash our vehicles saving mega litres of water;
- In our smaller branches we are installing CMH Green Machines that use only 1litre of water per vehicle wash, and this is to wash the microfibre cloth used to wash the cars with environmentally-friendly, SABS-approved Carnauba wax.

We are Going Green with Purple Passion one car at a time.



*First in Car Hire
First in Service*



ENVIRONMENTAL ISSUES

Operating as it does in the retail business sector, the Group is a relatively low consumer of basic utilities such as water and electricity, and consequently has a small carbon footprint. Nevertheless, the directors are aware of the negative impact which recent and projected steep rises in the cost of these utilities will have on Group profitability. Consequently, measures implemented to reduce consumption have had a positive impact on both the Group and the environment.

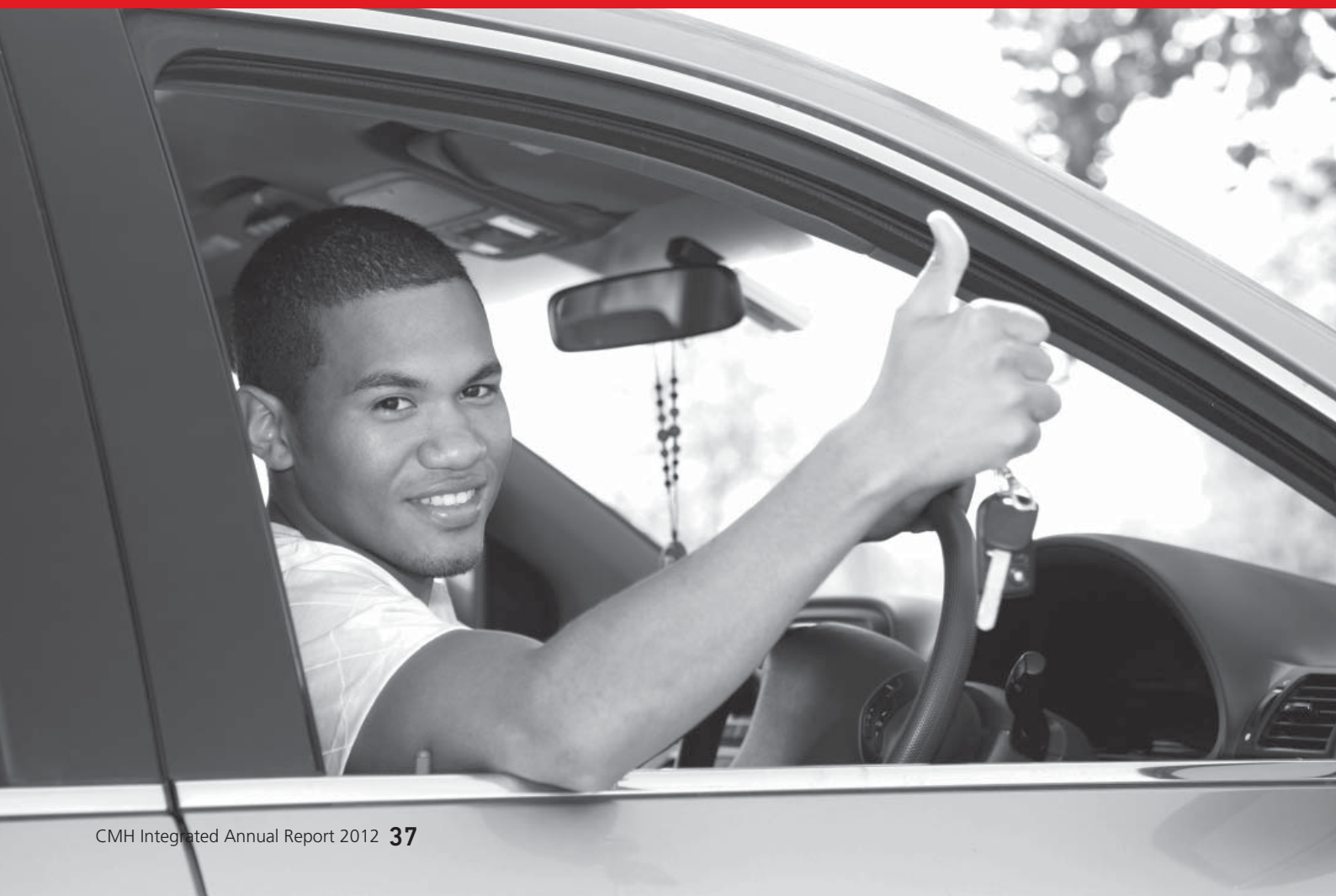
During the past year the Group continued a process of measuring electricity consumption at its dealerships. Meters have been installed and the reductions generated by the use of more efficient lighting, automated timing devices and increased awareness of previously wasted consumption are regularly monitored. In the initial phase, consumption in dealerships has been reduced by 10% to 40%. Over the year ahead the programme will be extended to all dealerships and, once a Group base-line has been established, the directors will be able to report on consumption savings.

Under the banner of "CMH Green" the Group is promoting the introduction of a waterless car wash system. Through its showrooms and service departments the Group washes hundreds of vehicles daily, each consuming an inordinate quantity of water. The new system uses less than half a litre of water per vehicle and produces no harmful by-products. The concept has the added advantage of empowering workers through enterprise development. Previous car wash employees are now provided with the necessary equipment and materials to provide an independent car wash solution to Group outlets. The Group now outsources its requirements from these previous employees and pays them an agreed rate per vehicle cleaned. This mutually beneficial concept has been successfully launched at Group dealerships and third parties, and will be further extended in the year ahead.

At its larger outlets, where car washing and water usage is high, the car hire division has installed water filtration and recycling plants. Combined with rain water capture facilities, these systems have reduced consumption by 45%.

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Report of the audit committee

The audit committee was appointed by shareholders in respect of the year ended 29 February 2012. All members are independent non-executive directors of the Company. The committee is satisfied that, in respect of the financial year, it has performed all the functions required to be performed by an audit committee as set out in the Companies Act, 2008, the committee's terms of reference, and as more fully set out in the Corporate Governance Report on pages 27 and 28.

Nothing has come to the attention of the committee that would lead it to believe that the Group's system of internal control is not adequate or effective.

The committee has satisfied itself that the external auditor, PricewaterhouseCoopers is independent of the Company and the Group having given due consideration to the parameters enumerated in section 94(8) of the Companies Act, 2008 and the principles contained in the King Code of Governance for South Africa 2009. The appointment of ME Jones as the designated auditor is in compliance with the Auditing Profession Act, 2005 and the Listings Requirements of the JSE Limited.

JS Dixon

Chairman

19 April 2012

Certification by the company secretary

In my capacity as company secretary, I hereby confirm that, for the year ended 29 February 2012, the Company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act, 2008, and that all such returns are true, correct and up to date.

K Fonseca

Company Secretary

19 April 2012

Directors' responsibility for financial reporting

The Board of directors reports with reference to both the Company and the Group.

The directors are responsible for the preparation, integrity and fair presentation of the financial statements. The financial statements presented on pages 41 to 75 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the AC 500 standards as issued by the Accounting Practices Board, and in the manner required by the Companies Act, 2008, and include amounts based on judgements and estimates made by management.

The directors consider that in preparing the financial statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all IFRSs that they consider to be applicable have been followed.

The directors are satisfied that the information contained in the financial statements fairly presents the results of operations for the year and the financial position of the Company and Group at year-end. The directors also prepared the other information included in the integrated annual report and are responsible for both its accuracy and its consistency with the financial statements.

The directors have responsibility for ensuring that accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the Company and the Group to enable the directors to ensure that the financial statements comply with the relevant legislation.

The Company and the Group operated in a well-established control environment, which is well documented and regularly reviewed. This incorporates risk management and internal control procedures which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the business are controlled.

The going-concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the Group or any company within the Group will not be going concerns in the foreseeable future, based on forecasts and available cash resources. These financial statements support the viability of the Company and the Group.

The Code of Corporate Practices and Conduct has been adhered to.

The annual financial statements were prepared by SK Jackson, CA (SA). They have been audited by the Group's external auditor, PricewaterhouseCoopers Inc. in compliance with the requirements of the Companies Act, 2008. The financial statements were approved by the Board of directors and are signed on its behalf by:

JD McIntosh
Chief Executive Officer

M Zimmerman
Chairman

19 April 2012

Independent auditor's report

To the members of Combined Motor Holdings Limited

We have audited the consolidated annual financial statements and annual financial statements of Combined Motor Holdings Limited, which comprise the consolidated and separate statements of financial position as at 29 February 2012, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, the summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 41 to 75.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of Combined Motor Holdings Limited as at 29 February 2012, its consolidated and separate financial performance, and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

PricewaterhouseCoopers Inc.

Director: ME Jones

Registered Auditor

Durban

19 April 2012

Directors' report

Your directors have pleasure in submitting their report on the affairs of the Company and the Group during the year ended 29 February 2012.

NATURE OF BUSINESS

The Company's business is that of an investment holding company, its principal assets being its investment in and loan to CMH Holdings Proprietary Limited, and a preference share investment in Main Street 445 Proprietary Limited.

Through its subsidiaries, the Group has significant interests in retail motor, car hire, marine and leisure and financial services. Full details of the Group's operations and operating locations appear on pages 3 and 10 to 15.

The Company is listed in the "General Retailers" sector of the JSE Limited.

OPERATING RESULTS

Full details of the operating results of the Company and the Group are set out in the attached financial statements.

SHARE CAPITAL

Details of the authorised and issued share capital are set out in note 12 to the attached financial statements.

DIVIDENDS

The following dividends were declared during the year under review:

	2012 R'000	2011 R'000
Ordinary dividend number 47: 13,0 cents, declared 12 October 2011	14 065	–
Ordinary dividend number 46: 30,0 cents, declared 15 April 2011	32 448	–
Ordinary dividend number 45: 13,0 cents, declared 15 October 2010	–	14 057
Ordinary dividend number 44: 21,0 cents, declared 16 April 2010	–	22 646
	46 513	36 703

RESOLUTIONS

No special resolutions were passed by the Company during the current year.

DIRECTORS AND SECRETARY

The directors in office at the date of this report are:

M Zimmerman (non-executive chairman)

JD McIntosh (chief executive officer)

LCZ Cele (independent non-executive)

MPD Conway

JS Dixon (independent non-executive)

JTM Edwards (independent non-executive)

SK Jackson

VP Khanyile (independent non-executive)

D Molefe (independent non-executive)

JW Alderslade (alternate to VP Khanyile and D Molefe)

D Molefe was appointed a director with effect from 14 September 2011.

MH Shelembe resigned as a director with effect from 14 September 2011.

The executive directors, together with the members of the executive committee reflected on page 28, represent the key management of the Company and the Group.

Messrs JTM Edwards and SK Jackson retire by rotation at the forthcoming annual general meeting but, being eligible, offer themselves for re-election. Confirmation of the election of Ms D Molefe, who was appointed by the Board of directors during the year, will also be sought at the annual general meeting. Brief curriculum vitae of Ms D Molefe and Messrs JTM Edwards and SK Jackson appear in the Notice of Meeting.

The secretary of the Company is K Fonseca, whose business and postal addresses are:

Business

1 Wilton Crescent
Umhlanga Ridge
4319

Postal

PO Box 1033
Umhlanga Rocks
4320

DIRECTORS' SHAREHOLDINGS

Details of the directors' direct and indirect shareholdings in the Company are reflected on page 73.

There has been no change in directors' shareholdings between the financial year-end and the date of this report.

SUBSIDIARIES

Full details of the Company's subsidiaries are set out on page 71.

The results of the subsidiaries, so far as concerns the Company, comprise aggregate income and losses for the year, after taxation, of R146 528 000 (2011: R151 333 000) and R7 850 000 (2011: R8 873 000) respectively.

AUDITOR

PricewaterhouseCoopers Inc. will continue in office in accordance with section 90(6) of the Companies Act. At the annual general meeting, shareholders will be requested to appoint PricewaterhouseCoopers Inc. as the Group's auditor for the 2013 financial year. It is noted that ME Jones will be the individual registered auditor who will undertake the audit.

SUBSEQUENT EVENTS

Other than that recorded in note 34 to the attached financial statements, no fact or circumstance material to an appreciation of these financial statements has occurred between the financial year-end and the date of this report.

Durban
19 April 2012

Segment information

Information provided to the chief executive officer and executive committee in respect of the reportable segments for the year ended 29 February 2012 is as follows:

	TOTAL				RETAIL MOTOR			
	2012 R'000	%	2011 R'000	%	2012 R'000	%	2011 R'000	%
Segment revenue	8 794 348	100	7 739 295	100	8 296 967	94	7 256 938	94
Inter-segment revenue	(500 620)	100	(377 071)	100	(497 122)	99	(375 708)	99
External revenue	8 293 728	100	7 362 224	100	7 799 845	94	6 881 230	94
Operating profit	217 124	100	199 992	100	167 491	77	161 735	81
Net finance costs	(19 110)	100	(19 517)	100	(59 125)	309	(48 295)	247
Profit before taxation	198 014	100	180 475	100	108 366	55	113 440	63
Total assets	2 483 139	100	2 176 761	100	1 270 677	51	1 114 609	51
Total liabilities	1 816 897	100	1 590 752	100	1 073 663	59	857 903	54
Goodwill at year-end	89 972	100	89 972	100	84 972	94	84 972	94
Employee costs	531 476	100	484 097	100	436 270	82	392 220	81
Number of staff	2 728	100	2 572	100	2 263	83	2 143	83
	CAR HIRE				MARINE AND LEISURE			
	2012 R'000	%	2011 R'000	%	2012 R'000	%	2011 R'000	%
Segment revenue	292 851	4	300 805	4	173 155	2	142 321	2
Inter-segment revenue	(937)	–	(1 363)	1	–	–	–	–
External revenue	291 914	4	299 442	4	173 155	2	142 321	2
Operating profit	23 445	11	23 517	12	2 642	1	(230)	–
Net finance costs	–	–	(298)	2	(320)	2	(229)	1
Profit before taxation	23 445	12	23 219	13	2 322	1	(459)	–
Total assets	511 575	21	454 825	21	63 749	3	63 186	3
Total liabilities	555 236	30	514 348	32	21 967	1	14 684	1
Goodwill at year-end	–	–	–	–	5 000	6	5 000	6
Employee costs	49 171	9	52 576	11	15 021	3	12 263	2
Number of staff	307	11	305	12	64	2	49	2
	FINANCIAL SERVICES				CORPORATE SERVICES/OTHER			
	2012 R'000	%	2011 R'000	%	2012 R'000	%	2011 R'000	%
Segment revenue	15 559	–	12 009	–	15 816	–	27 222	–
Inter-segment revenue	–	–	–	–	(2 561)	1	–	–
External revenue	15 559	–	12 009	–	13 255	–	27 222	–
Operating profit	14 529	7	5 873	3	9 017	4	9 097	4
Net finance costs	503	(3)	494	(3)	39 832	(208)	28 811	(147)
Profit before taxation	15 032	8	6 367	4	48 849	24	37 908	21
Total assets	9 620	–	12 662	1	627 518	25	531 479	24
Total liabilities	9 916	1	13 314	1	156 115	9	190 503	12
Goodwill at year-end	–	–	–	–	–	–	–	–
Employee costs	–	–	–	–	31 014	6	27 038	6
Number of staff	–	–	–	–	94	4	75	3

The Board of directors has determined the operating segments based on the reports reviewed by the chief executive officer and executive committee that are used to make strategic decisions. The chief executive officer and executive committee assess the performance of the operating segments based on a measure of profit before taxation. This measurement is consistent with the recognition and measurement principles applied within the statement of comprehensive income.

Sales amongst segments are carried out at arm's length. The revenue from external customers reported to the chief executive officer and executive committee is measured in a manner consistent with that in the statement of comprehensive income. The Group operates only in the Republic of South Africa. Full details of products and services are reflected on pages 3 and 10 to 15.

Statements of financial position

AT 29 FEBRUARY 2012

	Notes	Group 2012 R'000	Group 2011 R'000	Company 2012 R'000	Company 2011 R'000
ASSETS					
Non-current assets					
Plant and equipment	4	58 537	58 565	–	–
Goodwill	5	89 972	89 972	–	–
Investments	6	204 500	187 271	204 500	187 271
Deferred taxation	7	49 964	55 287	–	–
Investment in subsidiary	8	–	–	449 857	483 763
		402 973	391 095	654 357	671 034
Current assets					
Investments	6	3 000	–	3 000	–
Car hire fleet vehicles	4	467 376	415 636	–	–
Inventory	9	1 001 472	825 201	–	–
Trade and other receivables	10	212 868	229 931	–	–
Tax paid in advance		42	2 310	–	–
Cash and cash equivalents	11	395 408	312 588	148 677	124 626
		2 080 166	1 785 666	151 677	124 626
Total assets		2 483 139	2 176 761	806 034	795 660
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	12	25 438	25 013	25 438	25 013
Share-based payment reserve	13	10 006	7 039	4 620	4 738
Non-distributable reserve	14	5 896	5 896	5 896	5 896
Retained earnings		630 203	550 624	766 631	757 547
Ordinary shareholders' equity		671 543	588 572	802 585	793 194
Non-controlling interest	15	(5 301)	(2 563)	–	–
Total equity		666 242	586 009	802 585	793 194
Non-current liabilities					
Non-controlling shareholders of subsidiaries	15	135 489	144 073	–	–
Assurance funds	16	7 731	13 137	–	–
Lease liabilities	17	104 528	110 176	–	–
		247 748	267 386	–	–
Current liabilities					
Non-controlling shareholders of subsidiaries	15	4 850	32 089	–	–
Interest-bearing borrowings		–	986	–	–
Derivative financial liabilities	18	1 778	–	–	–
Trade and other payables	19	1 546 201	1 286 022	460	419
Lease liabilities	17	6 639	–	–	–
Current tax liabilities		9 681	4 269	2 989	2 047
		1 569 149	1 323 366	3 449	2 466
Total liabilities		1 816 897	1 590 752	3 449	2 466
Total equity and liabilities		2 483 139	2 176 761	806 034	795 660

Statements of comprehensive income

FOR THE YEAR ENDED 29 FEBRUARY 2012

	Notes	Group 2012 R'000	Group 2011 R'000	Company 2012 R'000	Company 2011 R'000
Revenue	20	8 293 728	7 362 224	18 601	40 880
Cost of sales	21	(6 922 488)	(6 075 026)	–	–
Gross profit		1 371 240	1 287 198	18 601	40 880
Other income	22	3 000	3 000	3 000	3 000
Impairment of goodwill	5	–	(167)	–	–
Selling and administration expenses	21	(1 157 116)	(1 090 039)	(213)	(279)
Operating profit		217 124	199 992	21 388	43 601
Finance income	23	14 927	12 831	53 900	66 816
Finance costs	23	(34 037)	(32 348)	(10)	–
Profit before taxation		198 014	180 475	75 278	110 417
Tax expense	24	(53 868)	(50 139)	(19 681)	(20 253)
Total profit and comprehensive income		144 146	130 336	55 597	90 164
Attributable to:					
Equity holders of the Company		131 297	120 031	55 597	90 164
Non-controlling interest		12 849	10 305	–	–
		144 146	130 336	55 597	90 164
EARNINGS PER SHARE (cents)					
Basic	25	121,4	111,2		
Diluted basic	25	121,0	109,2		

Statements of changes in equity

FOR THE YEAR ENDED 29 FEBRUARY 2012

	Share capital R'000	Non-distributable reserve R'000	Share-based payment reserve R'000	Retained earnings R'000	Attributable to equity holders of the Company R'000	Non-controlling interest R'000	Total equity R'000
GROUP							
Balance at 28 February 2010	21 123	5 896	6 449	467 296	500 764	(818)	499 946
Issue of shares	2 179				2 179		2 179
Total profit and comprehensive income				120 031	120 031	10 305	130 336
Transfer to share capital	1 711		(1 711)				
Share-based payment reserve			2 301		2 301		2 301
Dividends paid				(36 703)	(36 703)	(10 556)	(47 259)
Purchase of non-controlling shareholders' interest in subsidiaries						(1 494)	(1 494)
Balance at 28 February 2011	25 013	5 896	7 039	550 624	588 572	(2 563)	586 009
Issue of shares	307				307		307
Total profit and comprehensive income				131 297	131 297	12 849	144 146
Transfer to share capital	118		(118)				
Share-based payment reserve			3 085		3 085		3 085
Dividends paid				(46 513)	(46 513)	(15 123)	(61 636)
Purchase of non-controlling shareholders' interest in subsidiaries (note 8)				(5 205)	(5 205)	(464)	(5 669)
Balance at 29 February 2012	25 438	5 896	10 006	630 203	671 543	(5 301)	666 242
COMPANY							
Balance at 28 February 2010	21 123	5 896	6 449	704 086	737 554		
Issue of shares	2 179				2 179		
Transfer to share capital	1 711		(1 711)				
Total profit and comprehensive income				90 164	90 164		
Dividends paid				(36 703)	(36 703)		
Balance at 28 February 2011	25 013	5 896	4 738	757 547	793 194		
Issue of shares	307				307		
Transfer to share capital	118		(118)				
Total profit and comprehensive income				55 597	55 597		
Dividends paid				(46 513)	(46 513)		
Balance at 29 February 2012	25 438	5 896	4 620	766 631	802 585		

Statements of cash flows

FOR THE YEAR ENDED 29 FEBRUARY 2012

	Notes	Group 2012 R'000	Group 2011 R'000	Company 2012 R'000	Company 2011 R'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers		8 308 882	7 345 045	18 601	40 880
Cash paid to suppliers and employees		(8 020 545)	(7 096 255)	(172)	(218)
Cash generated from operations	26	288 337	248 790	18 429	40 662
Finance income	23	14 927	12 831	53 900	66 816
Finance costs	23	(34 037)	(32 348)	(10)	–
Dividends paid	27	(46 513)	(36 703)	(46 513)	(36 703)
Taxation paid	28	(40 865)	(49 784)	(18 739)	(21 201)
Net cash movement from operating activities		181 849	142 786	7 067	49 574
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of non-current plant and equipment		(26 410)	(25 754)	–	–
Proceeds on disposal of non-current plant and equipment		1 904	5 714	–	–
Investments		(17 229)	(18 234)	(17 229)	(18 234)
Purchase of non-controlling shareholders' interest in subsidiaries		(5 669)	(1 494)	–	–
Payment of goodwill		–	(167)	–	–
Movement in investment in subsidiary		–	–	33 906	(88 755)
Net cash movement from investing activities		(47 404)	(39 935)	16 677	(106 989)
CASH FLOWS FROM FINANCING ACTIVITIES					
Non-controlling shareholders of subsidiaries	29	(50 946)	(43 338)	–	–
Proceeds of issue of shares		307	2 179	307	2 179
Interest-bearing loans		(986)	(2 183)	–	–
Net cash movement from financing activities		(51 625)	(43 342)	307	2 179
Net movement in cash and cash equivalents		82 820	59 509	24 051	(55 236)
Cash and cash equivalents at beginning of year		312 588	253 079	124 626	179 862
Cash and cash equivalents at end of year	11	395 408	312 588	148 677	124 626

Notes to the annual financial statements

FOR THE YEAR ENDED 29 FEBRUARY 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation

The annual financial statements and consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the AC 500 standards as issued by the Accounting Practices Board, and in the manner required by the Companies Act, 2008 (the "Act"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The policies set out below have been consistently applied to all the years presented unless otherwise stated.

Standards, amendments and interpretations effective in 2012 or early adopted by the Group

There are no standards, amendments or interpretations that became effective in 2012 and that are relevant to the Group. No standards, amendments and interpretations not yet effective have been early adopted by the Group.

1.2 Basis of consolidation

Investment in subsidiaries

Subsidiaries are those entities in which the Group has an interest of more than one-half of the voting rights or has the power to govern the financial and operating policies.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are included until the date on which control ceases. The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired, and liabilities and contingent liabilities assumed, in a business combination are measured initially at their fair value at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in subsidiaries

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

1.3 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each subsidiary are measured using the currency of the primary economic environment in which the subsidiary operates (the functional currency). The consolidated financial statements are presented in South African Rands, which is the Group's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income in the period in which they arise.

1.4 Plant and equipment

Plant and equipment is recorded at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred. Depreciation is provided using the straight-line method to write off the cost of the assets to their residual values over their estimated useful lives as follows:

Plant and machinery	4 to 5 years
Furniture and office equipment	3 to 10 years
Car hire fleet and other motor vehicles	4 to 5 years
Leasehold improvements	the period of the lease

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year-end.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are recognised in the statement of comprehensive income within "selling and administration expenses".

Where it is the Group's intention to dispose of items of plant and equipment within 12 months after the year-end date, such items are disclosed as current assets.

1.5 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets in the business combination at the date of acquisition. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. Goodwill arising on business combinations prior to 1 March 2004 is carried at the net book value as at 1 March 2004. Goodwill arising on business combinations on or after 1 March 2004 is initially reflected at its original cost. Goodwill is not amortised but is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

1.6 Classification of financial assets

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its assets at initial recognition. Financial assets are initially measured at fair value plus transaction costs. Thereafter they are measured at amortised cost using the effective-interest-rate method, less impairment losses, which are recognised in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred, and the Group has transferred substantially all the risks and rewards of ownership.

The Group assesses at each financial year-end whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment losses are recognised in the statement of comprehensive income in the period in which they occur.

Notes to the annual financial statements

FOR THE YEAR ENDED 29 FEBRUARY 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

1.7 Investments

Investments are recognised initially at fair value and subsequently measured at amortised cost, using the effective-interest-rate method, less provision for impairment. Investments are impaired when there is objective evidence that the Group will not be able to collect all amounts owing according to the original terms of investments.

The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment is recognised in the statement of comprehensive income within "selling and administration expenses".

1.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income. The tax expense is calculated on the basis of the tax laws enacted or substantially enacted at the year-end.

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred taxation is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred taxation is determined using tax rates and laws that have been enacted or substantially enacted by the year-end and are expected to apply when the related deferred taxation asset is realised or the deferred taxation liability is settled.

Deferred tax assets relating to income and dividend taxes are recognised to the extent that it is probable that future taxable profit or dividends paid will be available against which the temporary differences can be utilised.

1.9 Inventory

Inventories are stated at the lower of cost and net realisable value, due recognition having been made for obsolescence and redundancy. Net realisable value is determined as set out in note 3.3. Cost includes all costs incurred that are necessary to bring the goods to saleable condition and location, and is determined on the following basis:

New vehicles	actual cost
New marine craft	actual cost
Used and demonstration vehicles	actual cost
Used and demonstration marine craft	actual cost
Parts and accessories	weighted average cost
Petrol, oils and other inventory	actual cost

Vehicles and parts purchased, which are paid for within the short time periods provided for in the manufacturers' standard franchise agreements, are recognised as inventory when received. This policy is applied despite the fact that certain agreements provide that ownership will remain vested in the manufacturer until the purchase price has been paid in full.

1.10 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective-interest-rate method, less provision for impairment. Trade receivables are impaired when there is objective evidence that the Group will not be able to collect all amounts owing according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment is recognised in the statement of comprehensive income within "selling and administration expenses".

1.11 Cash and cash equivalents

Cash and cash equivalents comprise deposits held at call with banks, net of bank overdrafts, and balances held by insurance underwriters. These are reflected in the statement of financial position and statement of cash flows at cost. Bank overdrafts are reflected under current liabilities except where they are held at the same bank and branch as favourable balances and there is a legal right of set-off.

1.12 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

1.13 Financial liabilities

The Group has the following financial liabilities:

Trade and other payables: these are initially measured at fair value less transaction costs and subsequently stated at amortised cost. Short-term payables are measured at original invoice amount which approximates fair value.

Borrowings: these are measured initially at the fair value of proceeds received, net of transaction costs incurred, when the Group becomes party to the contractual provisions. Borrowings are subsequently stated at amortised cost, using the effective-interest-rate method. Any difference between proceeds (net of transaction costs) and the redemption value is recognised as finance cost/income in the statement of comprehensive income over the period of the borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the year-end.

Financial liabilities are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled, or expires.

1.14 Derivative financial instruments

Derivatives held comprise forward exchange contracts. Derivatives are initially recognised at fair value on the date a derivative contract is entered into. Subsequently the derivatives are carried at fair value through profit or loss. Gains or losses arising from a change in the fair value of the derivatives are included in the statement of comprehensive income within "selling and administration expenses" in the period in which they arise. The fair value of these contracts is determined using quoted forward exchange rates at the balance sheet date.

1.15 Employee benefits

Pension

The Group provides retirement benefits for its employees through a number of defined contribution plans. A defined contribution plan is a pension plan under which the Group pays a fixed contribution to a separate entity and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to their employment service.

Payments to the retirement contribution plans are charged to the statement of comprehensive income as incurred.

Health care

The Group provides health care benefits for its employees through contributions to various independent medical aid schemes. Payments to the medical aid schemes are charged to the statement of comprehensive income as incurred. The Group has no post-retirement obligations to employees.

Remuneration

The cost of all short-term employee remuneration is recognised during the period in which the employee renders the related service. An accrual is made for employee entitlement to salary, bonuses, profit share and leave pay based on contractual obligations at current rates of remuneration.

Equity compensation plans

The Group enters into share-based payment transactions in terms of the employee share option and share appreciation rights schemes. Costs incurred in administering the schemes are expensed as incurred. The charge to profit or loss required by IFRS 2: Share-based Payment is accounted for on the basis that the instruments are equity-settled. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options/rights determined at the grant date using the Black-Scholes valuation model. Non-market vesting conditions are included in assumptions about the number of options/rights that are expected to become exercisable or the number of options/rights that the employee will ultimately receive. The amount determined is charged or credited to the statement of comprehensive income, with a corresponding adjustment to equity. The proceeds received on exercise of the options/rights, net of any directly attributable transaction costs, are credited to equity.

1.16 Provisions

Provisions are recognised when the Group has a present or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be established.

The Group recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Notes to the annual financial statements

FOR THE YEAR ENDED 29 FEBRUARY 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

1.17 Revenue recognition

Group revenue comprises revenue from trading activities after deducting value-added tax, and after eliminating sales within the Group. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and, in respect of the sale of vehicles, marine craft, parts and accessories, the risks and rewards of ownership have been transferred to the customer. The retail motor division eliminates revenue arising from the sale of pre-owned vehicles to the wholesale motor trade. Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of business.

Interest income is recognised as it accrues, taking into account the effective yield on the asset. Dividends are recognised when the right to receive payment is established.

1.18 Dividends paid

Dividends paid are recorded in the financial statements during the period in which they are approved by the Board of directors.

1.19 Segment reporting

Operating segments are reported in a manner consistent with that used for internal reporting provided to the chief executive officer and executive committee. The chief executive officer and executive committee, responsible for allocating resources and assessing performance of the operating segments, have been identified as the body that makes strategic decisions.

The various segments of the Group are each subject to risks and returns that are different from other business segments. The principal business segments identified within the Group are retail motor, car hire, marine and leisure, and financial services. The corporate services segment provides management support and expertise for the business segments.

Segment assets, liabilities, revenue and expenditure are those directly attributable to the segment. Transfers between segments are accounted for at competitive market prices and are eliminated on consolidation.

1.20 Assurance activities

Underwriting results are determined on an annual basis in accordance with generally accepted practice for short-term insurers. The principle applied is that the costs of incurred claims, commission and related expenditure are applied against the earned proportion of premiums received, as follows:

- claims incurred comprise claims and related expenditure paid in the year and changes in the provision for outstanding claims incurred but not reported, and are expensed in the year during which they are incurred; and
- commission paid is expensed in the year during which it is incurred.

Premiums written relate to business written during the year, together with premiums written in prior years and not yet taken to income.

Unearned premiums represent that portion of the premiums that relates to unexpired terms of the insurance policy, calculated on a time-proportionate basis.

1.21 Operating leases

Operating leases are those where substantially all the risks and rewards of ownership are retained by the lessor. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease. Penalties payable on cancellation of leases are charged to the statement of comprehensive income in the period in which the penalties become payable.

1.22 Finance leases

The Group leases certain vehicles. Leases of vehicles where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised when the lease commences, at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding lease obligations, net of finance charges, are included in "trade and other payables". The interest element of the finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The vehicles acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

2. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the chief executive officer and financial director under policies approved by the Board of directors. They identify, evaluate and hedge financial risks in close co-operation with the Group's operating units. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign currency risk, interest rate risk, credit risk, use of derivative financial instruments, and the investment of excess liquidity.

2.1 Interest rate risk

Interest rate exposures are reviewed regularly. The Group is exposed to interest rate risk on its investments and borrowing facilities, all of which are linked to the prime overdraft rate.

Had interest rates for the year been 0,5 percentage point higher or lower and been applied to the interest-bearing debt and investments at year-end, the profit before taxation for the year would have been lower or higher by R1 522 000 (2011: R1 447 000) on the assumption that all other factors remained constant.

2.2 Foreign currency risk

The Group has no significant foreign currency risk. Certain balances arising on material transactions denominated in foreign currencies are economically hedged through the use of forward exchange contracts. At 29 February 2012, the Group had no accounts receivable denominated in foreign currency (2011: nil), and had trade payables to the value of US\$3 628 374 (2011: US\$656 368). Of this, US\$2 800 700 (2011: US\$nil) was hedged through the use of forward exchange contracts. These trade payables will be settled within the next 12 months. Had the South African Rand been 5% weaker or stronger against the US Dollar at year-end, the profit before taxation for the year would have been lower or higher by R307 000 (2011: R229 000).

2.3 Credit risk

The Group's credit risk lies principally in its trade receivables. These comprise a large, wide-spread customer base and regular credit assessments of customers are conducted. All amounts receivable are subject to the Group's standard credit terms and are due within a period of 30 to 60 days after sale. There are no significant concentrations of credit risk.

Cash and cash equivalents are placed only with major financial institutions with secure credit ratings.

2.4 Equity price risk

The Group has no direct exposure to any equity price risk.

2.5 Liquidity risk

The Group manages its liquidity risk by regularly monitoring its projected cash flow requirements against its cash resources and unutilised borrowing facilities. At year-end the Group's position was as follows:

	2012 R'000	2011 R'000
Cash resources, excluding those held by insurance underwriters	385 994	296 264

In terms of its articles of association the Company has unlimited borrowing powers.

The expected maturity of all significant financial liabilities is disclosed in the relevant notes to the financial statements.

2.6 Capital risk

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Notes to the annual financial statements

FOR THE YEAR ENDED 29 FEBRUARY 2012

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

3.1 The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that may affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates will, by definition, rarely equal the actual results achieved. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.2 Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1.5. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations use projections based on financial budgets approved by management.

The value-in-use calculation uses estimates and assumptions made by management. Management determines budgeted operating profit based on past performance and future expectations. The weighted average growth rates are consistent with the forecasts used in industry reports. The discount rates used reflect specific risks relating to the relevant cash-generating units.

3.3 Determination of net realisable value of inventory

Net realisable value is the estimate of the selling price of inventory in the ordinary course of business, less applicable variable selling expenses. Management is required to exercise judgement in the determination of this estimate, specifically relating to the forecasting of demand and inventory pricing (refer to note 1.9).

4. PLANT AND EQUIPMENT

4.1 Details of plant and equipment

	Total R'000	Leasehold improve- ments R'000	Plant and machinery R'000	Furniture and office equipment R'000	Car hire fleet and other motor vehicles R'000
GROUP					
At 29 February 2012					
Cost	710 163	31 600	47 711	85 558	545 294
Accumulated depreciation	(184 250)	(15 540)	(31 617)	(62 057)	(75 036)
Net book value	525 913	16 060	16 094	23 501	470 258
Less: vehicles transferred to current assets	(467 376)	–	–	–	(467 376)
Non-current portion	58 537	16 060	16 094	23 501	2 882
At 28 February 2011					
Cost	654 620	25 057	48 320	87 699	493 544
Accumulated depreciation	(180 419)	(10 556)	(32 400)	(63 602)	(73 861)
Net book value	474 201	14 501	15 920	24 097	419 683
Less: vehicles transferred to current assets	(415 636)	–	–	–	(415 636)
Non-current portion	58 565	14 501	15 920	24 097	4 047

COMPANY: Nil

4.2 Reconciliation of movement

GROUP

Net book value 28 February 2010

– non-current	64 493	15 332	16 847	27 832	4 482
– current	442 804	–	–	–	442 804
Additions	362 290	3 393	7 009	11 383	340 505
Disposals	(311 926)	(58)	(816)	(2 110)	(308 942)
Depreciation charge	(83 460)	(4 166)	(7 120)	(13 008)	(59 166)

Net book value 28 February 2011

– non-current	58 565	14 501	15 920	24 097	4 047
– current	415 636	–	–	–	415 636
Additions	422 937	6 655	7 816	10 968	397 498
Disposals	(279 609)	–	(468)	(688)	(278 453)
Depreciation charge	(91 616)	(5 096)	(7 174)	(10 876)	(68 470)

Net book value 29 February 2012

– non-current	58 537	16 060	16 094	23 501	2 882
– current	467 376	–	–	–	467 376

4.3 The insurance replacement value of plant and equipment excluding motor vehicles is R145 985 000 (2011: R137 075 000).

4.4 R35 000 000 (2011: R27 000 000) has been budgeted and authorised for capital expenditure in respect of the replacement of plant and equipment excluding car hire fleet vehicles. No portion of this was committed at year-end. This amount will be financed from existing cash resources.

Notes to the annual financial statements

FOR THE YEAR ENDED 29 FEBRUARY 2012

	Group 2012 R'000	Group 2011 R'000
4. PLANT AND EQUIPMENT continued		
4.5 Depreciation is recognised in the statement of comprehensive income as follows:		
– Cost of sales	66 360	57 467
– Selling and administration expenses	25 256	25 993
	91 616	83 460
4.6 Car hire fleet vehicles valued at R467 376 000 (2011: R415 636 000) have been pledged as security for trade and other payables aggregating R525 769 000 (2011: R486 088 000).		
5. GOODWILL		
5.1 Cost	155 473	155 473
Accumulated impairment	(65 501)	(65 501)
Net book value at end of year	89 972	89 972
5.2 Net book value at beginning of year	89 972	89 972
Amounts paid during year	–	167
Amounts impaired during year	–	(167)
Net book value at end of year	89 972	89 972
5.3 Goodwill acquired through business combinations has been attributed to individual cash-generating units ("CGUs"). The carrying value of goodwill is subject to annual impairment testing using the value-in-use method. Detailed operating budgets for the 2013 year formed the basis of projected cash flows. In respect of the CGUs with attributable goodwill, the budgets contained average sales volume growth of 4% (2011: 4,5%). In respect of the forecast years two to five, growth of between 4% and 5% (2011: 4% and 5%) per annum was predicted, and a discount rate of between 13% and 14% (2011: 13% and 14%) applied. On this basis, the value-in-use calculations indicated that the calculated value of goodwill of each CGU exceeded its carrying value and no impairment charge was necessary at 29 February 2012.		
5.4 The cash flows for the CGUs were stress-tested by adversely amending the parameters listed above. Neither parameter change had an impact on the outcomes.		

	Group 2012 R'000	Group 2011 R'000	Company 2012 R'000	Company 2011 R'000
6. INVESTMENTS				
6.1 Main Street 445 (Pty) Limited				
Cost at acquisition	124 387	124 387	124 387	124 387
Discount on initial recognition	(21 409)	(21 409)	(21 409)	(21 409)
Reversal recognised				
– Prior years	12 000	9 000	12 000	9 000
– Current year	3 000	3 000	3 000	3 000
	(6 409)	(9 409)	(6 409)	(9 409)
Dividends accrued				
– Prior years	72 293	54 059	72 293	54 059
– Current year	17 229	18 234	17 229	18 234
	89 522	72 293	89 522	72 293
Amortised cost at end of year	207 500	187 271	207 500	187 271
Less: current portion	(3 000)	–	(3 000)	–
Non-current portion	204 500	187 271	204 500	187 271

- 6.2** The investment in Main Street 445 (Pty) Limited (“Main Street”) comprises 124 387 ‘C’ redeemable cumulative preference shares of R0,00001 each issued at a premium of R999,99999 each. The preference shares accrue a semi-annual dividend providing a dividend yield to the holder on the unredeemed capital and accrued dividends equivalent to 85% of the prime overdraft rate. Main Street is a wholly-owned subsidiary of Thebe Investment Corporation (“TIC”). This investment was made in support of the BEE transaction concluded with TIC in October 2006.
- 6.3** A discount of R21 409 000 was applied when the investment was initially recognised at fair value on acquisition date. This discount is reversed through the statements of comprehensive income over the estimated period of settlement of the investment.
- 6.4** The Group has applied SIC 12: Consolidation – Special Purpose Entities in determining whether to consolidate its investment in Main Street. The Group has not consolidated this investment on the basis that it has determined that the Group does not have rights to obtain the majority of the benefits of Main Street, nor does it retain the majority of the residual or ownership risks related to the company in order to obtain benefits from its activities.

Notes to the annual financial statements

FOR THE YEAR ENDED 29 FEBRUARY 2012

	Group 2012 R'000	Group 2011 R'000
7. DEFERRED TAXATION		
7.1 Balance at beginning of year	55 287	49 896
Movements during year:		
Prior year adjustments	(84)	14
Temporary differences		
– income taxation	(4 372)	5 552
– secondary taxation on companies	(867)	(175)
Balance at end of year	49 964	55 287
7.2 Balance at end of year comprises:		
Impairment of receivables	1 657	2 420
Lease liabilities	30 303	29 949
Taxation allowances	(5 244)	(5 638)
Accruals and provisions	9 915	8 069
Secondary taxation	–	867
Assessed losses	6 953	13 521
Receipts in advance	4 872	5 469
Share-based payment reserve	1 508	644
Prepayments	–	(14)
	49 964	55 287

7.3 The movement on the deferred taxation account was as follows:

	Closing balance 29 February 2012 R'000	Statement of compre- hensive income movement 2012 R'000	Closing balance 28 February 2011 R'000	Statement of compre- hensive income movement 2011 R'000	Closing balance 28 February 2010 R'000
Impairment of receivables	1 657	(763)	2 420	400	2 020
Lease liabilities	30 303	354	29 949	3 398	26 551
Taxation allowances	(5 244)	394	(5 638)	(2 975)	(2 663)
Accruals and provisions	9 915	1 846	8 069	349	7 720
Secondary taxation	–	(867)	867	(175)	1 042
Assessed losses	6 953	(6 568)	13 521	641	12 880
Receipts in advance	4 872	(597)	5 469	3 123	2 346
Share-based payment reserve	1 508	864	644	644	–
Prepayments	–	14	(14)	(14)	–
Total	49 964	(5 323)	55 287	5 391	49 896

7.4 At 29 February 2012, certain subsidiaries had assessable losses aggregating R30 188 000 (2011: R29 684 000) against which no deferred taxation asset has been raised as the future generation of taxable income by those companies is not assured beyond reasonable doubt.

	Company 2012 R'000	Company 2011 R'000
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8. INVESTMENT IN SUBSIDIARY

8.1 Shares, at cost less amounts impaired	1	1
Amounts owing by subsidiary	449 856	483 762
	449 857	483 763

8.2 Financial information in respect of Group subsidiaries is stated on page 71.

8.3 The amount owing by subsidiary is unsecured, earns interest at 2% above the prime overdraft rate and has no fixed repayment terms.

8.4 Costs of impairment of investments in subsidiaries are charged to the statement of comprehensive income under the heading "selling and administration expenses".

8.5 Directors' valuation of investment in subsidiaries – R729 256 000 (2011: R1 150 440 000).

8.6 During the year, the Company's subsidiary, CMH Holdings Proprietary Limited:

8.6.1 sold a 33,3% shareholding in its subsidiary, Mandarin Motors Proprietary Limited, to a third party. With effect from 29 February 2012, 23,3% was repurchased, leaving the third party with a share of 10%; and

8.6.2 purchased the 25% non-controlling interest in its subsidiary CMH Luxury Motors (Umhlanga) Proprietary Limited.

	Group 2012 R'000	Group 2011 R'000
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9. INVENTORY

9.1 Inventory has been valued as stated in note 1.9 and comprises:		
– new vehicles	506 908	324 471
– new marine craft	31 667	33 789
– used and demonstration vehicles	406 998	418 183
– used and demonstration marine craft	5 040	4 795
– parts and accessories	43 163	36 221
– petrol, oils and other inventory	7 696	7 742
	1 001 472	825 201

9.2 Inventory of new and demonstration vehicles valued at R594 518 000 (2011: R524 498 000) forms security for trade payables aggregating R749 253 000 (2011: R569 468 000).

9.3 The cost of inventory sold during the year is recognised as an expense and charged to "cost of sales" in the statement of comprehensive income.

9.4 Certain demonstration vehicles are subject to finance leases. These leases all mature within 12 months. Because of the nature of the business and the short period of the leases, the leased vehicles are reflected as inventory and the corresponding liability is included in trade payables.

Notes to the annual financial statements

FOR THE YEAR ENDED 29 FEBRUARY 2012

	Group 2012 R'000	Group 2011 R'000
10. TRADE AND OTHER RECEIVABLES		
10.1 Trade receivables	176 936	192 090
Less: impairment	(6 680)	(10 006)
	170 256	182 084
Other receivables	42 612	47 847
	212 868	229 931
10.2 Trade receivables are primarily in respect of vehicle, marine craft, car hire, parts and workshop sales. These amounts are subject to the Group's standard credit terms and are due within a period of 1 to 60 days after year-end. No interest is charged on these accounts and there are no significant concentrations of credit risk.		
10.3 Other receivables comprise primarily incentive and warranty claims payable by motor manufacturers, deposits and payments in advance.		
10.4 The carrying value of trade and other receivables approximates their fair value.		
10.5 Trade receivables can be analysed as follows:		
0 to 30 days, neither overdue nor impaired	138 731	144 932
31 to 60 days, overdue less than 61 days and impaired	23 010	26 263
Impairment	(403)	(715)
	22 607	25 548
61+ days, overdue more than 60 days and impaired	15 195	20 895
Impairment	(6 277)	(9 291)
	8 918	11 604
Total	176 936	192 090
Impairment	(6 680)	(10 006)
	170 256	182 084
10.6 The movement in the allowance for impairment is as follows:		
At beginning of year	10 006	11 530
Written off during year	(3 632)	(5 462)
Increase in impairment	306	3 938
At end of year	6 680	10 006
10.7 The net movement in the allowance for impairment and the charge for bad and doubtful debts for the year has been included under "selling and administration expenses" in the statement of comprehensive income.		

	Group 2012 R'000	Group 2011 R'000	Company 2012 R'000	Company 2011 R'000
11. CASH AND CASH EQUIVALENTS				
Bank balances, net of overdrafts	385 994	296 264	148 677	124 626
Held by insurance underwriters	9 414	16 324	–	–
	395 408	312 588	148 677	124 626
The effective interest rate earned on bank balances was 4% (2011: 4,5%).				
12. SHARE CAPITAL				
12.1 Preference share capital				
<i>Authorised</i>				
1 032 400 7,5% 'C' redeemable cumulative preference shares of R1 each				
<i>Issued</i>				
Nil shares				
12.2 Ordinary share capital				
<i>Authorised</i>				
143 590 560 ordinary shares of no par value				
<i>Issued</i>				
At beginning of year – 108 138 573 shares	25 013	21 123	25 013	21 123
During year – 60 000 (2011: 508 573) shares	307	2 179	307	2 179
Transfer from share-based payment reserve	118	1 711	118	1 711
At end of year – 108 198 573 shares	25 438	25 013	25 438	25 013
12.3 During 2001 shareholders approved the introduction of an employee share incentive scheme. In terms of the scheme 20% of the Company's issued shares, less those shares that are subject to the terms and conditions of the Combined Motor Holdings Limited Share Trust, were made available to issue to employees as option shares. Share options which have been granted to date, and which have now fully vested, net of options which have matured and been exercised, are as follows ('000 shares):				
– October 2002 at R2,06 per share	20	20	20	20
– October 2004 at R5,12 per share	3 116	3 176	3 116	3 196
	3 136	3 196	3 136	3 216
12.4 Details of the share options are ('000 shares):				
Granted at beginning of year	3 196	3 705	3 216	3 705
Taken up during year	(60)	(509)	(80)	(489)
Granted at end of year	3 136	3 196	3 136	3 216

Notes to the annual financial statements

FOR THE YEAR ENDED 29 FEBRUARY 2012

	Group 2012 R'000	Group 2011 R'000	Company 2012 R'000	Company 2011 R'000
13. SHARE-BASED PAYMENT RESERVE				
Share option scheme 2001	4 620	4 738	4 620	4 738
Share appreciation right scheme 2010	5 386	2 301	–	–
	10 006	7 039	4 620	4 738

13.1 Share option scheme 2001

13.1.1 During October 2004 the Group granted 12 employees the option to acquire a total of 4 350 000 shares at R5,12 per share. All the options were exercised immediately and have now fully vested.

13.1.2 A reconciliation of the movement in the number of share options is as follows ('000 shares):

Outstanding at beginning of year	3 176	3 545	3 196	3 545
Taken up during year	(60)	(369)	(80)	(349)
Outstanding at end of year	3 116	3 176	3 116	3 196

13.1.3 The amounts recognised in the financial statements for these share-based payment transactions are as follows:

Balance at beginning of year	4 738	6 449	4 738	6 449
Transferred to share capital	(118)	(1 711)	(118)	(1 711)
Balance at end of year	4 620	4 738	4 620	4 738

13.2 Share appreciation right scheme 2010

13.2.1 On 1 June 2010, the Group introduced the Combined Motor Holdings Limited Share Appreciation Right Scheme 2010 ("the scheme"). Under the scheme, participating employees are awarded the right to receive shares equal in value to the difference between the exercise price and the grant price. The employee therefore participates in the share price appreciation of the Company. The vesting of the right is conditional on the achievement of Group performance levels over a performance period.

Grant date	Grant price	Expiry date	Number of rights at 1 March 2011 '000	Rights granted during the year '000	Rights exercised during the year '000	Rights forfeited during the year '000	Number of rights at 29 February 2012 '000
June 2010	R10,31	Dec 2013	1 093	–	–	(50)	1 043
June 2010	R10,31	Dec 2014	1 093	–	–	(50)	1 043
June 2010	R10,31	Dec 2015	1 094	–	–	(50)	1 044
			3 280	–	–	(150)	3 130
June 2011	R11,48	Dec 2014	–	140	–	–	140
June 2011	R11,48	Dec 2015	–	140	–	–	140
June 2011	R11,48	Dec 2016	–	140	–	–	140
			–	420	–	–	420
			3 280	420	–	(150)	3 550

13. SHARE-BASED PAYMENT RESERVE continued

13.2 Share appreciation right scheme 2010 continued

13.2.1 continued

The Group has used a Black-Scholes model to determine the fair value of the share appreciation rights (SARs). The model used the following parameters:

Grant price	The grant price at which the SAR is issued, being the 30-day weighted average share price quoted on the JSE Limited on the grant date
Share price at grant date	The closing share price as quoted by the JSE Limited at grant date
Expected option life	Between 3,25 and 5,25 years
Risk-free rate	Between 7,6% and 7,9%
Annualised volatility	Between 38,8% and 49,1% based on historic volatility determined by the statistical analysis of daily share price movements over the past three years
Dividend yield	Between 3,4% and 3,6% based on historic dividend payments over the three years prior to the grant date
Vesting	1 043 000 on 1 June 2013 (rights expire on 1 December 2013) 1 183 000 on 1 June 2014 (rights expire on 1 December 2014) 1 184 000 on 1 June 2015 (rights expire on 1 December 2015) 140 000 on 1 June 2016 (rights expire on 1 December 2016)
Performance conditions	Compound real growth in headline earnings per share of the Company
Non-market conditions	Growth in headline earnings per share
Market conditions	No market conditions
Estimated fair value per right at grant date	Grant date: June 2010 Expiry date 1 December 2013: R0,99 Expiry date 1 December 2014: R1,33 Expiry date 1 December 2015: R1,33 Grant date: June 2011 Expiry date 1 December 2014: R0,93 Expiry date 1 December 2015: R1,29 Expiry date 1 December 2016: R1,50
Average remaining life	Between 2,5 and 4,5 years

	Group 2012 R'000	Group 2011 R'000
--	------------------------	------------------------

13.2.2 The amounts recognised in the financial statements for these share-based payment transactions are as follows:

Balance at beginning of year	2 301	–
Charged as “selling and administration expenses” during year	3 085	2 301
Balance at end of year	5 386	2 301

13.2.3 The total cost of the rights, as reflected by the model, is R13 005 000 which will be charged to the statement of comprehensive income as follows:

	R'000
2011	2 301
2012	3 085
2013	3 301
2014	2 527
2015	1 390
2016	369
2017	32
	13 005

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	Group 2012 R'000	Group 2011 R'000	Company 2012 R'000	Company 2011 R'000
14. NON-DISTRIBUTABLE RESERVE				
Capital redemption reserve	5 896	5 896	5 896	5 896
			Group 2012 R'000	Group 2011 R'000
15. NON-CONTROLLING INTEREST				
15.1 Advance from non-controlling shareholders of subsidiaries				
Non-current portion			135 489	144 073
Current portion			4 850	32 089
			140 339	176 162
Share of deficit in subsidiaries			(5 301)	(2 563)
			135 038	173 599
15.2 The advance from non-controlling shareholders of subsidiaries is interest-free. It is repayable as follows:				
Next 12 months			4 850	32 089
Months 13 to 24			7 000	4 850
No defined terms			128 489	139 223
			140 339	176 162
15.3 The non-controlling shareholders of subsidiaries are related parties of the Company.				
16. ASSURANCE FUNDS				
Underwriting activities are conducted through special purpose entities on commercial terms and conditions and at market rates.				
Statement of comprehensive income effect:				
– gross written premium			13 714	10 379
– investment income			498	488
– decrease in assurance funds			5 406	1 629
– claims paid			(1 708)	(3 000)
– other expenses			(4 900)	(9 051)
– profit before taxation			13 010	445
Reflected in the statement of financial position as:				
– assurance funds			(7 731)	(13 137)
– trade and other receivables			200	260
– cash and cash equivalents			9 414	16 324
– current tax liabilities			(2 172)	(164)
– trade and other payables			(12)	(5 508)
17. LEASE LIABILITIES				
At beginning of year			110 176	98 079
Movement during year			991	12 097
At end of year			111 167	110 176
Less: current portion			(6 639)	–
Non-current portion			104 528	110 176
This liability arose as a result of the implementation of the “straight-line” concept contained in IAS 17: ‘Leases’.				

	Group 2012 R'000	Group 2011 R'000
--	------------------------	------------------------

18. DERIVATIVE FINANCIAL LIABILITIES

Forward foreign exchange contracts

The following forward exchange contracts have been entered into to cover foreign currency risk but were not designated as hedging instruments for accounting purposes.

These contracts mature in the next 12 months

1 778

–

	Foreign amount '000	Rand amount R'000	Fair value liability R'000
2012			
Imports			
US Dollars	2 801	20 847	1 778
2011			
Imports			
US Dollars	–	–	–

Fair value liability is calculated as the difference between the contracted value and the value to maturity at year-end.

Had the value to maturity been 5% higher or lower at year-end, the fair value of the derivative liability would have been R736 000 higher or lower.

	Group 2012 R'000	Group 2011 R'000	Company 2012 R'000	Company 2011 R'000
--	------------------------	------------------------	--------------------------	--------------------------

19. TRADE AND OTHER PAYABLES

19.1 Trade payables	1 430 952	1 190 028	–	–
Accrued expenses	115 249	94 494	460	419
Provisions	–	1 500	–	–
	1 546 201	1 286 022	460	419

19.2 Trade and other payables comprise primarily trade payables in respect of the purchase of vehicles, marine craft and parts. They are payable according to terms varying between 30 and 180 days.

19.3 All payables are interest-free except those in respect of vehicle purchases and car hire fleet vehicles which bear interest at rates varying between 7,5% and 10% per annum (2011: 8,5% and 11%) for the period they are outstanding in excess of an initial interest-free period.

	Total R'000	Onerous contracts R'000
19.4 Movement in provisions		
At beginning of year	1 500	1 500
Utilised during year	(1 500)	(1 500)
At end of year	–	–

Notes to the annual financial statements

FOR THE YEAR ENDED 29 FEBRUARY 2012

	Group 2012 R'000	Group 2011 R'000	Company 2012 R'000	Company 2011 R'000
20. REVENUE				
Revenue is derived from the various segments of the business as follows:				
Retail motor	7 799 845	6 881 230	–	–
Car hire	291 914	299 442	–	–
Marine and leisure	173 155	142 321	–	–
Financial services	15 559	12 009	–	–
Corporate services/other	13 255	27 222	18 601	40 880
	8 293 728	7 362 224	18 601	40 880
21. EXPENSES BY NATURE				
Cost of sales	6 922 488	6 075 026	–	–
Impairment of goodwill	–	167	–	–
– Employee benefit expense (note 21.1)	531 476	484 097	–	–
– Depreciation	25 256	25 993	–	–
– Auditor's remuneration (note 21.3)	4 350	4 282	49	89
– Operating lease charges	183 684	179 113	–	–
– Impairment charge for bad and doubtful debt	306	3 938	–	–
– Foreign exchange losses	919	72	–	–
– Valuation of derivative financial instrument	1 778	–	–	–
– Other expenses	409 347	392 544	164	190
Selling and administration expenses	1 157 116	1 090 039	213	279
21.1 Employee benefit expense				
Employee costs	474 337	432 471	–	–
Pension fund contributions	29 536	26 865	–	–
Medical aid contributions	24 518	22 460	–	–
Share-based payment expense	3 085	2 301	–	–
	531 476	484 097	–	–
21.2 Key management employee benefit expense				
Short-term employee benefits	30 078	28 840	–	–
Share-based payment expense	1 581	1 394	–	–
	31 659	30 234	–	–
These amounts are included in "Employee benefit expense" above.				
21.3 Auditor's remuneration				
Fees for audit	4 272	4 079	49	86
Fees for other services	75	200	–	–
Prior year adjustment	3	3	–	3
	4 350	4 282	49	89
22. OTHER INCOME				
Fair value discount reversed (note 6)	3 000	3 000	3 000	3 000

	Group 2012 R'000	Group 2011 R'000	Company 2012 R'000	Company 2011 R'000
23. FINANCE INCOME/FINANCE COSTS				
Interest paid – trade payables	(33 994)	(32 348)	(10)	–
– other	(43)	–	–	–
	(34 037)	(32 348)	(10)	–
Interest received – bank	14 669	12 831	7 706	8 636
– subsidiaries	–	–	46 194	58 180
– other	258	–	–	–
	14 927	12 831	53 900	66 816
Net finance cost	(19 110)	(19 517)	53 890	66 816
24. TAX EXPENSE				
24.1 South African normal taxation				
– current year	44 640	53 232	15 030	18 630
– prior year adjustment	(17)	(1 197)	–	217
– deferred – current year	4 372	(5 552)	–	–
– prior year	84	(14)	–	–
Secondary taxation on companies				
– current	3 922	3 495	4 651	1 406
– deferred	867	175	–	–
	53 868	50 139	19 681	20 253
24.2 Reconciliation of rate of taxation	%	%	%	%
Statutory rate	28,0	28,0	28,0	28,0
Adjusted for:				
Disallowable expenditure	0,9	1,0	–	–
Exempt income and allowances	(3,4)	(3,9)	(8,0)	(11,1)
Secondary taxation on companies				
– current	2,0	1,9	6,1	1,3
– deferred	0,4	0,1	–	–
Assessed losses not recognised	0,1	1,6	–	–
Assessed losses utilised	(0,8)	(0,2)	–	–
Prior year adjustment	–	(0,7)	–	0,1
Effective rate	27,2	27,8	26,1	18,3

25. EARNINGS PER SHARE

25.1 Basic earnings and headline earnings per share are based on total profit and headline earnings attributable to equity holders of the Company respectively, and are calculated using the weighted average of 108 179 000 (2011: 107 943 000) shares in issue during the year.

25.2 On the assumption that all of the share options referred to in note 12.4 are taken up by employees, earnings and headline earnings per share will be diluted.

The number of shares used to calculate diluted earnings and headline earnings per share is determined by adding to the weighted average number of shares in issue the number of shares that could have been purchased using the value representing the discount between the price at which the option shares were granted and the year-end value of the existing shares. No adjustment is made to total profit or headline earnings.

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	Group 2012 R'000	Group 2011 R'000		
25. EARNINGS PER SHARE continued				
25.2 continued				
Weighted average number of shares in issue during year ('000 shares)	108 179	107 943		
Adjustment for option shares	307	1 971		
Weighted average number of shares for dilution calculation	108 486	109 914		
25.3 Reconciliation of headline earnings				
Total profit	144 146	130 336		
Non-trading items:				
– impairment of goodwill	–	167		
Headline earnings	144 146	130 503		
Attributable to:				
Equity holders of the Company	131 297	120 173		
Non-controlling shareholders of subsidiaries	12 849	10 330		
	144 146	130 503		
25.4 Earnings per share (cents)				
Basic	121,4	111,2		
Diluted basic	121,0	109,2		
Headline	121,4	111,3		
Diluted headline	121,0	109,3		
	Group 2012 R'000	Group 2011 R'000	Company 2012 R'000	Company 2011 R'000
26. CASH GENERATED FROM OPERATIONS				
Operating profit	217 124	199 992	21 388	43 601
Adjustments for non-cash items:				
Movement in lease liabilities	991	12 097	–	–
Movement in share-based payment reserve	3 085	2 301	–	–
Depreciation	91 616	83 460	–	–
Movement in provisions	(1 500)	(1 201)	–	–
Valuation of derivative financial liability	1 778	–	–	–
Profit on sale of plant and equipment	–	(26)	–	–
Fair value discount reversed	(3 000)	(3 000)	(3 000)	(3 000)
Impairment of goodwill	–	167	–	–
Assurance funds movement	(5 406)	(1 629)	–	–
Sale of car hire fleet vehicles	277 705	306 238	–	–
Purchase of car hire fleet vehicles	(396 527)	(336 536)	–	–
	185 866	261 863	18 388	40 601
Working capital changes:				
Inventory	(176 271)	(105 087)	–	–
Trade and other receivables	17 063	(21 593)	–	–
Trade and other payables	261 679	113 607	41	61
	102 471	(13 073)	41	61
Cash generated from operations	288 337	248 790	18 429	40 662

	Group 2012 R'000	Group 2011 R'000	Company 2012 R'000	Company 2011 R'000
27. DIVIDENDS PAID				
Ordinary dividends				
Dividend number 47	(14 065)	–	(14 065)	–
Dividend number 46	(32 448)	–	(32 448)	–
Dividend number 45	–	(14 057)	–	(14 057)
Dividend number 44	–	(22 646)	–	(22 646)
	(46 513)	(36 703)	(46 513)	(36 703)
28. TAXATION PAID				
Taxation paid is reconciled to the amounts disclosed in the statement of comprehensive income as follows:				
Amounts (unpaid)/paid in advance at beginning of year	(1 959)	3 787	(2 047)	(2 995)
Amounts charged to the statement of comprehensive income	(48 545)	(55 530)	(19 681)	(20 253)
Amounts unpaid at end of year	9 639	1 959	2 989	2 047
	(40 865)	(49 784)	(18 739)	(21 201)
29. NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES				
Repayment of loans	(35 823)	(32 782)		
Payment of dividends	(15 123)	(10 556)		
	(50 946)	(43 338)		
30. RELATED PARTY TRANSACTIONS				
30.1 During the year a number of subsidiary companies occupied properties which are owned directly or indirectly by various directors of the Company.				
Rentals paid during the year amounted to	46 485	40 118	–	–
The directors are of the opinion that the terms and conditions of the rental agreements approximate those available in the open market.				
30.2 Other transactions conducted and balances with related companies were as follows:				
Dividends received				
– Main Street 445 Proprietary Limited (note 6)	(17 229)	(18 234)	(17 229)	(18 234)
– inter-group	–	–	(1 372)	(22 646)
Interest received				
– inter-group	–	–	(46 194)	(58 180)
Dividends paid				
– Main Street 445 Proprietary Limited	15 123	10 000	–	–
– Chez Investments Proprietary Limited	–	556	–	–
Year-end balances				
– advance to subsidiary	–	–	449 856	483 762
– investment in Main Street 445 Proprietary Limited	207 500	187 271	207 500	187 271
– advance from Main Street 445 Proprietary Limited	140 234	176 057	–	–
– advance from Chez Investments Proprietary Limited	105	105	–	–
Main Street 445 Proprietary Limited and Chez Investments Proprietary Limited are non-controlling shareholders of Group companies.				

Notes to the annual financial statements

FOR THE YEAR ENDED 29 FEBRUARY 2012

	Group 2012 R'000	Group 2011 R'000	Company 2012 R'000	Company 2011 R'000
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31. COMMITMENTS

Operating lease commitments

The future minimum lease payments under non-cancellable operating leases are as follows:

Next 12 months	170 635	159 580	–	–
Years 2 to 5	418 002	441 491	–	–
Years 6+	176 232	254 140	–	–
	764 869	855 211	–	–
Less: accrued in statement of financial position	(111 167)	(110 176)	–	–
Future expense	653 702	745 035	–	–

32. EMPLOYEE BENEFIT INFORMATION

32.1 Membership of motor-related union pension funds is compulsory for certain artisans and other employees, whilst membership of the Group pension fund, Combined Motor Holdings Pension Fund, is available for all other classes of employees commencing employment before the age of 55 years.

32.2 During the year under review the Combined Motor Holdings Pension Fund operated as a defined contribution plan governed by the Pension Funds Act.

32.3 The Group pays a fixed monthly contribution to these separate legal entities and has no legal or constructive obligation to pay further contributions if the funds do not hold sufficient assets to pay all employees the benefits relating to their employment service.

32.4 The Group pays a fixed monthly contribution to various independent medical schemes. It has no post-retirement obligations to employees.

33. CONTINGENT LIABILITIES

In support of the BEE transaction concluded with Thebe Investment Corporation Proprietary Limited, the Company has given an undertaking on the occurrence of an event of default under the terms and conditions of the B-class preference shares in Main Street 445 Proprietary Limited:

33.1 to the holders of the B-class preference shares, to the value of R1 915 000 (2011: R16 285 000), the right to put the shares to the Company for an amount equal to the outstanding capital and accumulated dividends.

The directors are of the opinion that no material loss will arise as the result of this undertaking.

34. SUBSEQUENT EVENTS

A dividend (dividend number 48) of 36 cents per share will be paid on Monday 18 June 2012 to members reflected in the share register of the Company at the close of business on the record date, Friday 15 June 2012. Last day to trade 'cum' dividend is Friday 8 June 2012. First day to trade 'ex' dividend is Monday, 11 June 2012. Share certificates may not be dematerialised or rematerialised from Monday 11 June 2012 to Friday 15 June 2012, both days inclusive.

The number of ordinary shares in issue at the date of the declaration is 108 198 573. Consequently, the gross dividend payable is R38 951 000 and will be distributed from income reserves. The total value of STC credits available for utilisation is R1 372 000, or 1,3 cents per share. The dividend will be subject to dividend withholding tax at a rate of 15%, which will result in a net dividend of 30,8 cents to those shareholders who are not exempt in terms of section 64F of the Income Tax Act.

35. STANDARDS, AMENDMENTS AND INTERPRETATIONS TO EXISTING STANDARDS THAT ARE NOT YET EFFECTIVE TO THE GROUP'S OPERATIONS

The following standards, amendments and interpretations to existing standards have been published. They are mandatory for the Group's accounting year beginning 1 March 2013, are relevant to the Group's operations, but are not expected to have a material impact.

IFRS 9	Financial instruments	IFRS 13	Fair value measurement
IFRS 10	Consolidated financial statements	IAS 27	Separate financial statements
IFRS 11	Joint arrangements	IAS 32	Financial instruments – Presentation
IFRS 12	Disclosures of interests in other entities		

Subsidiaries

Name of company	Issued share capital R	Activity	Effecting holding (indirect)/direct		Shares at cost less amounts written off		Indebtedness by subsidiaries	
			2012 %	2011 %	2012 R'000	2011 R'000	2012 R'000	2011 R'000
Bonerts	20	6	–	(85)	–	–	–	–
CMH Autogas Products	100	5	(85)	(85)	–	–	–	–
CMH Car Hire	100	3	(85)	(85)	–	–	–	–
CMH Holdings	1 000	5	85	85	1	1	449 856	483 762
CMH Luxury Motors	3 000 000	1	(85)	(85)	–	–	–	–
CMH Luxury Motors (Lyndhurst)	200	1	(85)	(85)	–	–	–	–
CMH Luxury Motors (Umhlanga)	100	1	(85)	(64)	–	–	–	–
CMH Marine and Leisure	67 000	4	(85)	(85)	–	–	–	–
Combined Motor Finance	2	2	(85)	(85)	–	–	–	–
Datcentre Motors	250 000	1	(85)	(85)	–	–	–	–
Kempster Sedgwick	1 800 400	1	(85)	(85)	–	–	–	–
Mandarin Motors	100	1	(77)	(85)	–	–	–	–
Mandarin Motors Three	100	1	(85)	(85)	–	–	–	–
Mandarin Motors Two	100	6	–	(81)	–	–	–	–
Pipemakers	100	5	(60)	(60)	–	–	–	–
Power Financial Services (KZN)	100	6	–	(85)	–	–	–	–
Waterworld	1	6	(85)	(85)	–	–	–	–
Whitehouse Motors	25	1	(85)	(85)	–	–	–	–
					1	1	449 856	483 762

Notes

1. All subsidiaries are Proprietary Limited companies incorporated in South Africa.
2. Activity index:
 - 1 retail motor
 - 2 financial services
 - 3 car hire
 - 4 marine and leisure
 - 5 corporate services/other
 - 6 dormant/deregistered in current year
3. No business of a subsidiary was managed by a third party during the year under review.

Directors' emoluments

		Total R'000	MPD Conway R'000	SK Jackson R'000	JD McIntosh R'000
Executive directors					
2012					
Salary		8 807	2 604	2 863	3 340
Performance-related payments		3 740	1 100	1 100	1 540
Other benefits		744	248	248	248
Contributions to pension and medical aid funds		918	234	327	357
		14 209	4 186	4 538	5 485
2011					
Salary		8 049	2 225	2 688	3 136
Performance-related payments		3 400	1 000	1 000	1 400
Share-based payment award		209	209	–	–
Other benefits		630	210	210	210
Contributions to pension and medical aid funds		824	232	278	314
		13 112	3 876	4 176	5 060

	Total R'000	LCZ Cele R'000	JS Dixon R'000	JTM Edwards R'000	VP Khanyile R'000	D Molefe R'000	MH Shelembe R'000	M Zimmerman R'000
Non-executive directors								
2012								
Fees	1 355	169	195	257	134	50	50	500
Other benefits	36	–	–	–	–	–	–	36
Contributions to medical aid fund	51	–	–	–	–	–	–	51
	1 442	169	195	257	134	50	50	587
2011								
Fees	1 908	157	85	254	117	–	95	1 200
Other benefits	36	–	–	–	–	–	–	36
Contributions to medical aid fund	51	–	–	–	–	–	–	51
	1 995	157	85	254	117	–	95	1 287

Notes

1. All remuneration paid by subsidiary companies.
2. MH Shelembe resigned September 2011.
3. D Molefe appointed September 2011.

Directors' shareholding

('000 shares)	Total	MPD Conway	JTM Edwards	SK Jackson	JD McIntosh	M Zimmerman	JW Alderslade
Beneficial shareholding at 28 February 2011							
– direct	219	5	7	87	112	–	8
– indirect	75 493	1 630	–	5 000	25 395	43 468	–
	75 712	1 635	7	5 087	25 507	43 468	8
Shares acquired/(disposed of) during the year							
– indirect	(222)	(222)	–	–	–	–	–
Beneficial shareholding at 29 February 2012							
– direct	219	5	7	87	112	–	8
– indirect	75 271	1 408	–	5 000	25 395	43 468	–
	75 490	1 413	7	5 087	25 507	43 468	8
Options held subject to the terms and conditions of the Share option scheme 2001							
– at R5,12 per share	2 137	338	–	787	1 012	–	–
	2 137	338	–	787	1 012	–	–
Rights held subject to the terms and conditions of the CMH Share appreciation right scheme 2010 ('000 rights)							
At 28 February 2011	300	300	–	–	–	–	–
Granted during year	–	–	–	–	–	–	–
At 29 February 2012	300	300	–	–	–	–	–

Analysis of ordinary shareholders

	Number of shareholders		('000) Number of shares held		Percentage of shares held	
	2012	2011	2012	2011	2012	2011
Individuals	521	523	4 908	5 069	4,5	4,7
Nominee companies and trusts	74	75	4 448	4 755	4,1	4,4
Other corporate bodies	120	124	98 842	98 314	91,4	90,9
	715	722	108 198	108 138	100,0	100,0
Holdings						
1 – 2 500	380	368	338	340	0,3	0,3
2 501 – 5 000	99	103	360	381	0,3	0,3
5 001 – 10 000	75	74	583	557	0,5	0,5
Over 10 000	161	177	106 917	106 860	98,9	98,9
	715	722	108 198	108 138	100,0	100,0
Public shareholders	709	716	32 708	32 426	30,2	30,0
Non-public shareholders – directors of Company	6	6	75 490	75 712	69,8	70,0
	715	722	108 198	108 138	100,0	100,0

Notes

1. So far as is known, only two shareholders other than a director are directly or indirectly beneficially interested in 5% or more of the ordinary issued share capital. Old Mutual Group holds 6,40% and Sanlam holds 5,77%.
2. A copy of the detailed share register as at 29 February 2012 is available on written request to the company secretary.

Stock exchange performance

			2012	2011
Closing price	29 February 2012	(cents)	1 000	1 330
Volume of shares traded		('000)	6 077	6 341
Value of shares traded		(R'000)	64 833	68 973
Number of transactions			193	209
Volume of shares traded as percentage of total issued shares		(%)	5,6	5,9
JSE General Retailers Index			52 486	38 743
JSE All-share Index			34 296	32 272
Lowest price	23 December 2011	(cents)	880	906
Highest price	2 March 2011	(cents)	1 339	1 400
Earnings yield	29 February 2012	(%)	12,1	8,3
Dividend yield	29 February 2012	(%)	4,3	2,6

Notice of meeting

Notice is hereby given that the twenty-third annual general meeting of shareholders of Combined Motor Holdings Limited will be held in the boardroom at the CMH Head Office located at 1 Wilton Crescent, Umhlanga Ridge, on Thursday 31 May 2012 commencing at 15:00 for the following purposes:

1. Ordinary resolution number 1

Approval of annual financial statements

To receive, approve and adopt the annual financial statements, audit committee report and directors' report of the Company and the Group for the year ended 29 February 2012.

2. Ordinary resolution number 2

Election and re-election of directors

To confirm the election of the following director who was appointed on 14 September 2011:

2.1 D Molefe

To confirm the re-election of the following directors who retire by rotation in terms of the Articles of Association and who have offered themselves for re-election:

2.2 JTM Edwards

2.3 SK Jackson

A brief curriculum vitae of each of the above directors is recorded on page 78. The directors recommend the election of each of the directors.

3. Ordinary resolution number 3

Election of audit and risk assessment committee

To elect members of the audit and risk assessment committee for the ensuing year. The directors propose the re-election of the following members:

JS Dixon (chairman)

LCZ Cele

JTM Edwards

4. Ordinary resolution number 4

Re-appointment of external auditor

To re-appoint PricewaterhouseCoopers Inc., and designated partner ME Jones, as auditor of the Company and the Group for the ensuing year.

5. Ordinary resolution number 5

Remuneration report

To confirm, on a non-binding advisory basis, the approval by shareholders of the remuneration report of the Group. The remuneration report is recorded on pages 26 and 27.

6. Special resolution number 1

Financial assistance to related companies

To authorise the directors, in terms of Section 45(3) of the Act, to bind the Company in the provision of direct or indirect financial assistance to a related company. In terms of Section 45(5)(a) of the Act, the directors place on record that at 29 February 2012:

- the Company had advanced a loan to its subsidiary in the sum of R449 856 000. This advance earns interest at 2% above the prime overdraft rate and has no fixed repayment terms. Further advances may be made during the forthcoming year; and
- the Company had a preference share investment in Main Street 445 Proprietary Limited with a book value of R207 500 000. This investment was made in support of a BEE transaction concluded with that company's holding company, Thebe Investment Corporation Proprietary Limited, in 2006. The Company earns a market-related return on this investment. It has no defined terms of recoupment.

7. Special resolution number 2

Approval of fees of non-executive directors

To approve, in terms of Section 66(8) of the Act, the fees of non-executive directors for their services as directors, as follows:

	2012 R'000	2013 R'000
Chairman of the Board	500	500
Lead independent director	175	190
Director	100	105
Audit and Risk Assessment Committee		
– chairman	75	90
– member	25	27
– per meeting	10	10
Remuneration Committee		
– chairman	20	22
– member	10	10
– per meeting	7	7
Social, Ethics and Transformation Committee		
– chairman	20	22
– member	10	10
– per meeting	7	7

8. Special resolution number 3

Replacement of Memorandum and Articles of Association

To approve, in terms of Section 16(1)(c) of the Act, the deletion in its entirety of the Company's present Memorandum and Articles of Association, and its replacement by the draft Memorandum of Incorporation circulated to members. Further, that any director of the Company be authorised to sign the form CoR 15.2 – Notice of Amendment of Memorandum of Incorporation, and do all such things as are necessary to give effect to this resolution.

In order for an ordinary resolution to be adopted the support is required of more than 50% of the total number of votes which the shareholders present or represented by proxy at this meeting are entitled to cast.

In order for a special resolution to be adopted the support is required of more than 75% of the total number of votes which the shareholders present or represented by proxy at this meeting are entitled to cast.

A shareholder who is entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his stead. The person so appointed need not be a shareholder. In terms of the Act, any shareholder or proxy who attends the meeting must provide satisfactory identification. A South African green bar-coded identification document, driver's licence or passport will be acceptable. Proxy forms should be forwarded to reach the registered office of the Company by not later than 15:00 on Wednesday, 30 May 2012.

The record date in terms of section 59(1)(a) of the Act for shareholders to be recorded on the securities register of the Company in order to receive notice of the annual general meeting is 26 April 2012.

The record date in terms of section 59(1)(b) of the Act for shareholders to participate in and vote at the annual general meeting is 25 May 2012.

By order of the Board of directors

K Fonseca

Company Secretary

19 April 2012

Curricula vitae

A brief curriculum vitae of each of the directors standing for election or re-election is as follows:

Dineo Molefe, CA (SA), was appointed to the Board in September 2011. Dineo served her articles at Grant Thornton before joining the IDC, first as a senior internal auditor, and later as a business analyst in the mining division. She was then appointed senior financial analyst at Eskom's Generation Division. Dineo joined Thebe Investment Corporation in 2007 and serves as an executive director. Her responsibilities include financial reporting, budgeting, cash-flow management, implementation and maintenance of internal controls and risk management systems, and the skills development of finance personnel. She also actively participates in the evaluation of new investments. Dineo holds a Masters degree in International Accounting and is a member of the Institute of Directors.

John Theodore Maitland Edwards, CA(SA) was appointed to the board in 2002, and a year later was appointed chairman of the audit and risk assessment committee, a position he held until May 2011. John has held a number of senior positions in both private and public enterprises and was, until his retirement in 1992, partner in charge of the Durban office of the Group's external auditor. He has played an important role in developing a charter for the audit and risk committee and ensuring that the Group maintains a high standard of corporate governance. He is chairman of the remuneration committee and was last re-elected to office in 2009.

Stuart Keith Jackson, CA(SA) joined the Group in 1979 and was appointed financial director in 1986. Stuart is responsible for the Group's administration, treasury and taxation departments. Stuart was last re-elected to office in 2009.

Form of proxy



COMBINED MOTOR HOLDINGS LIMITED ANNUAL GENERAL MEETING 31 MAY 2012

I/We _____ the undersigned,
being the holder/s of _____ ordinary shares of no par value in Combined Motor Holdings Limited,
do hereby appoint _____
or _____

or failing him the chairman of the meeting as my/our proxy to transact on my/our behalf at the annual general meeting of the Company to be held at 15:00 on Thursday, 31 May 2012 and at each adjournment thereof.

Signature(s)

Date

Please indicate with an "X" in the appropriate space below how you wish your vote to be cast:

	For	Against	Abstention
Ordinary resolution number 1			
Ordinary resolution number 2.1: D Molefe			
Ordinary resolution number 2.2: JTM Edwards			
Ordinary resolution number 2.3: SK Jackson			
Ordinary resolution number 3			
Ordinary resolution number 4			
Ordinary resolution number 5			
Special resolution number 1			
Special resolution number 2			
Special resolution number 3			

Notes

1. A shareholder who is entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his stead. The person so appointed need not be a shareholder.
2. Proxy forms should be signed, dated and forwarded to reach the registered office of the Company, 1 Wilton Crescent, Umhlanga Ridge 4319, by no later than 15:00 on Wednesday, 30 May 2012.
3. If no direction is given as to how a vote is to be cast, then the proxy holder will be entitled to vote as he/she deems fit.
4. In terms of the Act, any shareholder or proxy who attends the meeting must provide satisfactory identification. A South African green bar-coded identification document, driver's licence or passport will be acceptable.

Registered office

1 Wilton Crescent Umhlanga Ridge 4319

Postal address

PO Box 1033 Umhlanga Rocks 4320

Administration

REGISTRATION NUMBERS

1965/000270/06 Share code: CMH

ISIN number: ZAE000088050

DIRECTORS

LCZ Cele, BCom, Postgrad Dip Tax, MAcc (Tax) (Independent non-executive)

MPD Conway, CA (SA)

JS Dixon, CA (SA) (Independent non-executive)

JTM Edwards, CA (SA) (Independent non-executive)

SK Jackson, BCom (Hons) (Tax Law), CA (SA)

VP Khanyile, BCom (Hons) (Independent non-executive)

JD McIntosh, CA (SA)

D Molefe, BCom, BCompt (Hons), Masters International Accounting, CA (SA) (Independent non-executive)

M Zimmerman (Non-executive)

JW Alderslade, CA (SA) (alternate to VP Khanyile and D Molefe)

EXECUTIVE COMMITTEE

SL Atkinson

BWJ Barritt

JP de Bruyn

K Fonseca

GP Gray

RJ Minnaar

TH Morey

CG Webber

SECRETARY

K Fonseca

AUDITOR

PricewaterhouseCoopers Inc.

BANKERS

First National Bank of Southern Africa

TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited

PO Box 61051

Marshalltown 2107

BUSINESS ADDRESS AND REGISTERED OFFICE

1 Wilton Crescent

Umhlanga Ridge 4319

POSTAL ADDRESS

PO Box 1033 Umhlanga Rocks 4320

SPONSORS

PricewaterhouseCoopers Corporate Finance Proprietary Limited

Private Bag X36 Sunninghill

2157

Shareholders' diary

YEAR-END Annual general meeting	February May
REPORTS Interim Integrated annual report	October May
DIVIDENDS Interim Final	Declared October, paid December Declared April, paid June



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