



Combined Motor Holdings Limited



2010 ANNUAL REPORT

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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GROUP PROFILE AND STRUCTURE

RETAIL MOTOR DEALERSHIPS

VOLVO

SWEDOCAR
Cape Town, Hatfield,
Pretoria East, Umhlanga Rocks
AUTO NORDIC
Bryanston, 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

KIA

Bryanston

FIAT/ALFA ROMEO

CMH Umhlanga
CMH Pietermaritzburg
CMH Pretoria

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 Pretoria
Land Rover Umhlanga

BMW/MINI

Lyndhurst Auto
Menlyn Auto
Umhlanga Auto

VOLKSWAGEN

Cape Town

PEUGEOT

Peugeot Cape Town
Peugeot Durban
Peugeot Johannesburg South
Peugeot Menlyn

CITROËN

Citroën Cape Town
Citroën Hatfield
Citroën Johannesburg South

LAMBORGHINI

Bryanston, Tygervalley

INVESTMENT CARS

Bryanston, Tygervalley

BMW APPROVED REPAIR CENTRE

Umhlanga Rocks
Wynberg

ARMORMAX

Bryanston

CAR HIRE

FIRST CAR RENTAL

OR Tambo (Johannesburg), Bloemfontein,
Port Elizabeth, Kimberley, Upington,
East London, Nelspruit, George, Durban,
Richards Bay, Pietermaritzburg, Lanseria
and Cape Town Airports, Durban,
Cape Town central, Kempton Park,
Sandton, Randburg, Pretoria, Lyndhurst,
Richards Bay, Polokwane, Kimberley,
Upington, Stellenbosch, Rondebosch,
Boksburg, Pinetown, Emerald Casino
(Vanderbijlpark), Industria, Bloemfontein,
Port Elizabeth, Jacobs, Menlyn,
Umhlanga Ridge, Witbank, Midrand,
Mthatha

MARINE AND LEISURE

CMH MARINE AND LEISURE
CMH RECREATIONAL PRODUCTS
Randburg
WATERWORLD
Cape Town, Randburg

DISTRIBUTION AND FRANCHISING

BONERTS

Johannesburg, Turffontein

NATIONAL WORKSHOP EQUIPMENT

Pinetown

FINANCIAL AND SUPPORT SERVICES

FULL MAINTENANCE LEASING

TREASURY

WARRANTY

CREDIT LIFE

VEHICLE INSURANCE

CMH FINANCE

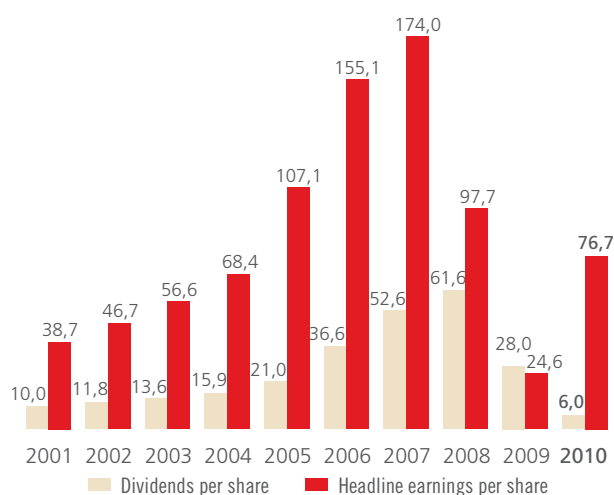
CMH INSURANCE

CMH CARSHOP

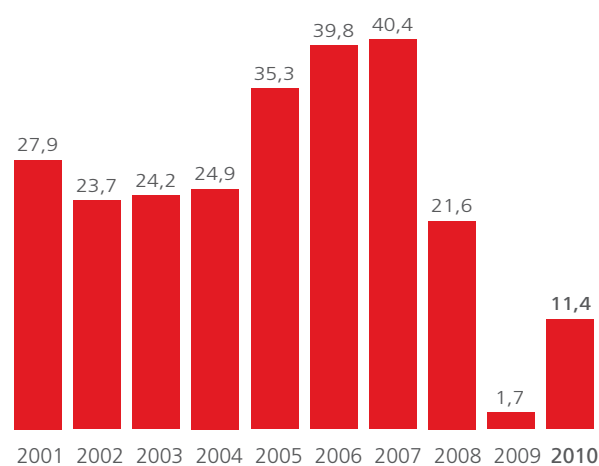
GROUP FINANCIAL HIGHLIGHTS

		2010	Restated 2009	% Change
Total assets	(R'000)	2 005 167	1 968 287	2
Net asset value per share	(cents)	465	420	11
Revenue	(R'000)	6 507 518	6 822 786	(5)
Operating profit	(R'000)	108 103	46 378	133
Net profit attributable to ordinary shareholders	(R'000)	54 439	8 127	570
Return on shareholders' funds	(%)	11,4	1,7	570
Earnings per share	(cents)	50,6	7,6	566
Headline earnings per share	(cents)	76,7	24,6	212
Dividends per share	(cents)	6,0	28,0	(79)

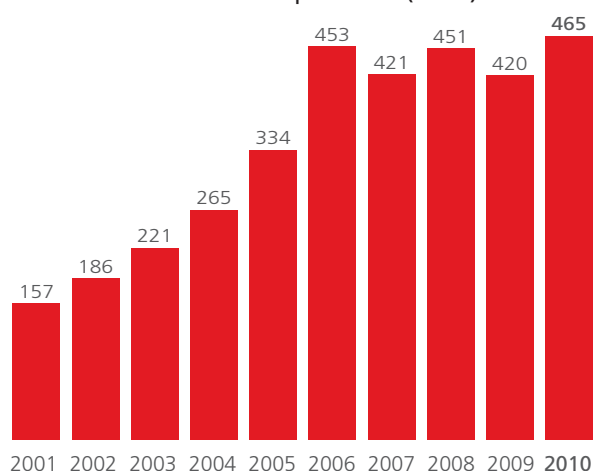
Headline earnings per share (cents)



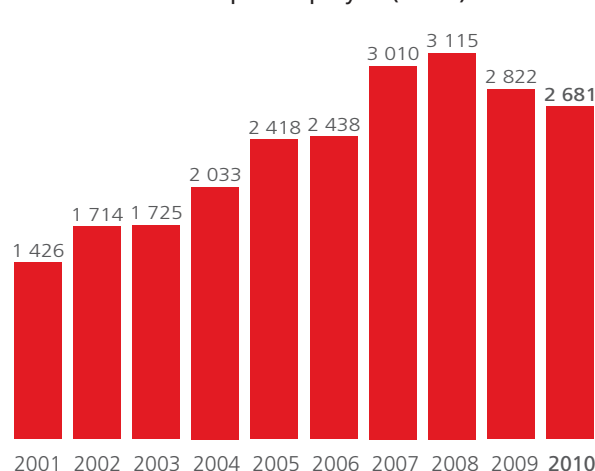
Return on shareholders' funds (%)



Net asset value per share (cents)



Revenue per employee (R'000)



Note: Figures presented for years prior to 2009 have not been restated in line with the change in accounting policy reflected in note 35 to the annual financial statements.

BOARD OF DIRECTORS



JEBB McINTOSH

CA (SA)
Chief executive officer
Age: 64
Appointed to the board
in 1976

VUSI KHANYILE

BCom (Hons)
Non-executive
Age: 59
Appointed to the board
in 2007

MALDWYN ZIMMERMAN

Non-executive chairman,
chairman of remuneration
committee
Age: 75
Appointed to the board
in 1976

MPIOLO SHELEMBE

BCom, BCompt (Hons),
Postgrad Dip Tax, CA (SA),
Postgrad Dip Marketing
Non-executive
Age: 33
Appointed to the board
in 2009



STUART JACKSON

BCom (Hons) (Tax Law),
CA (SA)
Financial director
Age: 57
Appointed to the board
in 1986

ZEE CELE

BCom, Postgrad Dip Tax,
MAcc (Tax)
Independent,
non-executive
Member of audit
committee
Age: 57
Appointed to the board
in 2007

JOHN EDWARDS

CA (SA)
Independent,
non-executive
Chairman of audit
committee, member of
remuneration committee
Age: 74
Appointed to the board
in 2002

MARK CONWAY

CA (SA)
Franchise director for
various motor retail
divisions and Marine
and Leisure
Age: 54
Appointed to the board
in 2000

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 balance sheet date.
Return on shareholders' funds	Total profit attributable to equity holders of the Company divided by the average shareholders' equity during the year.
Revenue per employee	Revenue divided by the number of employees in service at year-end.
Weighted average number of shares in issue	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

	2010	Restated 2009	Restated 2008	2007	2006	2005	2004	2003	2002	2001
BALANCE SHEET										
Interest-bearing debt to total assets (%)	0,2	0,3	0,3	0,4	0,2	0,2	0,4	1,7	1,7	2,6
Interest-bearing debt to total equity (%)	0,6	1,2	1,4	1,9	0,9	0,7	1,4	5,6	5,0	7,5
Current ratio (ratio)	1,4	1,3	1,3	1,3	1,3	1,4	1,4	1,4	1,4	1,4
Acid-test ratio (ratio)	0,8	0,7	0,7	0,7	0,3	0,5	0,5	0,5	0,6	0,5
Net asset value per share (cents)	465	420	451	421	453	334	265	221	186	157
Total assets per employee (R'000)	826	814	795	786	638	627	541	483	352	317

Notes:

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- Years 2005 – 2010 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.

	2010	Restated 2009	2008	2007	2006	2005	2004	2003	2002	2001
STATEMENT OF COMPREHENSIVE INCOME										
Weighted average number of shares in issue ('000)	107 562	107 470	107 195	105 867	105 055	103 245	102 010	101 930	101 930	101 930
Headline earnings per share (cents)	76,7	24,6	97,7	174,0	155,1	107,1	68,4	56,6	46,7	38,7
Basic earnings per share (cents)	50,6	7,6	91,6	175,4	157,2	108,9	60,6	49,2	40,6	38,7
Dividends per share										
– traditional (cents)	6,0	28,0	61,6	52,6	36,6	21,0	15,9	13,6	11,8	10,0
– special (cents)	–	–	–	140,0	–	–	–	–	–	–
Dividend cover										
– traditional (times)	12,8	0,9	1,6	3,3	4,2	5,1	4,3	4,2	4,0	3,9
Net interest cover (times)	6,1	1,4	4,7	10,6	19,9	57,6	15,8	8,7	6,1	15,9
Number of employees	2 427	2 418	2 829	3 018	2 771	1 842	1 584	1 502	1 545	1 438
Revenue per employee (R'000)	2 681	2 822	3 115	3 010	2 438	2 418	2 033	1 725	1 714	1 426
Operating profit on average total equity (%)	22,7	9,9	45,4	73,2	61,2	51,6	40,5	42,4	44,1	43,7
Return on shareholders' funds (%)	11,4	1,7	21,6	40,4	39,8	35,3	24,9	24,2	23,7	27,9

Notes:

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GROUP TEN-YEAR FINANCIAL REVIEW

	2010 R'000	Restated 2009 R'000	Restated 2008 R'000	2007 R'000	2006 R'000	2005 R'000	2004 R'000	2003 R'000	2002 R'000	2001 R'000
BALANCE SHEET										
ASSETS										
Plant and equipment	64 493	75 069	71 717	69 441	57 621	25 856	19 481	18 266	18 551	17 317
Investments	166 037	146 848	124 379	106 001	1 082	488	1 242	2 834	3 184	3 384
Deferred taxation	49 896	43 535	36 396	32 296	27 614	16 873	7 159	4 876	5 360	7 466
Goodwill	89 972	123 001	144 346	154 574	153 174	29 450	7 450	10 391	15 609	11 510
Current assets	1 634 769	1 579 834	1 871 007	2 008 853	1 527 337	1 082 178	822 152	688 897	500 394	416 640
Total assets	2 005 167	1 968 287	2 247 845	2 371 165	1 766 828	1 154 845	857 484	725 264	543 098	456 317
EQUITY AND LIABILITIES										
Ordinary shareholders' equity	500 764	451 905	472 716	438 089	477 141	346 851	272 302	225 500	189 197	159 857
Minority interest	(818)	(433)	12 121	12 217	1 289	286	9	237	(900)	(354)
Interest-bearing debt	3 169	5 398	6 838	8 556	–	2 434	3 784	12 532	9 375	12 002
Advance from minorities	208 944	245 613	270 724	285 845	4 668	625	618	200	1 140	1 050
Assurance funds	14 766	19 458	26 217	37 669	32 639	21 987	16 829	10 893	–	–
Lease liabilities	98 079	88 613	77 905	63 491	44 099	31 830	–	–	–	–
Other current liabilities	1 180 263	1 157 733	1 381 324	1 525 298	1 206 992	750 832	563 942	475 902	344 286	283 762
Total equity and liabilities	2 005 167	1 968 287	2 247 845	2 371 165	1 766 828	1 154 845	857 484	725 264	543 098	456 317

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	2010 R'000	Restated 2009 R'000	2008 R'000	2007 R'000	2006 R'000	2005 R'000	2004 R'000	2003 R'000	2002 R'000	2001 R'000
STATEMENT OF COMPREHENSIVE INCOME										
Revenue	6 507 518	6 822 786	8 811 995	9 085 649	6 756 951	4 454 213	3 220 632	2 591 397	2 647 535	2 050 755
Profit to revenue (%)	1,7	0,7	2,4	3,7	3,7	3,8	3,1	3,4	2,9	3,0
Operating profit	108 103	46 378	212 237	339 757	252 711	167 187	100 857	87 861	77 001	61 677
Net finance costs	(17 734)	(33 295)	(45 472)	(32 082)	(12 731)	(2 902)	(6 372)	(10 097)	(12 636)	(3 873)
Profit before taxation	90 369	13 083	166 765	307 675	239 980	164 285	94 485	77 764	64 365	57 804
Taxation	(35 586)	(11 023)	(54 857)	(113 997)	(73 870)	(51 573)	(32 376)	(27 588)	(26 335)	(19 615)
Total profit	54 783	2 060	111 908	193 678	166 110	112 712	62 109	50 176	38 030	38 189
Minority interest	(344)	6 067	(13 735)	(7 995)	(953)	(277)	(244)	(11)	3 338	1 245
Attributable profit	54 439	8 127	98 173	185 683	165 157	112 435	61 865	50 165	41 368	39 434
Dividends – traditional	(6 457)	(30 094)	(65 988)	(55 745)	(38 586)	(21 658)	(16 186)	(13 862)	(12 028)	(2 161)
– special	–	–	–	(149 853)	–	–	–	–	–	–
Retained earnings/ (deficit) (including special dividend)	47 982	(21 967)	32 185	(19 915)	126 571	90 777	45 679	36 303	29 340	37 273
Retained earnings/ (deficit) (excluding special dividend)	47 982	(21 967)	32 185	148 670	126 571	90 777	45 679	36 303	29 340	37 273

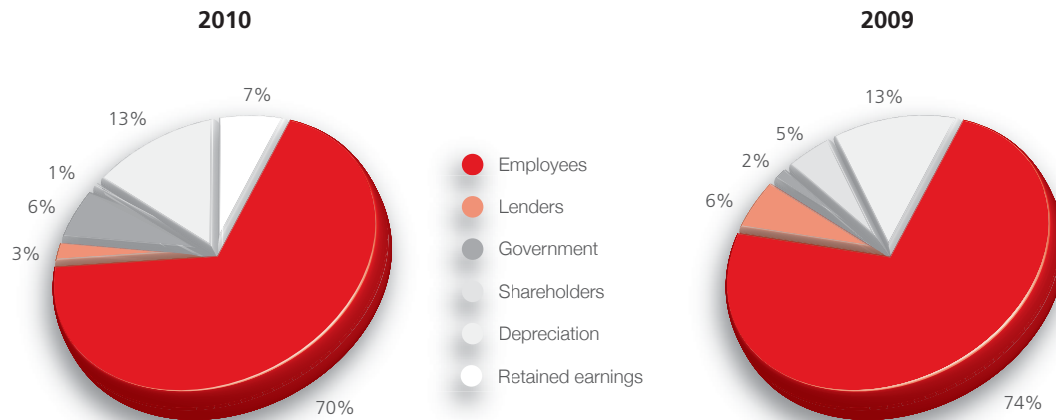
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VALUE-ADDED STATEMENT

	2010 R'000	2010 %	Restated 2009 R'000	2009 %
WEALTH CREATED				
Revenue	6 507 518		6 822 786	
Cost of goods and services	(5 862 140)		(6 259 900)	
Value added – current year	645 378		562 886	
– prior years, distributed in current year	–		21 967	
	645 378		584 853	
WEALTH DISTRIBUTION				
To employees – remuneration and benefits	453 714	70	431 797	74
To lenders – net finance costs on borrowings	17 734	3	33 295	6
To government – taxation	35 586	6	11 023	2
To shareholders – dividends	6 457	1	30 094	5
Retained for reinvestment in the Group				
– depreciation	83 905	13	78 644	13
– retained earnings	47 982	7	–	–
	645 378	100	584 853	100

WEALTH DISTRIBUTION





GROUP OPERATIONS

RETAIL MOTOR DEALERSHIPS



FRANCHISE	Volvo
Operating locations	Cape Town, Hatfield, Bryanston, Umhlanga Rocks, Pretoria East, West Rand
Staff employed	210
Senior management	S Atkinson (director), A Bell, W Edgar, N Fourie, O Fourie, D Gray, C Pienaar, A Pretorius



FRANCHISE	Land Rover
Operating locations	Umhlanga Rocks, Cape Town, Pretoria
Staff employed	93
Senior management	S Atkinson (director), D Gray, J Kimber, A Pretorius, E Vorster



FRANCHISE	Jaguar
Operating locations	Umhlanga Rocks, Cape Town
Staff employed	15
Senior management	S Atkinson (director), D Gray, M Macpherson, A Pretorius



FRANCHISE	Peugeot
Operating locations	Menlyn, Cape Town, Durban, Johannesburg South
Staff employed	100
Senior management	R Botha, J Graham, J Mangan, J Nell



FRANCHISE	Citroën
Operating locations	Hatfield, Johannesburg South, Cape Town
Staff employed	16
Senior management	R Botha, J Graham, J Nell



FRANCHISE
Operating locations
Staff employed
Senior management

Nissan
Durban, Pinetown, Pietermaritzburg, Hillcrest, Midrand
175
G Garrod, G Gray (director), A Hughes, C Massey-Hicks, C McHardy, S Singleton, J van der Linde, S van Vuuren



FRANCHISE
Operating locations
Staff employed
Senior management

Nissan Diesel
Westmead, Pietermaritzburg
58
R Byng



FRANCHISE
Operating locations
Staff employed
Senior management

Honda
Hatfield, Menlyn, Pinetown
105
D Grobler, T Horn, A Potgieter, C Webber



FRANCHISE
Operating locations
Staff employed
Senior management

Ford, Mazda
Durban, Bluff, Umhlanga Rocks, Pretoria, Gezina, Hatfield, Randburg
347
M Dovey, M Holmes, K Kruger, T Morey, P Ras, R Spence, A Sumares, Z van Greuning, C Wainwright



FRANCHISE
Operating locations
Staff employed
Senior management

General Motors
Boksburg, Constantia – West Rand, Umhlanga Rocks
135
A de Kock, B Nicholson, S Singleton

GROUP OPERATIONS

RETAIL MOTOR DEALERSHIPS



FRANCHISE
Operating locations
Staff employed
Senior management

BMW, Mini
Melrose Arch, Menlyn, Umhlanga Rocks
254
V Beck, A Ellis, W van Zyl



FRANCHISE
Operating locations
Staff employed
Senior management

BMW Approved Repair Centre
Wynberg, Umhlanga Rocks
79
V Beck, A Ellis, R Naidoo, D van Zyl



FRANCHISE
Operating location
Staff employed
Senior management

Volkswagen
Cape Town
40
S Atkinson (director), M Haf



FRANCHISE
Operating locations
Staff employed
Senior management

Toyota
Alberton, Umhlanga Rocks, Melrose Arch
159
P de Villiers, D Stotter, C Walters, C Webber



FRANCHISE
Operating location
Staff employed
Senior management

Lexus
Umhlanga Rocks
9
G Cawood, C Webber



FRANCHISE

Operating locations

Staff employed

Senior management

Fiat, Alfa Romeo

Umhlanga Rocks, Pietermaritzburg, Hatfield

61

R Downs, G Garrod, G Gray (director), D Kruger



FRANCHISE

Operating location

Staff employed

Senior management

Suzuki

Pinetown

11

G Gray (director)



FRANCHISE

Operating location

Staff employed

Senior management

Kia

Bryanston

8

P Marx, R Nethercott



FRANCHISE

Operating locations

Staff employed

Senior management

Lamborghini

Bryanston, Tygervalley

5

M Bruce, M Malherbe, R Steyl



FRANCHISE

Operating locations

Staff employed

Senior management

Investment Cars

Bryanston, Tygervalley

38

M Bruce, R Nethercott, R Steyl

GROUP OPERATIONS

RETAIL MOTOR DEALERSHIPS



FRANCHISE	Armormax
Operating location	Bryanston
Staff employed	4
Senior management	G Anderson

DISTRIBUTION AND FRANCHISING



FRANCHISE	Bonerts, National Workshop Equipment
Operating locations	Bonerts – Johannesburg, Turffontein National Workshop Equipment – Pinetown
Staff employed	68
Senior management	A Allworth, R Margach, A Laing, G Thomas

FINANCIAL AND SUPPORT SERVICES



FRANCHISE	CMH Finance, CMH Insurance, CMH Carshop, CMH IT
Staff employed	71
Senior management	G Bartel, S Cumming, JP de Bruyn, C Downs, S Eloff, K Fonseca, A Jithoo, A Julius, R Minnaar, E Utermark, G van Dyk, J Young

CAR HIRE



FRANCHISE	First Car Rental
Operating locations (airports)	OR Tambo (Johannesburg), Durban, Port Elizabeth, East London, Cape Town, George, Bloemfontein, Nelspruit, Kimberley, Richards Bay, Pietermaritzburg, Upington, Lanseria
Operating locations	Durban, Cape Town central, Kempton Park, Randburg, Richards Bay, Sandton, Pretoria, Midrand, Polokwane, Kimberley, Upington, Stellenbosch, Boksburg, Pinetown, Lyndhurst, Bloemfontein, Industria, Port Elizabeth, Jacobs, Menlyn, Umhlanga Ridge, Witbank, Emerald Casino (Vanderbijlpark), Rondebosch, Mthatha
Staff employed	305
Senior management	C Ault, B Barritt (managing director), U Crouse, S Duriex, V Govender, L Hall, B Hattingh, S Marshall, R McKay, A Nel, C Saayman, M Storey, B Troeberg (director), M Voges, K Werth

MARINE AND LEISURE



FRANCHISE	CMH Marine and Leisure
Operating locations	Randburg, Cape Town
Staff employed	44
Senior management	F Fensham, C Lanham-Love, D Savadier



REPORT OF THE CHAIRMAN

It gives me pleasure to present my report on the activities of the Group during the year ended 28 February 2010.

The global downturn which began in 2008 continued for almost the whole of the year under review. Low levels of consumer confidence, high average household debt to income ratios, and tight lending restrictions imposed by banks were symptomatic of the South African economy, which fell into recession for the first time in 17 years.

I forecast last year that the expected profit improvement would be driven not by sales volume increases, but by cost cutting measures and interest cost savings. The year produced a 4,6% reduction in revenue to R6,5 billion. However, the 1,7% improvement in gross profit, coupled with a substantial 5,3% decrease in selling and administration expenses and a 47% reduction in net finance charges, enabled the Group to achieve a 570% increase in attributable net profit, from R8,1 million to R54,4 million. This figure is still some distance from the peaks of previous years, but does indicate that the Group has been able to weather the storm and is positioned to take full advantage of sales volume increases predicted for the years ahead.

The Group's balance sheet is sound, with total equity of R500 million and negligible long-term debt other than that arising from the BEE deal concluded in 2006 which is not interest bearing. Careful cash flow management meant that despite the repayment of R39 million of long term debt and a dividend of R6 million, the Group ended the year with cash resources of R253 million, up from R212 million in 2009.

In addition to the dividend of 6 cents per share paid in December 2009, the directors have recommended the payment of 21 cents per share in June 2010.

ECONOMIC ENVIRONMENT

The recession of 2008/9 has seen the sharpest fall in employment levels in decades, with estimates of one million job losses. It is not surprising that consumer confidence

remained low and volatile. Despite the fall in interest rates, consumers were reluctant both to spend, and to borrow, during uncertain times. Credit extension in the private sector declined by rates which were last experienced decades ago.

In the motor industry, total sales fell 26% during calendar 2009, with light and heavy commercials suffering the most. This is the largest annual decline in South African history. In addition to economic conditions, the motor industry experienced a fall in vehicle affordability, lower finance approval rates and stretched replacement cycles by major fleet owners. Total unit sales numbered 395 000 compared with 533 000 in 2008. The decline in new vehicle sales was offset to a degree by a stronger used car market, where demand for low-to-medium-priced vehicles resulted in higher trade-in values.

SHARE INCENTIVE SCHEME

The directors have recognised the role played by the executive committee members in ensuring the Group's survival during an exceptionally challenging period, and the importance of their leadership during the expected, albeit modest, recovery in the years ahead.

It is for that reason that the directors have proposed the introduction of a share incentive scheme to help retain and reward key management. The scheme envisages the setting aside of a maximum of 7,5% of the Group's number of shares in issue, to be awarded in tranches over the next 10 years. The awards will be made not to existing senior directors, but

to the younger generation who will lead the Group over the next decade. Shareholders will be asked to approve the scheme at the forthcoming annual general meeting.

THE YEAR AHEAD

Modest sales volume increases during the last quarter of financial 2010 did not, in my opinion, herald the start of an economic recovery. Rather, they were the result of distorted manufacturer reporting and aggressive purchasing by car hire companies ahead of the mid-2010 World Cup. However, it does appear that monthly economic statistics have stopped deteriorating.

Vehicle sales growth during the year ahead is largely dependent on the sustainability of global and local economic recovery, generating business and consumer confidence. The prime overdraft rate fell consistently during 2009 and the recent decline to 10% represents the lowest level since 1981.

All things considered, I believe the forthcoming year will be one of consolidation, aided by a slow and modest growth in vehicle sales. The Group's lean profile places it in a sound position to take advantage of volume increases without an attendant increase in operating costs.

DIRECTORS

RTAC (Ray) Nethercott resigned from the board of directors with effect from 28 February 2010. Ray was general manager of a company acquired by the Group in 2000 and was appointed a director in 2001. He brought with him 30 years of retail motor experience, including two terms as chairman of the National Automobile Dealers' Association. Fortunately this wealth of knowledge and experience will not be lost as Ray will continue with the Group in a lesser executive capacity.

In terms of the BEE deal concluded in 2006, Thebe Investment Corporation has the right to nominate two directors

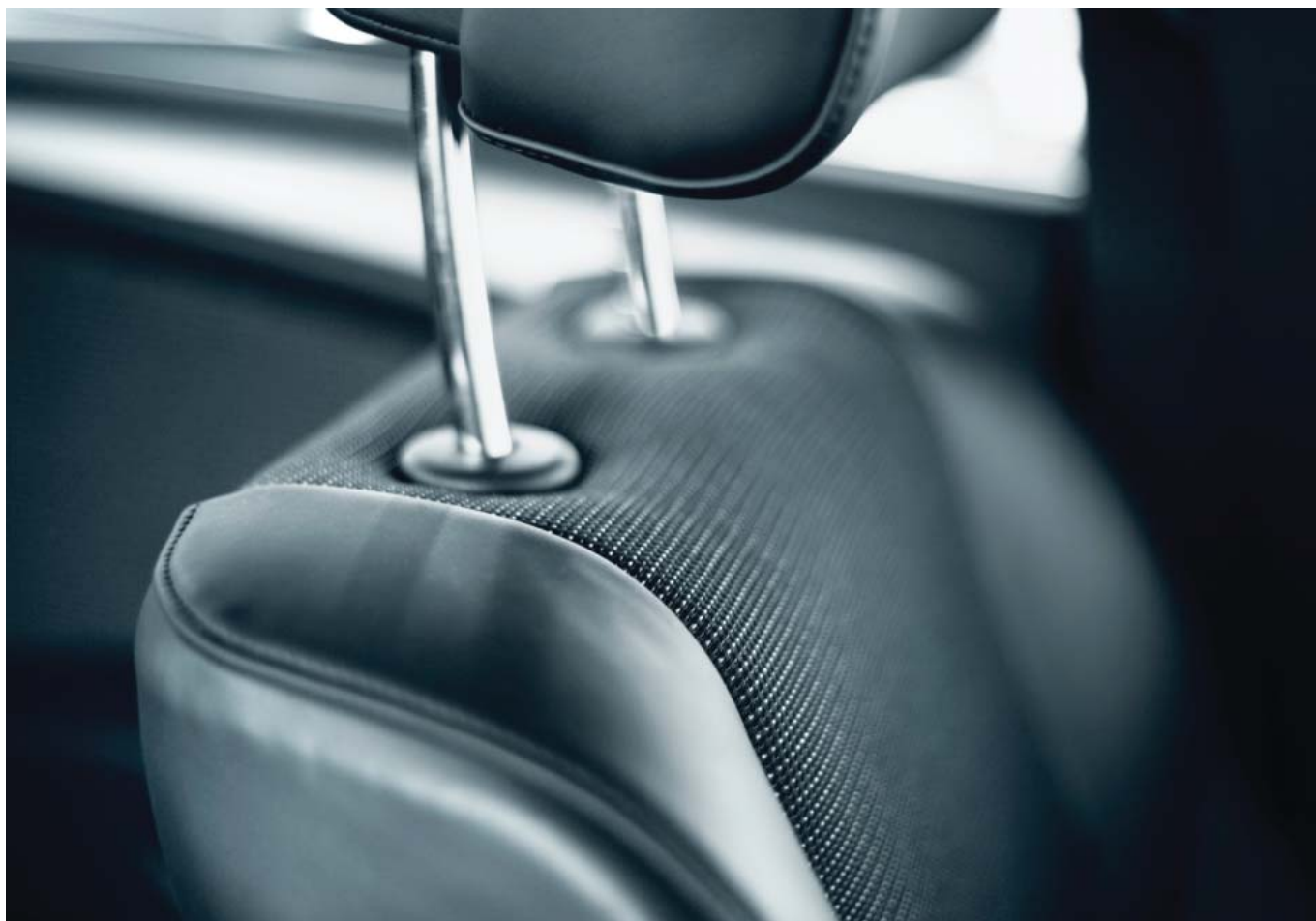
to the board. One of those, L (Lindiwe) Gadd, resigned in December 2009 and was replaced by MH (Mpilo) Shelembe.

In closing, I express my admiration and appreciation to the executive team which performed well during an uncompromising year. There is no "quick fix" or "instant cure" during times such as these. Rather, it is the attention to detail and the rectification of the small issues which enables the Group to achieve its broad, long-term goals. The wise counsel and ongoing support of the non-executive directors during the difficult years has been comforting.



M Zimmerman

16 April 2010





REPORT OF THE CHIEF EXECUTIVE OFFICER

It is with a feeling of both relief and guarded optimism that I present my report on the Group's activities during the past year. Relief that the Group has managed to reverse the slide in earnings which occurred during the previous two years, and guarded optimism that the worst of the storm has passed and a moderate improvement is anticipated. The turnaround during the year is the direct result of a painful process of cost-cutting and head count reduction started during mid-2008.

Within the retail motor industry the monthly trend of year-on-year sales levels continued declining, reaching its maximum decline in April 2009. For the balance of calendar 2009 the year-on-year figures remained negative although the decline was reducing.

The principal ingredient of vehicle sales volumes is the availability of finance facilities for the average buyer. In the years before the financial crisis and the introduction of the National Credit Act, the norm was that 50 – 55% of finance applications presented to banks were approved. The level fell to approximately 20%, and has subsequently improved to around 30%. With lower interest rates and a period of consolidation which has enabled consumers to pay off a large portion of historic debt, it is anticipated that the finance approval rate will continue to improve.

FINANCIAL REVIEW

The prompt and tough steps to restructure Group operations were rewarded with a 256% improvement in operating profit before goodwill impairment and taxation. This was achieved primarily through a reduction in selling and administration expenses and net finance charges. Despite a 26% fall in national vehicle sales, Group revenue declined only 4,6%. After a 7,3% decrease in selling and administration expenses during the previous financial year, a further 5,3% was achieved during the year under review. The operating profit margin before goodwill impairment improved from 1,0% last year to 2,2%.

The Group's carrying value of goodwill is subjected to annual impairment testing. Budgets prepared at the beginning of the year in respect of the Group's luxury product operations,

principally the marine and leisure division and luxury car outlets, underestimated the extent to which the economic downturn would impact this sector. Revised budgets for 2010/11 indicate the need for goodwill impairment to the extent of R33 million which has been charged in the current year. The Group's effective tax rate, at 39%, is high because of the non-deductibility of the goodwill impairment.

Improved earnings, coupled with strong cash flow generation, enabled the payment of a 6 cents per share dividend in December 2009 and the recommendation of a further 21 cents in June 2010. The total dividend will be covered 2,8 times by the current year's headline earnings.

The directors have maintained a strong focus on control over operating assets. This, together with the fall in interest rates during the year, has enabled the Group to strengthen its level of cash resources despite the economic conditions.

The skills level of financial accountants is continuously upgraded. Each outlet is overseen by both a branch accountant and a regional accountant. Monthly peer review audits, complemented by a strengthened internal audit team, help to optimise compliance levels and financial controls.

The Group's planned repayment of the advance from BEE shareholder, Thebe Investment Corporation, has been maintained and cash flow budgets indicate that future targets will be comfortably met.

Despite a substantial headcount reduction, the proportion of Black skilled staff improved from 53% in August 2007 to 55% in 2009, and Black management staff from 40% to 43%.

RETAIL MOTOR

Sentiment in the national motor industry reached an all-time low during late-2008 and the early months of 2009 as news was released that giant car-makers, General Motors and Chrysler, were experiencing a financial crisis and liquidation threats. The world-wide knock-on effects for staff, component manufacturers and the dealer networks would have been devastating. Rumours abounded regarding other major closures and/or mergers. History will record that the support given by the USA government to these industry giants saved the American car industry and precipitated the revival of its economy.

With the Group's restructuring largely completed, the focus during the second half of the financial year was directed towards revenue growth. To this end, two multi-franchised fleet departments were set up in existing premises – one in Midrand and the other in Pinetown. These operations, under the First Fleet Solutions trade name, achieved considerable success and should continue to grow in the years ahead. Web-based marketing concentrated on the CarShop brand where progress was made in increasing brand awareness and positioning within the various search engines. The success of this sales avenue is borne out by the fact that more than two thirds of the Group's used car leads are generated off the internet. A staff-based initiative, CMH Connect, rewards all employees who introduce customers for vehicle sales, workshop and/or car hire facilities. The Group's prospecting system, Drive and Diary, is now fully computerised and able to provide accurate and timeous management reports. Together, these initiatives enabled the Group to boost revenue by 22% during the second six months.

The thrust to achieve greater throughput from existing infrastructure materialised as the Group was able to add 10 new sales outlets, principally Fiat/Alfa, Citroën, Renault, Kia and Suzuki, without an increase in premises occupied.

Used vehicle sales volumes improved during the latter half of the year and a stronger demand has developed in the low-priced segment of the market. The luxury sector remains difficult.

The Group's workshops and parts departments have benefited from

the high vehicle sales volumes during 2003–2007, and continue to provide a dependable offset against branch overheads.

The Group's venture into the Chinese-sourced vehicle market has all but terminated. The taxi which was imported proved to be a well-accepted product locally, but manufacture was terminated when the supplier fell victim to the global economic downturn.

In an effort to address the motor industry skills shortage, the Group has partnered the Department of Labour in an accelerated training programme for artisans. Through a joint venture training centre the Group has committed a throughput of 100 trainees, 90 of whom will be from previously disadvantaged backgrounds.

MARINE AND LEISURE

This market segment remains depressed and it has become evident that its recovery will lag the motor industry by 12 – 18 months. A reduction in demand of some 60% has led to severe over-stocking within the industry and a number of prominent casualties. "Fire-sale" trading has reduced margins. Although the Group's level of investment in working capital, and the infrastructure costs of this segment have been reduced, it will do well to achieve the modest profit which has been projected for the year ahead. The division holds the franchise rights for quality brands and should lead the way during better economic times.

CAR HIRE

This segment, aided by improved prices achieved on the sale of replaced fleet vehicles and the reduction in the interest cost of fleet financing, returned significantly better results. Prior year profit before taxation of R1,8 million was transformed into R13,7 million. These results, when accounted for on a similar basis, are comparable with the best achieved by other major car hire operations.

The division's computerised marketing system has been enhanced to better manage the off-peak sales periods and maximise internet bookings. Inbound foreign business has been adversely affected by the global economic downturn and the perceived strength of the South African currency. Although a one-off boost to business is expected during the World Cup, the Group has

approached the event with caution, bearing in mind that a too-large fleet will lead to under-utilisation during the months preceding and post the busy period.

FINANCIAL SERVICES

As expected, returns from this segment fell below those of prior years. Sales of insurance policies have shown modest improvement, but the default rate remains high.

The Group's joint ventures with finance houses produced collective losses. Although the Group is protected against, and does not bear these losses, it will be at least another year before the finance houses recover the deficit and the Group can share in positive results.

PROSPECTS

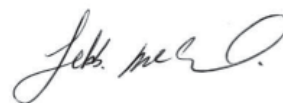
The Group has budgeted for an 8% increase in vehicle sales volumes. It is expected that the increase will start slowly and accelerate during the latter months. Interest rates are predicted to remain constant throughout the year. Given this scenario I am confident that the Group will continue the earnings trend which began during the second half of 2009.

APPRECIATION

My appreciation is extended to the Group's business partners, principally manufacturers, finance houses and insurance companies for their ongoing support during a difficult year.

I take this opportunity to thank the executive directors and the members of the executive team for the head-on and hands-on attitude which they have applied to the adverse conditions. The manner in which the challenges have been tackled gives me confidence that both the Group and its leaders are well positioned to reap the benefits that the predicted calmer seas will produce.

Ray Nethercott recently resigned after 10 years as an executive director. I thank him for the valuable contribution which he has made and welcome his continued input as an executive committee member during the year ahead.



JD McIntosh
16 April 2010

CORPORATE GOVERNANCE

Combined Motor Holdings Limited and its subsidiaries are fully committed to the principles of fairness, accountability, transparency and integrity associated with good corporate governance. Through this process shareholders and other stakeholders may derive assurance that the Group is being ethically managed according to prudently determined risk parameters in compliance with generally accepted corporate practices. The Group, in all material respects, complied with the King II Report on Corporate Governance during the accounting period, and the board of directors continually strives to enhance compliance.

BOARD OF DIRECTORS

The board comprises two independent, non-executive directors, three non-executive directors and three executive directors. The board applies the guidelines contained in the Listings Requirements of the JSE Limited when considering a director's independence. The roles of chairman and chief executive officer do not vest in the same person. This ensures a balance of power and authority between them.

All directors are required to retire from office every three years at the annual general meeting and, being eligible, may submit themselves for re-election at the same annual general meeting. During the year, new directors may be appointed by the board, subject to confirmation of this election by the shareholders at the next annual general meeting. Accordingly, the appointments of directors by the board during the financial year are required to be confirmed by the shareholders at the next annual general meeting.

The independent and non-executive directors bring with them diversity of experience, insight and independent judgement on issues of strategy, performance, resources, marketing and standards of conduct.

The executive directors are closely involved in the day-to-day business activities of the Group and are responsible for ensuring that decisions, strategies and views of the board are timeously implemented.

The board is responsible for:

- overall Group strategy;
- acquisition and divestment policy;
- approval of major contracts;
- consideration of financing matters;
- monitoring of operational performance against budget and key performance indicators, and reviewing the Group's published results;
- effective, timeous and transparent communication with stakeholders;
- the appointment of sub-committees of the board and the delegation of authority and responsibility to such sub-committees;
- ensuring ethical behaviour of all employees and compliance with all laws and regulations;
- the governance of risk through formal risk management processes;
- identifying and evaluating suitable candidates for possible appointment to the board; and
- selecting, monitoring and evaluating the directors and other senior executives.

There are no long-term contracts of service between the Group and any of the directors.

All directors have unrestricted access to the chairman, chief executive officer and financial director/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 chief executive officer encourage full and proper deliberation on all matters requiring the board's attention and obtain optimum input from all directors.

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

Director	Full board	Audit/risk committee	Remuneration committee	Executive committee
LCZ Cele	2/2	2/2		
MPD Conway	2/2	2/2*		5/5
JTM Edwards	2/2	2/2	2/2	
L Gadd	2/2			
SK Jackson	2/2	2/2*	2/2*	5/5
VP Khanyile	2/2			
JD McIntosh	2/2	2/2*	2/2*	5/5
RTAC Nethercott	2/2			4/5
M Zimmerman	2/2	2/2*	2/2	
J Alderslade (alternate to VP Khanyile)	1/2			

* by invitation

AUDIT AND RISK ASSESSMENT COMMITTEE

The audit and risk assessment committee comprising independent, non-executive members, JTM Edwards (chairman) and LCZ Cele, met twice during the year. The meetings were attended, by invitation, by the chairman, various executive directors and representatives of the internal audit department, external auditor and Thebe Investment Corporation.

The function of the committee is to assist the board in discharging its oversight responsibilities in the following areas:

- compliance with applicable laws and regulations;
- transparency and integrity of financial statements;
- effectiveness of the internal controls and risk management procedures;
- performance of the internal audit department;
- appropriate involvement and liaison with the independent, external auditor and the audit process; and
- overview of corporate governance.

To enable the committee to fulfil its duties in these areas, comprehensive reports are presented to the committee by:

- the external auditor, in respect of their audit plan and the results of the financial audit and any other non-audit services provided by the external auditor in compliance with the Group's policy on non-audit services;
- the internal audit department regarding their independence, the effectiveness and adequacy of resources of the department and providing an overview of the results of its activities for the period; and
- the financial director, covering the financial results of the Group.

The committee updates the board on the committee's activities. During the current period, and in order to fulfil its mandate, these activities included:

- a review of the procedures in place for identifying business and financial risks and the appropriateness and adequacy of the systems of internal and operational control designed to minimise such risks;

- a review of the Group's policy for preventing and detecting fraud and a review of the results of management's investigations of reported fraudulent acts or any other unethical activity by employees or suppliers;
- understanding and confirming that the financial reporting process used to prepare financial statements, analyst briefings and press announcements is accurate, balanced and consistent with published financial information;
- a review of the financial statements and of the key accounting policies and judgements or estimates made by management which have a material impact on the financial statements;
- confirming the Group's intention and ability to operate as a going concern;
- reviewing the effectiveness of the system for monitoring compliance with laws and regulations;
- an evaluation of the independence of the external auditor and recommending the appointment of and the fees payable to the external auditor; and
- providing effective communication between the board, management and the internal and external auditors.

The committee assesses its performance both collectively and that of individual members on an annual basis. The results of this self-assessment are reported to the board.

The internal and external auditors have unrestricted access to the chairman of the audit committee and committee members have unrestricted access to all employees, directors and information required in the performance of their duties. The committee is satisfied that, based on their activities in the 2010 financial year, the Group's risk management and internal control processes are adequate and are functioning effectively, and that the Group has adequate resources to continue in operational existence for the foreseeable future.

REMUNERATION COMMITTEE

The non-executive chairman of the Group, M Zimmerman, is chairman of

the remuneration committee which includes JTM Edwards. Two meetings were held during the year and these were attended, by invitation, by the chief executive officer and financial director.

The function of the committee is to review the Group's remuneration strategy to ensure that executive and senior management are fairly and appropriately remunerated for their contribution to the operating and financial performance of the Group. The committee also recommends the fees that should be paid to non-executive directors. Remuneration packages encompass the full range of benefits including basic salary, profit incentives, share options and retirement benefits. The Group's remuneration philosophy is to pay industry-competitive basic rates and then to reward employees through incentive schemes for superior performance. No discrimination is made between individuals based on age, gender, marital or other personal status. A significant proportion of the remuneration of all senior personnel is performance-based.

INTERNAL AUDIT

The board of directors is responsible for the Group's systems of internal control and for reviewing their effectiveness. These systems, which are designed to manage rather than eliminate the risk of failure to achieve business objectives, provide reasonable, but not absolute, assurance against material misstatement or loss. Within these systems is an ongoing process to identify, evaluate and manage the significant risk areas faced by the Group during the year under review. A detailed operational checklist has been compiled. Comprehensive compliance testing is conducted at regular intervals. Written reports on the performance of internal audit, including areas of non-compliance are prepared for the audit and risk assessment committee and operational managers, and follow-up testing scheduled.

EXTERNAL AUDITOR

The Group's external auditor, PricewaterhouseCoopers Inc., provides an independent opinion on the financial statements.

CORPORATE GOVERNANCE continued

The external audit provides reasonable, but not absolute, assurance of the fair presentation of the financial statements.

GOING CONCERN

After making diligent enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Such expectation is based on cash flow forecasts and available financing facilities. Forecasts were stress-tested using conservative profit estimates and working capital requirements, and cash resource levels remained positive. For this reason the financial statements have been prepared on the "going concern" basis.

CODE OF ETHICS

The Group strives to conduct its business in a manner which conforms to the highest standards of ethical and moral behaviour, and in compliance with all laws and regulations. The Group has adopted a Code of Ethics incorporating these values. This Code of Ethics encompasses the principles endorsed in the Code of Corporate Practices and Conduct, as outlined in the King II Report on Corporate Governance. The Code of Ethics is regularly communicated to employees and they are aware that failure to comply will result in disciplinary action.

The Group subscribes to "Whistle Blowers", which encourages all employees to report suspicious or unethical behaviour within the Group on a confidential basis. Reported incidents are submitted to the chief executive officer of the Group and the audit and risk assessment committee for investigation.

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 2009, is tabled below.

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. Rapid growth in the retail motor industry has led to a shortage of manpower skills. The Group has successfully indentured approximately 40 technical apprentices each year since 2001, the majority of which come from previously disadvantaged backgrounds. Many of these apprentices have remained within the Group after qualifying and continue to work within the Group as technicians.

In January 2008, Merseta launched an initiative labeled the Accelerated Artisan Training Programme (AATP) which encouraged the accelerated training and qualification of apprentices over a 2 year period. The Group identified 17 apprentices to participate in the programme. These apprentices recently qualified as technicians and 80% of them have been selected for permanent employment within the Group. The Group will continue to support the Merseta AATP initiative in the coming years and has budgeted for 100 new apprentices every two years. In an effort to ensure a high success rate and a consistent level of competency among all its apprentices, the Group has recruited the services of one of the leading South African technical training providers, KwaZulu Automotive Training Services (K.A.T.S). This allows apprentices access to technical training of an international standard. The Group aims to retain approximately 50% of the qualified apprentices at junior management level. The Group has also focused on identifying "champions" within the technical employees, with a view to promotion into second tier supervisory, administrative or customer liaison positions. Appropriate training in this regard will be provided by the Group by way of a combination of on-the-job training and online interactive modular training. This initiative should see an increase in the number of non-white staff being promoted to junior and middle management levels from within the Group.

Occupational levels	Male				Female				Foreign nationals		TOTAL
	A	C	I	W	A	C	I	W	M	F	
Top management	1		1	56	2		1	9			70
Senior management	4	15	49	175	5	7	19	108	1		383
Professionally qualified and experienced specialists	144	47	168	309	22	14	36	153	7		900
Skilled technical and academically qualified	29	3	38	13	37	27	54	123		1	325
Semi-skilled	356	42	74	51	18	9	2	10	2		564
Unskilled	45		2	3	10	1					61
TOTAL PERMANENT	579	107	332	607	94	58	112	403	10	1	2 303
Temporary employees	10	1	3	1	1	1	3	2			22
TOTAL AUGUST 2009	589	108	335	608	95	59	115	405	10	1	2 325
AUGUST 2008	689	127	386	702	101	61	119	439	14	1	2 639

Presently, 41% (2009: 39%) of the Group's upper and middle management structure and 50% (2009: 49%) of total management are from a previously disadvantaged background.

ENVIRONMENTAL AND SOCIAL

The board of directors acknowledges that the achievement of environmental, health and safety standards is an important feature of the Group's social responsibility. Although the Group's major activities do not pose a significant threat to the environment, of particular concern to the board is the maintenance of safety and environmental standards in the Group's workshops. Regular inspections are performed to ensure that safety measures, particularly with regard to vehicle-lifting equipment and oil-dispensing systems, comply with rigid policies and procedures.

Group involvement in contributing to the social upliftment of the disadvantaged members of our society is, for the main part, decentralised to the geographic areas represented by the various operations. Major programmes supported include:

- A joint venture between EZShuttle and First Car Rental providing a door-to-door shuttle service across major cities in South Africa. The joint venture uses SMME owner-driver schemes thereby empowering individuals from previously disadvantaged backgrounds that successfully pass the qualification process.
- Training and Resources in Early Education ("TREE"). This is an organisation which promotes early childhood development primarily in rural areas, and provides education on parenting, childcare, HIV/AIDS and self-help schemes.
- Sponsorship of 2 vehicles to KwaZulu-Natal Athletics (KZNA) to assist them with travelling to rural parts of KwaZulu-Natal to identify and develop promising athletes in these regions.
- Sponsorship of 1 vehicle to the M-Net Breast Cancer Awareness Campaign. This vehicle is used to transport medical staff to hospitals and offices and to travel to rural areas to spread the awareness of breast cancer in these areas.

- Other beneficiaries of major donations/services include:
 - Canonball Run Africa 2009
 - Kids Haven
 - KwaZulu-Natal Child Welfare
 - Reach for a Dream.

The significant potential risk posed by HIV/AIDS to both Group employees and society in general is recognised. Awareness seminars have been conducted at all Group trading locations.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT ("B-BBEE")

The Group is fully committed to the government's Broad-based Black Economic Empowerment ("B-BBEE") policies and the directors believe that their commitment to the development of B-BBEE initiatives will generate long-term benefits for both the Group and the country as a whole.

With effect from 1 March 2006, the Group sold a 25% equity stake in its Umhlanga Rocks BMW/Mini dealership to two black individuals, one female. This was followed in December 2006 by the sale to Thebe Investment Corporation of a 15% equity share of the Group's operations. The Group advanced R124 million to assist Thebe with the funding of this acquisition and included two Thebe-appointed directors on the board of directors. In addition, LCZ Cele was appointed to the board of directors and to the audit and risk assessment committee in July 2007 as an independent, non-executive director.

The Codes of Good Practice on Black Economic Empowerment released in February 2007 have made it a business imperative to determine a B-BBEE scorecard rating. The scorecard rating for the car rental segment, falling under CMH Car Hire (Proprietary) Limited, has been independently verified at Level 5 for the last 2 years. The remainder of the Group is scored and rated as one entity and has been independently verified at Level 6.

COMPANIES ACT, 2008

The Companies Act, 2008 was signed into law on 8 April 2009, and constitutes a re-write of the Companies Act 1973. The effective date is yet to be determined by the President.

The directors have reviewed the provisions of the new Act. Apart from the need to appoint an additional independent director to serve on the Audit and Risk Assessment Committee, there are few material changes which

will necessitate an amendment to the Group's current structure and/or methods of operation. Other amendments which will impact on the Group include:

- the approval of the Audit Committee Report at the annual general meeting;
- the appointment of an Audit Committee at the annual general meeting;
- the approval of directors' remuneration by a special resolution of shareholders; and
- the application of and compliance with a solvency and liquidity test before directors' approval of a distribution to shareholders.

KING REPORT ON GOVERNANCE IN SOUTH AFRICA – 2009 ("KING III")

The King III Report was released on 1 September 2009 and represents a significant milestone in the evolution of corporate governance. It has broadened the scope of corporate governance with its core philosophy revolving around leadership, sustainability and corporate citizenship. Some of the requirements introduced by King III include:

- the need for an integrated report that focuses on the impact of the organisation in the economic, environmental and social spheres;
- a statement in the integrated report by the Audit Committee to the directors and shareholders, on the effectiveness of internal financial controls;
- the consideration of the strategic role of information technology and its importance from a governance perspective;
- the positioning of internal audit as a strategic function that conducts a risk-based internal audit and provides a written assessment of systems of internal control, including internal financial controls; and
- the governance of risk through formal risk management processes.

King III has opted for an "apply or explain" framework. Where the board of directors believe it to be in the best interests of the Group, it may deviate from the recommendations, but the deviations must be explained.

King III is applicable to the Group from 1 March 2010 and a full report will be included in the 2011 Annual Report.

REPORT OF THE AUDIT COMMITTEE

The audit committee of the Company and the Group has pleasure in submitting this report, as required by sections 269A and 270A of the Companies Act, 1973.

1. Functions of the audit committee

The audit committee has discharged its functions as follows:

- 1.1 Reviewed the interim and year-end financial statements, culminating in a recommendation to the board. In the course of its review the committee:
 - took appropriate steps to ensure that the financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), the AC 500 standards as issued by the Accounting Practices Board, and the South African Companies Act 1973;
 - considered and, when appropriate, made recommendations on internal financial controls; and
 - dealt with concerns or complaints relating to the following:
 - accounting policies;
 - internal audit;
 - the auditing or content of the annual financial statements; and
 - internal financial controls;
- 1.2 Liaised with the external auditors and reviewed their reports on the annual financial statements;
- 1.3 Confirmed the internal audit charter and audit plan;
- 1.4 Reviewed the internal audit and risk management reports, evaluated the performance of internal audit and, where relevant, made recommendations to the board;
- 1.5 Evaluated the effectiveness of risk management, controls and the governance processes;
- 1.6 Approved the audit fees and engagement terms of the external auditor;
- 1.7 Reviewed the Group's policy for preventing and detecting fraud and reviewed the results of management's investigations of reported fraudulent acts or any other unethical activity by employees or suppliers;

1.8 Reviewed the systems in place that ensure compliance with applicable laws and regulations; and

1.9 Determined the nature and extent of allowable non-audit services and approved the contract terms for the provision of non-audit services by the external auditor.

2. Members of the audit committee

2.1 The audit committee comprises two independent non-executive directors, LCZ Cele and JTM Edwards (chairman).

2.2 The members of the audit committee have at all times acted in an independent manner.

3. Frequency of meetings

The audit committee met twice in the financial year under review.

4. Attendance

The internal and external auditors, in their capacity as auditors to the Company and Group, attended and reported to all meetings of the audit committee.

Executive directors and relevant senior managers attended the meetings by invitation.

5. Confidential meetings

Audit committee agendas provide for confidential meetings between the committee members and the internal and external auditors.

6. Independence of external auditor

During the year under review the audit committee reviewed a report by the external auditor and, after conducting its own review, confirmed the independence of the auditor.

7. Expertise and experience of financial director

As required by JSE Listings Requirements 3.84(i), the audit committee has satisfied itself that the financial director has appropriate expertise and experience.



JTM Edwards

Chairman

16 April 2010

APPROVAL OF FINANCIAL STATEMENTS

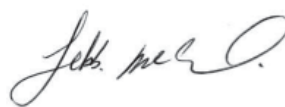
DIRECTORS' RESPONSIBILITY

The board of directors reports as follows 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 27 to 63 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 of South Africa 1973 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 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 Companies 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; and
- PricewaterhouseCoopers Inc., the Group's external auditor, audited the financial statements, and their report is presented on page 26.

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

16 April 2010

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF COMBINED MOTOR HOLDINGS LIMITED

We have audited the group annual financial statements and annual financial statements of Combined Motor Holdings Limited, which comprise the consolidated and separate balance sheets as at 28 February 2010, and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 27 to 63.

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 in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 28 February 2010, and 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 in the manner required by the Companies Act of South Africa.



PricewaterhouseCoopers Inc.

Director: ME Jones

Registered Auditor

Durban

16 April 2010

REPORT OF THE DIRECTORS

Your directors have pleasure in submitting their report on the affairs of the Company and the Group during the year ended 28 February 2010.

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 2 and 10 – 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:

	2010 R'000	2009 R'000
Ordinary		
Dividend no 42: 28,0 cents, declared 11 April 2008	–	30 094
Dividend no 43: 6,0 cents, declared 16 October 2009	6 457	–
	6 457	30 094

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
JTM Edwards (independent, non-executive)
SK Jackson
VP Khanyile (non-executive)
MH Shelembe (non-executive)
JW Alderslade (alternate to VP Khanyile)

L Gadd resigned as a director with effect from 14 December 2009 and was replaced by MH Shelembe.

RTAC Nethercott resigned as a director with effect from 28 February 2010.

The executive directors, together with the members of the executive committee reflected on page 65, represent the key management of the Company and the Group. Prior to 1 March 2009 the executive directors alone represented key management.

Messrs MPD Conway and VP Khanyile retire by rotation at the forthcoming annual general meeting but, being eligible, offer themselves for re-election. Confirmation of the election of Mr MH Shelembe, who was appointed by the board of directors during the year, will also be sought at the annual general meeting. Brief curriculum vitae of Messrs MPD Conway, VP Khanyile and MH Shelembe appear in the Notice of Meeting.

The secretary of the Company is SK Jackson, whose business and postal addresses are:

Business:	Postal:
1 Wilton Crescent	PO Box 1033
Umhlanga Ridge	Umhlanga Rocks
4319	4320

DIRECTORS' SHAREHOLDINGS

Details of the directors' direct and indirect shareholdings in the Company are reflected on page 62.

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 60.

The results of the subsidiaries, so far as concerns the Company, comprise aggregate income and losses for the year, after taxation, of R55 671 000 (2009: R16 506 000) and R41 587 000 (2009: R50 278 000) respectively.

AUDITOR

PricewaterhouseCoopers Inc. will continue in office in accordance with section 270(2) of the Companies Act, 1973.

SUBSEQUENT EVENTS

Other than that recorded in note 36 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
16 April 2010

SEGMENT INFORMATION

Information provided to the chief executive officer and executive committee in respect of the reportable segments for the year ended 28 February 2010 is as follows:

	TOTAL				RETAIL MOTOR			
	2010		Restated 2009		2010		Restated 2009	
	R'000	%	R'000	%	R'000	%	R'000	%
Segment revenue	6 792 643	100	6 916 974	100	6 376 815	94	6 398 640	93
Inter-segment revenue	(285 125)	100	(94 188)	100	(282 298)	99	(91 553)	97
External revenue	6 507 518	100	6 822 786	100	6 094 517	94	6 307 087	92
Operating profit	108 103	100	46 378	100	99 103	92	42 347	91
Net finance costs	(17 734)	100	(33 295)	100	(50 062)	(282)	(63 624)	191
Profit before taxation	90 369	100	13 083	100	49 041	54	(21 277)	(163)
Total assets	2 005 167	100	1 968 287	100	990 018	49	1 003 202	51
Total liabilities	1 505 221	100	1 516 815	100	743 751	49	739 542	49
Depreciation	83 905	100	78 644	100	21 836	26	20 175	26
Goodwill acquired	–	100	227	100	–	100	227	100
Goodwill impaired	33 029	100	21 572	100	13 029	39	17 029	79
Goodwill at year-end	89 972	100	123 001	100	84 972	94	98 001	80

	CAR HIRE				MARINE AND LEISURE			
	2010		2009		2010		2009	
	R'000	%	R'000	%	R'000	%	R'000	%
Segment revenue	250 512	4	261 144	4	131 103	2	225 753	3
Inter-segment revenue	(2 556)	1	(2 635)	3	(271)	–	–	–
External revenue	247 956	4	258 509	4	130 832	2	225 753	3
Operating profit	14 457	13	(1 020)	(2)	(26 170)	(24)	(9 268)	(20)
Net finance costs	(773)	4	2 832	(9)	(224)	1	(582)	2
Profit before taxation	13 684	15	1 812	14	(26 394)	(29)	(9 850)	(75)
Total assets	492 321	25	452 230	23	74 078	4	121 698	6
Total liabilities	504 143	33	466 579	31	23 698	2	34 706	2
Depreciation	60 268	72	56 268	72	1 423	2	1 748	2
Goodwill acquired	–	–	–	–	–	–	–	–
Goodwill impaired	–	–	–	–	20 000	61	4 543	21
Goodwill at year-end	–	–	–	–	5 000	6	25 000	20

	FINANCIAL SERVICES				CORPORATE SERVICES/OTHER			
	2010		2009		2010		2009	
	R'000	%	R'000	%	R'000	%	R'000	%
Segment revenue	9 943	–	8 160	–	24 270	–	23 277	–
Inter-segment revenue	–	–	–	–	–	–	–	–
External revenue	9 943	–	8 160	–	24 270	–	23 277	–
Operating profit	4 592	4	7 866	17	16 121	15	6 453	14
Net finance costs	1 782	(10)	2 968	(9)	31 543	(178)	25 111	(75)
Profit before taxation	6 374	7	10 834	83	47 664	53	31 564	241
Total assets	19 910	1	25 544	1	428 840	21	365 613	19
Total liabilities	15 931	1	19 475	1	217 698	14	256 513	17
Depreciation	–	–	6	–	378	–	447	2
Goodwill acquired	–	–	–	–	–	–	–	–
Goodwill impaired	–	–	–	–	–	–	–	–
Goodwill at year-end	–	–	–	–	–	–	–	–

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.

BALANCE SHEETS AT 28 FEBRUARY 2010

	Note	Group 2010 R'000	Group Restated 2009 R'000	Group Restated 2008 R'000	Company 2010 R'000	Company 2009 R'000
ASSETS						
Non-current assets						
Plant and equipment	4	64 493	75 069	71 717	–	–
Goodwill	5	89 972	123 001	144 346	–	–
Investments	6	166 037	146 848	124 379	166 037	146 848
Deferred taxation	7	49 896	43 535	36 396	–	–
Investment in subsidiary	8	–	–	–	395 008	165 801
		370 398	388 453	376 838	561 045	312 649
Current assets						
Car hire fleet vehicles	4	442 804	405 135	458 485	–	–
Inventory	9	720 114	757 949	921 312	–	–
Trade and other receivables	10	208 338	196 335	261 370	–	–
Tax paid in advance		10 434	8 425	–	–	–
Derivative financial assets		–	–	6 372	–	–
Cash and cash equivalents	11	253 079	211 990	223 468	179 862	172 949
		1 634 769	1 579 834	1 871 007	179 862	172 949
Total assets		2 005 167	1 968 287	2 247 845	740 907	485 598
EQUITY AND LIABILITIES						
Capital and reserves						
Share capital	12	21 123	20 509	20 062	21 123	20 509
Share-based payment reserve	13	6 449	6 186	5 477	6 449	6 186
Non-distributable reserve	14	5 896	5 896	5 896	5 896	5 896
Retained earnings		467 296	419 314	441 281	704 086	451 164
Ordinary shareholders' equity		500 764	451 905	472 716	737 554	483 755
Minority interest	15	(818)	(433)	12 121	–	–
Total equity		499 946	451 472	484 837	737 554	483 755
Non-current liabilities						
Advance from minority shareholders	15	189 743	224 792	252 317	–	–
Interest-bearing borrowings	16	976	3 670	5 314	–	–
Assurance funds	17	14 766	19 458	26 217	–	–
Lease liabilities	18	98 079	88 613	77 905	–	–
		303 564	336 533	361 753	–	–
Current liabilities						
Advance from associate company		–	–	47	–	–
Advance from minority shareholders	15	19 201	20 821	18 407	–	–
Interest-bearing borrowings	16	2 193	1 728	1 524	–	–
Trade and other payables	19	1 173 616	1 157 733	1 368 973	358	349
Current tax liabilities		6 647	–	12 304	2 995	1 494
		1 201 657	1 180 282	1 401 255	3 353	1 843
Total liabilities		1 505 221	1 516 815	1 763 008	3 353	1 843
Total equity and liabilities		2 005 167	1 968 287	2 247 845	740 907	485 598

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 FEBRUARY 2010

		Group	Group Restated	Company	Company
		2010	2009	2010	2009
	Note	R'000	R'000	R'000	R'000
Revenue	20	6 507 518	6 822 786	22 646	19 469
Cost of sales	22	(5 390 828)	(5 724 416)	–	–
Gross profit		1 116 690	1 098 370	22 646	19 469
Other income	21	3 000	3 100	203 943	48 589
Impairment of goodwill	5	(33 029)	(21 572)	–	–
Selling and administration expenses	22	(978 558)	(1 033 520)	(486)	(912)
Operating profit		108 103	46 378	226 103	67 146
Finance income	23	16 458	17 142	46 131	34 086
Finance costs	23	(34 192)	(50 437)	–	(24)
Profit before taxation		90 369	13 083	272 234	101 208
Tax expense	24	(35 586)	(11 023)	(12 855)	(12 767)
Total profit and comprehensive income		54 783	2 060	259 379	88 441
Attributable to:					
Equity holders of the Company		54 439	8 127	259 379	88 441
Minority interest		344	(6 067)	–	–
		54 783	2 060	259 379	88 441
EARNINGS PER SHARE					
Basic (cents)	25	50,6	7,6		
Diluted basic (cents)	25	49,8	7,6		
Headline (cents)	25	76,7	24,6		
Diluted headline (cents)	25	75,5	24,6		

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 2010

	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	Minority interest R'000	Total equity R'000
GROUP							
Balance at 29 February 2008	20 062	5 896	5 477	441 281	472 716	12 121	484 837
Issue of shares	447				447		447
Total profit and comprehensive income				8 127	8 127	(6 067)	2 060
Share-based payment reserve			709		709		709
Dividends paid				(30 094)	(30 094)	(6 398)	(36 492)
Purchase of minority interest						(89)	(89)
Balance at 28 February 2009	20 509	5 896	6 186	419 314	451 905	(433)	451 472
Issue of shares	614				614		614
Total profit and comprehensive income				54 439	54 439	344	54 783
Share-based payment reserve			263		263		263
Dividends paid				(6 457)	(6 457)		(6 457)
Purchase of minority interest						(729)	(729)
Balance at 28 February 2010	21 123	5 896	6 449	467 296	500 764	(818)	499 946
COMPANY							
Balance at 29 February 2008	20 062	5 896	5 477	392 817	424 252		
Issue of shares	447				447		
Total profit and comprehensive income				88 441	88 441		
Share-based payment reserve			709		709		
Dividends paid				(30 094)	(30 094)		
Balance at 28 February 2009	20 509	5 896	6 186	451 164	483 755		
Issue of shares	614				614		
Total profit and comprehensive income				259 379	259 379		
Share-based payment reserve			263		263		
Dividends paid				(6 457)	(6 457)		
Balance at 28 February 2010	21 123	5 896	6 449	704 086	737 554		

CASH FLOW STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2010

		Group	Group Restated	Company	Company
		2010	2009	2010	2009
	Note	R'000	R'000	R'000	R'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers		6 482 432	6 883 997	22 646	19 469
Cash paid to suppliers and employees		(6 307 325)	(6 712 934)	(214)	146
Cash generated from operations	26	175 107	171 063	22 432	19 615
Finance income	23	16 458	17 142	46 131	34 086
Finance costs	23	(34 192)	(50 437)	–	(24)
Dividends paid	27	(6 457)	(30 094)	(6 457)	(30 094)
Taxation paid	28	(37 309)	(38 834)	(11 354)	(8 457)
Net cash movement from operating activities		113 607	68 840	50 752	15 126
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of non-current plant and equipment		(21 225)	(33 945)	–	–
Proceeds on disposal of non-current plant and equipment		3 909	5 621	–	–
Investments		(16 189)	(19 470)	(16 189)	(19 470)
Proceeds of prior year common control transaction	21.1	–	–	200 943	45 589
Proceeds of disposal of business	29	–	22	–	–
Purchase of minority interest		(729)	229	–	–
Payment of goodwill		–	(227)	–	–
Movement in investment in subsidiary		–	–	(229 207)	129 162
Net cash movement from investing activities		(34 234)	(47 770)	(44 453)	155 281
CASH FLOWS FROM FINANCING ACTIVITIES					
Advance from associate company		–	(47)	–	–
Advance from minority shareholders	30	(36 669)	(31 508)	–	–
Proceeds of issue of shares		614	447	614	447
Interest-bearing loans		(2 229)	(1 440)	–	–
Net cash movement from financing activities		(38 284)	(32 548)	614	447
Net movement in cash and cash equivalents		41 089	(11 478)	6 913	170 854
Cash and cash equivalents at beginning of year		211 990	223 468	172 949	2 095
Cash and cash equivalents at end of year	11	253 079	211 990	179 862	172 949

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2010

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 of South Africa, 1973. 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 2010 or early adopted by the Group

The following standards, amendments and interpretations which became effective for the year ended 28 February 2010 have an impact on the Group:

- IFRS 7 'Financial instruments – Disclosures' (amendment). The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:
 - Quoted prices (unadjusted) in active markets for identical assets (level 1)
 - Inputs other than quoted prices included in level 1 that are observable for the asset, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
 - Inputs for the assets that are not based on observable market data (that is, unobservable inputs) (level 3).

The change in accounting standard results in additional disclosures only.

- IAS 1 (revised) 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Group presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. The change in accounting standard impacts presentation aspects only.
- IFRS 8 'Operating segments'. This standard replaces IAS 14 and requires segmental information to be disclosed on the same basis as that used for internal reporting purposes. The Group has adopted this standard.
- IFRIC 13 'Customer Loyalty Programmes'. This standard prescribes how to account for obligations to provide free or discounted goods or services ('awards') to customers who redeem award credits. Entities are required to allocate some of the proceeds of the initial sale to the award credits and recognize these proceeds as revenue only when their obligations are fulfilled either by supplying awards themselves or through a third party. The Group has adopted this standard and the impact has not been material to Group results.
- IAS 16 (amendment) 'Property, plant and equipment'. This amendment requires an entity that, during the course of its ordinary activities, routinely sells items of plant and equipment that it has held for rental, to transfer such assets to inventory at their carrying value when they cease to be rented and become held for sale. The proceeds of the sale of such assets are recognised as revenue in accordance with IAS 18 'Revenue'. The Group has adopted this amendment and the impact is disclosed in note 35.

No standards, amendments and interpretations not yet effective have been early adopted by the Group.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets received, shares issued and liabilities undertaken at the date of acquisition, plus costs directly attributable to the acquisition. Identifiable assets acquired, and liabilities and contingent liabilities assumed, in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

The excess of the cost of the acquisition over the fair value of the net assets of the entity acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the entity acquired, the difference is recognised directly in the statement of comprehensive income.

All inter-group transactions and balances are eliminated.

The accounting policies of all subsidiaries are consistent with those of the Group.

The investment in subsidiary in the Company's separate financial statements is stated at cost less accumulated impairment.

Minority interests and transactions with minority interests

Minority interests are valued at the minorities' portion of the acquiree's identifiable assets, liabilities and contingent liabilities at the acquisition date plus the minorities' portion of post-acquisition reserves.

Minority interests are included in equity on the balance sheet and are reconciled in the statement of changes in equity.

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals of minority interests result in gains or losses for the Group that are recorded in the statement of comprehensive income. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 – 5 years
- furniture and office equipment 3 – 10 years
- car hire fleet and other motor vehicles 4 – 5 years
- leasehold improvements the period of the lease

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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'.

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 Financial assets

The Group classifies its financial assets as investments, 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 balance sheet date 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.

1.7 Derivative financial instruments

Derivatives are initially recognised at fair value on the date the derivative contracts are 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 'other income/expenses' in the period in which they arise.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 income tax expense is calculated on the basis of the tax laws enacted or substantially enacted at the balance sheet date.

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 balance sheet date 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 3.4. 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 balance sheet and cash flow statement 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2010

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.

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 balance sheet date.

Financial liabilities are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled, or expires.

1.14 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

Share options are granted to key employees. Options are granted at a discount varying between 0% and 20% of the market price of the shares on the date of the grant and are exercisable at that price. The options have a contractual service term of five years and may be exercised in tranches over the period. When the options are taken up the proceeds are credited to share capital. Costs incurred in administering the scheme are expensed as incurred. The fair value of the employee services received in exchange for the grant of options or shares is recognised as an expense. The total amount to be expensed rateably over the vesting period is determined by reference to the fair value of the options or shares determined at the grant date, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable or the number of shares that the employee will ultimately receive. This estimate is revised at each balance sheet date and the difference is charged or credited to the statement of comprehensive income, with a corresponding adjustment to equity. The proceeds received on exercise of the options, net of any directly attributable transaction costs, are credited to equity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.15 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.

1.16 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 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.

1.17 Dividends paid

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

1.18 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 business 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, where significant, are eliminated on consolidation.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.19 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.

1.20 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.

1.21 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 525 000 (2009: R1 688 000) on the assumption that all other factors remained constant.

2. FINANCIAL RISK MANAGEMENT (continued)

2.2 Foreign currency risk

The Group has no significant foreign currency risk. The balances arising on material transactions denominated in foreign currencies are immediately hedged through the use of forward exchange contracts. At 28 February 2010, the Group had no accounts receivable denominated in foreign currency (2009: nil), and had trade payables to the value of US\$127 684 (2009: US\$560 409). Of this, US\$92 645 (2009: US\$nil) was hedged through the use of forward exchange contracts. These trade payables and forward exchange contracts 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 R48 000 (2009: R280 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 maximum of 30 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:

	2010 R'000	2009 R'000
Cash resources, excluding those held by insurance underwriters	239 499	186 766

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.

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2010

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

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 Valuation of derivative financial instruments

The valuation of derivative financial instruments is based on the market situation at the balance sheet date. The value of these derivative instruments fluctuates on a daily basis and the actual amounts realised may differ materially from the value at which they are reflected on the balance sheet (refer to note 1.7).

3.4 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).

3.5 Accounting for investments in special purpose entities

The Group has applied SIC 12, 'Consolidation – Special Purpose Entities' in determining whether to consolidate its investment in Main Street 445 (Pty) Limited. The Group has not consolidated Main Street 445 (Pty) Limited on the basis that it has determined that the Group does not have rights to obtain the majority of the benefits of Main Street 445 (Pty) Limited, nor does it retain the majority of the residual or ownership risks related to the company in order to obtain benefits from its activities.

4. PLANT AND EQUIPMENT

4.1 Details of plant and equipment (restated) are:

	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 28 February 2010					
Cost	656 959	21 722	44 610	87 558	503 069
Accumulated depreciation	(149 662)	(6 390)	(27 763)	(59 726)	(55 783)
Net book value	507 297	15 332	16 847	27 832	447 286
Less: vehicles transferred to current assets	(442 804)	–	–	–	(442 804)
Non-current portion	64 493	15 332	16 847	27 832	4 482
At 28 February 2009					
Cost	611 282	17 360	42 121	86 554	465 247
Accumulated depreciation	(131 078)	(3 538)	(21 926)	(50 742)	(54 872)
Net book value	480 204	13 822	20 195	35 812	410 375
Less: vehicles transferred to current assets	(405 135)	–	–	–	(405 135)
Non-current portion	75 069	13 822	20 195	35 812	5 240
COMPANY					
Nil					

4.2 Reconciliation of movement (restated)

GROUP					
Net book value – 29 February 2008					
– non-current	71 717	11 445	17 441	37 550	5 281
– current	458 485	–	–	–	458 485
Additions	316 653	5 406	10 469	15 302	285 476
Disposals	(288 007)	(1 100)	(1 514)	(2 443)	(282 950)
Depreciation charge	(78 644)	(1 929)	(6 201)	(14 597)	(55 917)
Net book value – 28 February 2009					
– non-current	75 069	13 822	20 195	35 812	5 240
– current	405 135	–	–	–	405 135
Additions	410 838	5 206	4 558	8 547	392 527
Disposals	(299 840)	(842)	(670)	(1 819)	(296 509)
Depreciation charge	(83 905)	(2 854)	(7 236)	(14 708)	(59 107)
Net book value – 28 February 2010					
– non-current	64 493	15 332	16 847	27 832	4 482
– current	442 804	–	–	–	442 804

4.3 The insurance replacement value of plant and equipment excluding motor vehicles is R131 803 000 (2009: R131 803 000).

4.4 R25 000 000 (2009: R32 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.

4.5 The impact of the change in accounting policy in respect of plant and equipment is reflected in note 35.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2010

	Group	Group
	2010	Restated
	R'000	2009
		R'000
4. PLANT AND EQUIPMENT (continued)		
4.6 Depreciation is recognised in the statement of comprehensive income as follows:		
– Cost of sales	57 228	53 877
– Selling and administration expenses	26 677	24 767
	83 905	78 644
4.7 Car hire fleet vehicles valued at R442 804 000 (2009: R405 135 000) have been pledged as security for trade and other payables aggregating R478 384 000 (2009: R448 669 000).		
5. GOODWILL		
5.1 Cost	155 473	155 473
Accumulated impairment	(65 501)	(32 472)
Net book value at end of year	89 972	123 001
5.2 Net book value at beginning of year	123 001	144 346
Amounts paid during the year	–	227
Amounts impaired during the year	(33 029)	(21 572)
Net book value at end of year	89 972	123 001
5.3 Amounts impaired during the year arose as a result of		
– pending closure of branches	2 374	227
– application of impairment test as set out below	30 655	21 345
	33 029	21 572
5.4 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 2011 year formed the basis of projected cash flows. In respect of the CGUs with attributable goodwill, the budgets contained average sales volume growth of 6%. In respect of the forecast years 2 – 5, growth of between 6% and 8% per annum was predicted, and a discount rate of between 14% and 16% applied. On this basis, the value-in-use calculations indicated that goodwill relating to certain CGUs exceeded the calculated value and an impairment charge of R33 029 000 was processed at 28 February 2010.		
5.5 The cash flows for the remainder of the CGUs were stress-tested by adversely amending the parameters listed above. Neither parameter change had an impact on the outcomes.		
5.6 Amounts impaired are shown separately on the face of the statement of comprehensive income.		

	Group	Group Restated	Company	Company
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
6. INVESTMENTS				
Main Street 445 (Pty) Limited				
Cost at acquisition	124 387	124 387	124 387	124 387
Impairment recognised on acquisition	(21 409)	(21 409)	(21 409)	(21 409)
Reversal recognised				
– Prior years	6 000	3 000	6 000	3 000
– Current year	3 000	3 000	3 000	3 000
	(12 409)	(15 409)	(12 409)	(15 409)
Dividends accrued				
– Prior years	37 870	18 400	37 870	18 400
– Current year	16 189	19 470	16 189	19 470
	54 059	37 870	54 059	37 870
Amortised cost at end of year	166 037	146 848	166 037	146 848
The investment in Main Street 445 (Pty) Limited 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.				
The directors have assessed the credit quality of the investment value at balance sheet date and are satisfied that there is no need for an impairment charge.				
7. DEFERRED TAXATION				
7.1 Balance at beginning of year	43 535	36 396	–	2 378
Movements during the year:				
Prior year adjustments	(25)	–	–	–
Temporary differences				
– income taxation	5 681	10 143	–	–
– secondary taxation on companies	705	(3 004)	–	(2 378)
Balance at end of year	49 896	43 535	–	–
7.2 Balance at end of year comprises:				
Impairment of receivables	2 020	2 394	–	–
Lease liabilities	26 551	24 812	–	–
Taxation allowances	(2 663)	(2 720)	–	–
Accruals and provisions	7 720	7 760	–	–
Secondary taxation on companies	1 042	337	–	–
Assessed losses	12 880	9 042	–	–
Receipts in advance	2 346	1 953	–	–
Prepayments	–	(43)	–	–
	49 896	43 535	–	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2010

7. DEFERRED TAXATION (continued)

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

	Statement of Closing comprehensive balance income 28 February 2010 R'000		Statement of Closing comprehensive balance income 28 February 2009 R'000		Closing balance 28 February 2008 R'000
		movement 2010 R'000		movement 2009 R'000	
Impairment of receivables	2 020	(374)	2 394	175	2 219
Lease liabilities	26 551	1 739	24 812	2 998	21 814
Taxation allowances	(2 663)	57	(2 720)	3 396	(6 116)
Accruals and provisions	7 720	(40)	7 760	(4 404)	12 164
Secondary taxation	1 042	705	337	(3 004)	3 341
Assessed losses	12 880	3 838	9 042	8 426	616
Receipts in advance	2 346	393	1 953	(2 452)	4 405
Prepayments	–	43	(43)	825	(868)
Derivative financial assets	–	–	–	1 179	(1 179)
Total	49 896	6 361	43 535	7 139	36 396

7.4 At 28 February 2010, certain subsidiaries had assessable losses aggregating R18 101 000 (2009: R9 950 000) 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 2010 R'000	Company 2009 R'000
8. INVESTMENT IN SUBSIDIARY		
8.1 Shares, at cost less amounts impaired	1	1
Amounts owing by subsidiary	395 007	165 800
	395 008	165 801

8.2 Financial information in respect of Group subsidiaries is stated on page 60.

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 – R679 937 000 (2009: R165 800 000).

	Group	Group Restated	Company	Company
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
9. INVENTORY				
9.1 Inventory has been valued as stated in note 1.9 and comprises:				
– new vehicles	266 686	318 628		
– new marine craft	45 297	65 423		
– used and demonstration vehicles	361 521	315 258		
– used and demonstration marine craft	4 889	6 032		
– parts and accessories	36 246	45 138		
– petrol, oils and other inventory	5 475	7 470		
	720 114	757 949		
9.2 Inventory of new and demonstration vehicles valued at R392 521 000 (2009: 443 079 000) forms security for trade payables aggregating R421 032 000 (2009: R518 255 000).				
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.				
9.5 The value of inventory recorded in 2008 has been restated as reflected in note 35.				
10. TRADE AND OTHER RECEIVABLES				
10.1 Trade receivables	174 911	149 825		
Less: impairment	(11 530)	(8 550)		
	163 381	141 275		
Other receivables	44 957	55 060		
	208 338	196 335		
10.2 Trade receivables are primarily in respect of vehicle, car hire, parts and workshop sales. These amounts are subject to the Group's standard credit terms and are due within a maximum of 30 days after year end. No interest is charged on these accounts and there are no significant concentrations of credit risk.				
10.3 The carrying value of trade and other receivables approximates their fair value.				

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2010

	Group	Group Restated	Company	Company
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
10. TRADE AND OTHER RECEIVABLES (continued)				
10.4 Trade receivables can be analysed as follows:				
0 – 30 days, neither overdue nor impaired	130 177	111 700		
31 – 60 days, overdue less than 61 days and impaired	26 436	21 236		
Impairment	(717)	–		
	25 719	21 236		
61+ days, overdue more than 60 days and impaired	18 298	16 889		
Impairment	(10 813)	(8 550)		
	7 485	8 339		
Total	174 911	149 825		
Impairment	(11 530)	(8 550)		
	163 381	141 275		
10.5 The movement in the allowance for impairment is as follows:				
At beginning of year	8 550	7 926		
Written off during the year	(4 141)	(4 021)		
Increase in impairment	7 121	4 645		
At end of year	11 530	8 550		
10.6 The impairment charge for bad and doubtful debts for the year has been included under 'selling and administration expenses' in the statement of comprehensive income.				
11. CASH AND CASH EQUIVALENTS				
Bank balances, net of overdrafts	239 499	186 766	179 862	172 949
Held by insurance underwriters	13 580	25 224	–	–
	253 079	211 990	179 862	172 949

The effective interest rate on bank balances was 6.5% (2009: 11%).

	Group	Group Restated	Company	Company
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
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 – 107 510 000 shares	20 509	20 062	20 509	20 062
During the year – 120 000 (2009: 105 000) shares	614	447	614	447
At end of year – 107 630 000 shares	21 123	20 509	21 123	20 509
12.3 The unissued shares are under the control of the directors until the forthcoming annual general meeting in terms of section 221 of the Companies Act 1973.				
12.4 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 vest in tranches over a five-year period of employment, net of options which have matured and been exercised, are as follows ('000 shares):				
– February 2002 at R2,00 per share	10	10	10	10
– July 2002 at R2,10 per share	100	100	100	100
– October 2002 at R2,06 per share	50	50	50	50
– October 2004 at R5,12 per share	3 545	3 665	3 545	3 665
	3 705	3 825	3 705	3 825
12.5 Details of the share options are ('000 shares):				
Granted at beginning of year	3 825	3 930	3 825	3 930
Granted during the year	–	–	–	–
Forfeited during the year	–	–	–	–
Taken up during the year	(120)	(105)	(120)	(105)
Granted at end of year	3 705	3 825	3 705	3 825

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2010

	Group	Group Restated	Company	Company
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
13. SHARE-BASED PAYMENT RESERVE				
13.1	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 but will only vest in the employees in tranches over a five-year period of employment.			
13.2	A reconciliation of the movement in the number of share options is as follows ('000 shares):			
	Outstanding at beginning of year	3 740	3 665	3 740
	Taken up during the year	(75)	(120)	(75)
	Outstanding at end of year	3 665	3 545	3 665
13.3	The amounts recognised in the financial statements for share-based payment transactions are as follows:			
	Balance at beginning of year	5 477	6 186	5 477
	Charged as 'selling and administration expenses' during year	709	263	709
	Balance at end of year	6 186	6 449	6 186
13.4	The Group has used a Black-Scholes model to value the cost of the options. The model used the following parameters:			
	– risk-free rate	9,5%		
	– annualised volatility	41,0%		
	– dividend yield	5,1%		
	– vesting period	10% after 2 years 20% after 3 years 30% after 4 years 40% after 5 years		
	– fair value per share option at grant date	R1,82		
	– expected departures at vesting date	18%		
13.5	The total cost of the options, as reflected by the model, is R6 449 000 which was charged to the statement of comprehensive income as follows:			
		R'000		
	– 2005	682		
	– 2006	1 638		
	– 2007	2 020		
	– 2008	1 137		
	– 2009	709		
	– 2010	263		
		6 449		

	Group	Group Restated	Company	Company
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
14. NON-DISTRIBUTABLE RESERVE				
Capital redemption reserve	5 896	5 896	5 896	5 896
15. MINORITY INTEREST				
15.1 Advance from minority shareholders				
Non-current portion	189 743	224 792		
Current portion	19 201	20 821		
	208 944	245 613		
Share of deficit in subsidiaries	(818)	(433)		
	208 126	245 180		
15.2 The advance from minority shareholders is interest-free and has no fixed terms of repayment. However, it is expected to be repaid as follows:				
Next 12 months	19 201	20 821		
Thereafter	189 743	224 792		
	208 944	245 613		
16. INTEREST-BEARING BORROWINGS				
16.1 Interest-bearing borrowings				
Non-current portion	976	3 670		
Current portion	2 193	1 728		
	3 169	5 398		
16.2 This advance is unsecured, bears interest at 1% below the prime overdraft rate and is repayable in 19 equal instalments of R200 766 (2009: 31 equal instalments of R209 000), including interest, as follows:				
Next 12 months	2 193	1 728		
Years 2 – 5	976	3 670		
	3 169	5 398		

The carrying value of the borrowings approximates their fair value.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2010

	Group	Group Restated	Company	Company
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
17. 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	8 181	2 714		
– investment income	1 759	3 090		
– decrease in unearned premium	4 692	5 208		
– claims paid	(5 390)	(3 718)		
– other expenses	(7 773)	(4 209)		
– profit before taxation	1 469	3 085		
Reflected in the balance sheet as:				
– assurance funds	(14 766)	(19 458)		
– trade and other receivables	240	360		
– cash and cash equivalents	13 580	25 224		
– current tax liabilities	(1 152)	(1 518)		
– trade and other payables	(7)	(11)		
18. LEASE LIABILITIES				
At beginning of year	88 613	77 905		
Movement during year	9 466	10 708		
At end of year	98 079	88 613		
This liability arose as a result of the implementation of the 'straight-line' concept contained in IAS 17, 'Leases'.				
19. TRADE AND OTHER PAYABLES				
19.1 Trade payables	1 081 339	1 059 949	–	–
Accrued expenses	89 576	93 585	358	349
Provisions	2 701	4 199	–	–
	1 173 616	1 157 733	358	349
19.2 Trade and other payables comprise primarily trade payables in respect of the purchase of vehicles and parts. They are due within periods 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 8,5% and 13,5% per annum (2009: 13,5% and 15,0%) for the period they are outstanding in excess of an initial interest-free period.				
19.4 Movement in provisions:			Vehicle	Onerous
		Total	warranty	contracts
		R'000	R'000	R'000
At 28 February 2009		4 199	2 421	1 778
Created during the year		2 520	287	2 233
Utilised during the year		(4 018)	(2 240)	(1 778)
At 28 February 2010		2 701	468	2 233

	Group	Group Restated	Company	Company
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
20. REVENUE				
Revenue is derived from the various segments of the business as follows:				
Retail motor	6 094 517	6 307 087	–	–
Car hire	247 956	258 509	–	–
Marine and leisure	130 832	225 753	–	–
Financial services	9 943	8 160	–	–
Corporate services/other	24 270	23 277	22 646	19 469
	6 507 518	6 822 786	22 646	19 469
21. OTHER INCOME				
Capital profit, being proceeds of prior year common control transaction (note 21.1)	–	–	200 943	45 589
Capital profit on disposal of business (note 29)	–	100	–	–
Investment impairment reversed (note 6)	3 000	3 000	3 000	3 000
	3 000	3 100	203 943	48 589
21.1 Proceeds of prior year common control transaction	–	–	200 943	45 589
During October 2006 the Company sold its interests in subsidiaries to a newly-formed subsidiary CMH Holdings (Proprietary) Limited. The sale, on loan account, is classified as a "common control" transaction in terms of IFRS 3, 'Business Combinations', and, as such, the proceeds cannot be recognised until such time as the loan account is repaid. The amount recorded in the current year represents the extent to which the loan account was repaid. The amount is eliminated in the consolidated annual financial statements.				
22. EXPENSES BY NATURE				
Cost of sales	5 390 828	5 724 416	–	–
Impairment of goodwill	33 029	21 572	–	–
Selling and administration expenses				
– Employee benefit expense (note 22.1)	453 714	431 797	263	709
– Depreciation	83 905	78 644	–	–
– Auditor's remuneration (note 22.3)	4 032	3 925	31	36
– Operating lease charges	181 059	179 060	–	–
– Impairment charge for bad and doubtful debt	7 121	4 645	–	–
– Foreign exchange losses/(gains)	824	(4 815)	–	–
– Other expenses	247 903	340 264	192	167
	978 558	1 033 520	486	912

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FOR THE YEAR ENDED 28 FEBRUARY 2010

	Group	Group Restated	Company	Company
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
22. EXPENSES BY NATURE (continued)				
22.1 Employee benefit expense				
Employee costs	409 677	388 269	–	–
Pension fund contributions	24 098	24 779	–	–
Medical aid contributions	19 676	18 040	–	–
Share-based payment expense	263	709	263	709
	453 714	431 797	263	709
22.2 Key management employee benefit expense				
Short-term employee benefits	23 607	13 064	–	–
Share-based payment expense	249	509	–	–
	23 856	13 573	–	–
These amounts are included in "Employee benefit expense" above				
22.3 Auditor's remuneration				
Fees for audit	3 997	3 733	34	22
Fees for other services	57	89	–	–
Prior year adjustment	(22)	103	(3)	14
	4 032	3 925	31	36
23. FINANCE INCOME / FINANCE COSTS				
Interest paid – trade payables	(34 192)	(50 437)	–	(24)
Interest received – bank	16 458	17 142	13 225	10 456
– subsidiaries	–	–	32 906	23 630
	16 458	17 142	46 131	34 086
Net finance cost	(17 734)	(33 295)	46 131	34 062
24. TAX EXPENSE				
24.1 South African normal taxation:				
– current year	40 670	16 736	12 854	9 480
– prior year adjustment	(74)	267	1	278
– deferred – current year	(5 681)	(10 143)	–	–
– prior year	25	–	–	–
Capital gains taxation	–	14	–	–
Secondary taxation on companies				
– current	1 351	1 145	–	631
– deferred	(705)	3 004	–	2 378
	35 586	11 023	12 855	12 767
24.2 Reconciliation of rate of taxation				
Statutory rate	28,0	28,0	28,0	28,0
Adjusted for:				
Disallowable expenditure	11,3	49,6	–	–
Exempt income and allowances	(6,5)	(48,3)	(23,3)	(18,7)
Secondary taxation on companies				
– current	1,5	8,7	–	0,6
– deferred	(0,8)	22,8	–	2,4
Assessed losses not recognised	7,2	21,3	–	–
Assessed losses utilised	(1,2)	–	–	–
Capital gains taxation	–	0,1	–	–
Prior year adjustment	(0,1)	2,0	–	0,3
Effective rate	39,4	84,2	4,7	12,6

	Group	Group
	2010	Restated
	R'000	2009
		R'000
25. EARNINGS PER SHARE		
25.1	Basic earnings and headline earnings per share are based on total profit and headline earnings respectively and calculated using the weighted average of 107 561 740 (2009: 107 469 932) 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, the earnings and headline earnings per share will be diluted.	
	The number of shares used to calculate the 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.	
	Weighted average number of shares in issue during the year ('000 shares)	107 470
	Adjustment for option shares	–
	107 562	107 470
	1 759	–
	109 321	107 470
25.3	Reconciliation of headline earnings	
	Total profit	2 060
	Non-trading items	
	– capital profit on sale of business	(100)
	less: capital gains taxation	14
	–	(86)
	– impairment of goodwill	21 572
	33 029	21 572
	87 812	23 546
	Attributable to:	
	Equity holders of the Company	26 390
	Minority shareholders	(2 844)
	87 812	23 546

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2010

	Group	Group Restated	Company	Company
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
26. CASH GENERATED FROM OPERATIONS				
Operating profit	108 103	46 378	226 103	67 146
Adjustments for non-cash items:				
Movement in lease liabilities	9 466	10 708	–	–
Movement in share-based payment reserve	263	709	263	709
Depreciation	83 905	78 644	–	–
Movement in provisions	(1 498)	5	–	–
Capital profit on disposal of business	–	(100)	–	–
Capital profit on disposal of subsidiary	–	–	(200 943)	(45 589)
Loss on sale of plant and equipment	1 214	195	–	–
Revaluation of investments	(3 000)	(3 000)	(3 000)	(3 000)
Impairment of goodwill	33 029	21 572	–	–
Assurance funds movement	(4 692)	(6 759)	–	–
Valuation of derivative financial instruments	–	6 372	–	–
Sale of car hire fleet vehicles	294 717	282 181	–	–
Purchase of car hire fleet vehicles	(389 613)	(282 748)	–	–
	131 894	154 157	22 423	19 266
Working capital changes, excluding the effects of acquisitions and disposals:				
Inventory	37 835	163 402	–	–
Trade and other receivables	(12 003)	64 684	–	–
Trade and other payables	17 381	(211 180)	9	349
	43 213	16 906	9	349
Cash generated from operations	175 107	171 063	22 432	19 615
27. DIVIDENDS PAID				
Ordinary dividends				
Dividend number 43	(6 457)	–	(6 457)	–
Dividend number 42	–	(30 094)	–	(30 094)
	(6 457)	(30 094)	(6 457)	(30 094)
28. TAXATION PAID				
Taxation paid is reconciled to the amounts disclosed in the statement of comprehensive income as follows:				
Amounts paid in advance/(unpaid) at beginning of year	8 425	(12 304)	(1 494)	438
Liability disposed of	–	57	–	–
Amounts charged to the statement of comprehensive income	(41 947)	(18 162)	(12 855)	(10 389)
Amounts (paid in advance)/unpaid at end of year	(3 787)	(8 425)	2 995	1 494
	(37 309)	(38 834)	(11 354)	(8 457)

	Group	Group Restated	Company	Company
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
29. PROCEEDS ON DISPOSAL OF BUSINESS				
On 28 February 2009, the Group sold its 50% interest in Princess Yachts SA (Proprietary) Limited to a third party. Carrying value at the date of sale of the assets (excluding cash and cash equivalents) and liabilities disposed of:				
– Plant and equipment	–	11		
– Trade and other receivables	–	351		
– Trade and other payables	–	(65)		
– Current tax liability	–	(57)		
– Minority shareholder's interest	–	(318)		
Net asset value of business	–	(78)		
Capital profit	–	100		
Proceeds on disposal of business	–	22		
30. ADVANCE FROM MINORITY SHAREHOLDERS				
Repayment of loans	(36 669)	(25 110)		
Payment of dividends	–	(6 398)		
	(36 669)	(31 508)		
31. RELATED PARTY TRANSACTIONS				
31.1 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	42 425	41 610	–	–
The directors are of the opinion that the terms and conditions of the rental agreements approximate those available in the open market.				
31.2 Other transactions conducted and balances with related companies were as follows:				
Dividends received	(16 189)	(19 470)	(22 646)	(19 469)
Interest received	–	–	(32 906)	(23 630)
Year-end balances – owing by subsidiary	–	–	395 007	165 800
– investments	166 037	146 848	166 037	146 848
32. COMMITMENTS				
Operating lease commitments.				
The future minimum lease payments under non-cancellable operating leases are as follows:				
Next 12 months	154 328	144 810	–	–
Years 2 – 5	474 983	498 059	–	–
Years 6+	317 725	440 160	–	–
	947 036	1 083 029	–	–
Less: accrued in balance sheet	(98 079)	(88 613)	–	–
Future expense	848 957	994 416	–	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2010

33. EMPLOYEE BENEFIT INFORMATION

- 33.1** 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.
- 33.2** During the year under review the Combined Motor Holdings Pension Fund operated as a defined contribution plan governed by the Pension Funds Act.
- 33.3** 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.
- 33.4** The Group pays a fixed monthly contribution to various independent medical schemes. It has no post-retirement obligations to employees.

34. CONTINGENT LIABILITIES

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

- 34.1** To the holders of the A-class preference shares, to the value of R59 643 000 (2009: R83 650 000), the right to convert the shares to shares in the Company on a fair market value swop ratio; and
- 34.2** To the holders of the B-class preference shares, to the value of R22 841 000 (2009: R19 736 000), 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 these undertakings.

35. CHANGE IN ACCOUNTING POLICY AND COMPARATIVE FIGURES

Where necessary, comparative figures have been reclassified or restated to conform with changes in accounting policies or presentation in the current year.

The adoption of the amendment to IAS 16 'Property, Plant and Equipment' has necessitated a change in accounting policy in respect of car hire fleet vehicles. The amendment requires an entity that, during the course of its ordinary activities, routinely sells items of plant and equipment that it has held for rental, to transfer such assets to inventory at their carrying value when they cease to be rented and become held for sale. The proceeds of the sale of such assets are recognised as revenue in accordance with IAS 18 'Revenue'.

Until 28 February 2009, car hire fleet vehicles were classified as current assets and disclosed as 'Inventory' on the face of the balance sheet. Revenue from the sale of the vehicles and the carrying value thereof were disclosed as 'Cost of sales' on the face of the statement of comprehensive income. The profit on sale was applied as a reduction of the depreciation charged on the vehicles.

The change in accounting policy has resulted in the reclassification of car hire fleet vehicles from 'Inventory' to 'Car hire fleet vehicles', both under the heading 'Current assets'. 'Revenue' now includes the selling value of vehicles sold.

	Group 2010 R'000	Group 2009 R'000	Group 2008 R'000
35. CHANGE IN ACCOUNTING POLICY AND COMPARATIVE FIGURES (continued)			
The effect in the financial statements is summarised as follows:			
Balance Sheet			
Increase in Car hire fleet vehicles	442 804	405 135	458 485
Decrease in Inventory	(442 804)	(405 135)	(458 485)
Statement of Comprehensive Income			
Increase in Revenue	294 717	241 145	
Increase in Cost of sales	294 717	241 145	
Cash Flow Statement			
Cash generated from operations:			
Increase in Depreciation	57 227	53 878	
Increase in Sale of car hire fleet vehicles	294 717	282 181	
Increase in Purchase of car hire fleet vehicles	(389 613)	(282 748)	
Working capital changes:			
Increase/(decrease) in Inventory	37 669	(53 311)	

36. SUBSEQUENT EVENTS

A dividend (dividend number 44) of 21 cents per share will be paid on Monday 14 June 2010 to members reflected in the share register of the Company at the close of business on the record date, Friday 11 June 2010. Last day to trade 'cum' dividend is Friday 4 June 2010. First day to trade 'ex' dividend is Monday, 7 June 2010. Share certificates may not be dematerialised or rematerialised from Monday 7 June 2010 to Friday 11 June 2010, both days inclusive. The total value payable is R22 602 000. Secondary taxation on companies of R2 260 000 will be charged on this dividend.

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

The following standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting year beginning 1 March 2010 but are not relevant to the Group's operations:

- IFRIC 17 'Distribution of non-cash assets to owners'
- IAS 27 (Revised), 'Consolidated and separate financial statements'
- IFRS 3 (Revised), 'Business combinations'
- IAS 38 (Amendment), 'Intangible Assets'
- IFRS 5 (Amendment), 'Measurement of non-current assets (or disposal groups) classified as held-for-sale'
- IAS 1 (Amendment), 'Presentation of financial statements'
- IFRS 2 (Amendments), 'Group cash-settled share-based payment transactions'.

SUBSIDIARIES

NAME OF COMPANY	Issued share capital	Activity	Effective holding (indirect)/direct			Shares at cost less amounts written off		Indebtedness by subsidiaries	
			2010	Restated 2009	Pre-viously recorded 2009	2010	2009	2010	2009
			%	%	%	R'000	R'000	R'000	R'000
Bonerts	20	1	(77)	(72)	(85)	–	–	–	–
CMH Autogas Products	100	5	(85)	(51)	(60)	–	–	–	–
CMH Car Hire	100	3	(85)	(85)	(100)	–	–	–	–
CMH Holdings	1 000	5	85	85	85	1	1	395 007	165 800
CMH Luxury Motors	3 000 000	1	(85)	(85)	(100)	–	–	–	–
CMH Luxury Motors (Lyndhurst)	200	1	(85)	(85)	(100)	–	–	–	–
CMH Luxury Motors (Umhlanga)	100	1	(64)	(64)	(75)	–	–	–	–
CMH Marine and Leisure	67 000	4	(85)	(85)	(100)	–	–	–	–
Combined Motor Finance	2	2	(85)	(85)	(100)	–	–	–	–
Datcentre Motors	250 000	1	(85)	(85)	(100)	–	–	–	–
Kempster Sedgwick	1 800 400	1	(85)	(85)	(100)	–	–	–	–
Mandarin Motors	100	1	(62)	(43)	(51)	–	–	–	–
Mandarin Motors Three	100	1	(85)	(85)	(100)	–	–	–	–
Mandarin Motors Two	100	1	(81)	(81)	(95)	–	–	–	–
Pipemakers	100	5	(60)	(60)	(70)	–	–	–	–
Power Financial Services (KZN)	100	2	(85)	(85)	(100)	–	–	–	–
Waterworld	1	6	(85)	(85)	(100)	–	–	–	–
Whitehouse Motors	25	1	(85)	(85)	(100)	–	–	–	–
						1	1	395 007	165 800

Notes:

- All subsidiaries are (Proprietary) Limited companies incorporated in South Africa.
- Activity index
 - retail motor
 - financial services
 - car hire
 - marine and leisure
 - corporate services/other
 - dormant/deregistered in current year
- No business of a subsidiary was managed by a third party during the year under review.
- The effective holding by the Company in its subsidiaries was incorrectly recorded in the 2009 Annual Report. The previously reported and restated figures are recorded above. This error relates to disclosure only and has no impact on the results presented.

DIRECTORS' EMOLUMENTS

	Total R'000	MPD Conway R'000	SK Jackson R'000	JD McIntosh R'000	RTAC Nethercott R'000	CL Odendaal R'000
Executive directors						
2010						
Salary	9 739	2 109	2 548	2 973	2 109	–
Performance-related payments	2 950	750	800	1 000	400	–
Fringe benefits	784	196	196	196	196	–
Contributions to pension and medical aid funds	927	193	257	284	193	–
	14 400	3 248	3 801	4 453	2 898	–
2009						
Salary	11 171	2 176	2 427	2 830	2 176	1 562
Fringe benefits	851	181	181	181	185	123
Contributions to pension and medical aid funds	1 042	210	243	266	179	144
	13 064	2 567	2 851	3 277	2 540	1 829
Non-executive directors						
	Total R'000	LCZ Cele R'000	JTM Edwards R'000	L Gadd R'000	VP Khanyile R'000	M Zimmerman R'000
2010						
Fees	1 696	121	195	90	90	1 200
Fringe benefits	127	–	–	–	–	127
Contributions to medical aid fund	50	–	–	–	–	50
	1 873	121	195	90	90	1 377
2009						
Fees	1 652	105	179	84	84	1 200
Fringe benefits	181	–	–	–	–	181
Contributions to medical aid fund	58	–	–	–	–	58
	1 891	105	179	84	84	1 439

Notes:

1. All remuneration paid by subsidiary companies.
2. CL Odendaal resigned 31 October 2008.

DIRECTORS' SHAREHOLDING

('000 shares)	Total	MPD Conway	JTM Edwards	SK Jackson	JD McIntosh	RTAC Nethercott	M Zimmerman	JW Alderslade
Beneficial shareholding at 28 February 2009								
– direct	330	5	5	87	112	113	–	8
– indirect	75 493	1 630	–	5 000	25 395	–	43 468	–
	<u>75 823</u>	<u>1 635</u>	<u>5</u>	<u>5 087</u>	<u>25 507</u>	<u>113</u>	<u>43 468</u>	<u>8</u>
Shares acquired during the year	2	–	2	–	–	–	–	–
Retirement of director	(113)	–	–	–	–	(113)	–	–
Beneficial shareholding at 28 February 2010								
– direct	219	5	7	87	112	–	–	8
– indirect	75 493	1 630	–	5 000	25 395	–	43 468	–
	<u>75 712</u>	<u>1 635</u>	<u>7</u>	<u>5 087</u>	<u>25 507</u>	<u>–</u>	<u>43 468</u>	<u>8</u>
Options held subject to the terms and conditions of the CMH Share Incentive Scheme								
– at R5,12 per share	2 137	338	–	787	1 012	–	–	–
	<u>2 137</u>	<u>338</u>	<u>–</u>	<u>787</u>	<u>1 012</u>	<u>–</u>	<u>–</u>	<u>–</u>

ANALYSIS OF ORDINARY SHAREHOLDERS

	Number of shareholders		Number of shares held (000's)		Percentage of shares held	
	2010	2009	2010	2009	2010	2009
Individuals	454	419	4 667	4 699	4,4	4,4
Nominee companies and trusts	75	62	4 895	4 761	4,5	4,4
Other corporate bodies	117	99	98 068	98 050	91,1	91,2
	646	580	107 630	107 510	100,0	100,0
Holdings						
1 – 2 500	317	289	287	254	0,2	0,2
2 501 – 5 000	90	76	331	277	0,3	0,3
5 001 – 10 000	68	60	511	452	0,5	0,4
Over 10 000	171	155	106 501	106 527	99,0	99,1
	646	580	107 630	107 510	100,0	100,0
Public shareholders	640	573	31 920	31 687	29,7	29,5
Non-public shareholders – directors of Company	6	7	75 710	75 823	70,3	70,5
	646	580	107 630	107 510	100,0	100,0

Notes:

1. *So far as is known only one shareholder other than a director is directly or indirectly beneficially interested in 5% or more of the ordinary issued share capital. Old Mutual Group holds 5,36%.*
2. *A copy of the detailed share register as at 28 February 2010 is available on written request to the Company Secretary.*

STOCK EXCHANGE PERFORMANCE

			2010	2009
Closing price	28 February 2010	(cents)	940	430
Volume of shares traded		('000 shares)	13 322	10 250
Value of shares traded		(R'000)	86 764	63 812
Number of transactions			162	168
Volume of shares traded as percentage of total issued shares		(%)	12,4	9,5
JSE general retailers index			28 516	18 816
JSE all-share index			26 764	18 465
Lowest price	27 November 2009	(cents)	430	320
Highest price	28 February 2010	(cents)	940	1 200
Earnings yield	28 February 2010	(%)	5,4	1,8
Dividend yield	28 February 2010	(%)	0,6	6,5

CERTIFICATION BY THE COMPANY SECRETARY

I certify, in accordance with section 268G(d) of the Companies Act 1973, that the Company has lodged with the Registrar of Companies all such returns as are required by a public company in terms of the Act and that all such returns are true, correct and up to date.



SK Jackson
Company secretary

16 April 2010

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)

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

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

VP Khanyile, BCom (Hons) (Non-executive)

JD McIntosh, CA (SA)

MH Shelembe, BCom, BCompt (Hons), Postgrad Dip Tax,

CA (SA), Postgrad Dip Marketing (Non-executive)

(Appointed 14 December 2009)

M Zimmerman (Non-executive)

JW Alderslade, CA (SA) (alternate to VP Khanyile)

EXECUTIVE COMMITTEE

SL Atkinson

BWJ Barritt

JP de Bruyn

GP Gray

TN Morey

RTAC Nethercott

CG Webber

SECRETARY

SK Jackson

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	February
AGM	May
REPORTS	
Interim	October
Annual financial statements	May
DIVIDENDS	
Interim	declared October paid December
Final	declared April paid June

NOTICE OF MEETING

Notice is hereby given that the twenty-second Annual General Meeting of members 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, 27 May 2010 commencing at 15:30 for the following purposes:

1. To receive and adopt the annual financial statements for the year ended 28 February 2010.
2. To elect directors in place of Messrs MPD Conway and VP Khanyile, who retire at the annual general meeting. Messrs MPD Conway and VP Khanyile, who retire by rotation in terms of the articles of association, offer themselves for re-election.
3. To confirm the appointment of Mr MH Shelembe who was appointed a director on 14 December 2009.
4. To determine and confirm the remuneration of the directors for their services.
5. To consider and, if deemed fit, to pass with or without modification, the following resolution which will be passed as an ordinary resolution:
"That 35 960 560 unissued ordinary shares of no par value be placed under the control of the directors who may, subject to section 221 of the Companies Act 1973, issue them at their discretion as and when they deem fit."
6. To approve the adoption of share incentive schemes for key management. Details of the proposed schemes are enclosed with this annual report.
7. To transact such other business as may be transacted at an annual general meeting of members.

A member 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 member. Proxy forms should be forwarded to reach the registered office of the Company by not later than 16:00 on 26 May 2010.

By order of the board of directors

SK Jackson
Company secretary

16 April 2010

CURRICULUM VITAE

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

Mark Conway CA(SA) joined the Group as Datcentre Motors' financial manager in 1987. During 1991 he transferred to the operating side of the business as dealer principal of Datcentre Durban and, in 1995, was appointed franchise director for the Group's Nissan, Fiat and Alfa Romeo dealerships. Mark was appointed to the board in May 2000 and his portfolio has been expanded to include the CMH Group's Honda, GM, Renault, Nissan Diesel and Marine and Leisure franchises. A past chairman of the KwaZulu-Natal and National Nissan Dealer Council and member of the Nissan Diesel Dealer Council, Mark was last re-elected to the board in 2007.

Vusi Khanyile, BCom (Hons), is the chairman and founding managing director of Thebe Investment Corporation (TIC), one of South Africa's oldest black economic empowerment companies. Previously head of finance in the African National Congress from 1990 to 1992, Vusi established TIC in 1992 to fulfil his passion to support communities and community development. Vusi was appointed a director of the Company in January 2007. He has won numerous awards for his business achievements, including the BBQ Businessman and Investment Specialist Award.

Mpilo Shelembe CA(SA) has 10 years' investment banking experience of which 7 years was spent focusing on mining resource transactions. He completed a number of transactions across various commodities including gold, platinum, copper, ferrochrome and coal. Prior to joining Thebe Group, Mpilo was a Director and Head: Strategic Equity Investments and Empowerment Financing in Standard Bank's Corporate and Investment Banking division. Mpilo's primary responsibilities within Thebe Group include leading Thebe Mining Resources, group-wide capital-raising initiatives and serving as a director on the boards of some of Thebe Group's investee companies. Mpilo was elected to the Company board in December 2009.

FORM OF PROXY



COMBINED MOTOR HOLDINGS LIMITED
ANNUAL GENERAL MEETING – 27 MAY 2010

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 15:30 on Thursday, 27 May 2010 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 No 1			
Ordinary Resolution No 2 – MPD Conway			
Ordinary Resolution No 2 – VP Khanyile			
Ordinary Resolution No 3			
Ordinary Resolution No 4			
Ordinary Resolution No 5			
Ordinary Resolution No 6			

Notes:

1. A member 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 member.
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 16:00 on 26 May 2010.
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.

Registered office

1 Wilton Crescent
Umhlanga Ridge
4319

Postal address

PO Box 1033
Umhlanga Rocks
4320

www.cmh.co.za