

AUDITED RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2010

ABRIDGED GROUP STATEMENT OF COMPREHENSIVE INCOME

	Audited 28 February 2010 R'000	Restated Audited 28 February 2009 R'000
Revenue	6 507 518	6 822 786
Cost of sales	(5 390 828)	(5 724 416)
Gross profit	1 116 690	1 098 370
Other income	3 000	3 100
Impairment of goodwill	(33 029)	(21 572)
Selling and administration expenses	(978 558)	(1 033 520)
Operating profit	108 103	46 378
Finance income	16 458	17 142
Finance costs	(34 192)	(50 437)
Profit before taxation	90 369	13 083
Tax expense	(35 586)	(11 023)
Total profit and comprehensive income	54 783	2 060
Attributable to:		
Equity holders of the Company	54 439	8 127
Minority interest	344	(6 067)
	54 783	2 060
Reconciliation of headline earnings		
Total profit	54 783	2 060
Non-trading items		
capital profit on sale of business	-	(100)
less: capital gains tax	-	14
	-	(86)
- impairment of goodwill	33 029	21 572
Headline earnings	87 812	23 546
Headline earnings attributable to:		
Equity holders of the Company	82 514	26 390
Minority shareholders	5 298	(2 844)
	87 812	23 546

ABRIDGED GROUP CASH FLOW STATEMENT

	Audited 28 February 2010 R'000	Restated Audited 28 February 2009 R'000
Operating profit adjusted for non-cash items	226 790	154 724
Sale of car hire fleet vehicles	294 717	282 181
Purchase of car hire fleet vehicles	(389 613)	(282 748)
Working capital changes:		
Inventory	37 835	163 402
Trade and other receivables	(12 003)	64 684
Trade and other payables	17 381	(211 180)
Cash generated from operations	175 107	171 063
Finance income	16 458	17 142
Finance costs	(34 192)	(50 437)
Dividends paid	(6 457)	(30 094)
Taxation paid	(37 309)	(38 834)
Cash flow from operating activities	113 607	68 840
Cash flow from investing activities	(34 234)	(47 770)
Cash flow from financing activities	(38 284)	(32 548)
Net cash flow for year	41 089	(11 478)
Cash and cash equivalents at beginning of year	211 990	223 468
Cash and cash equivalents at end of year	253 079	211 990

ABRIDGED GROUP BALANCE SHEET

	Audited 28 February 2010 R'000	Restated Audited 28 February 2009 R'000	Restated Audited 29 February 2008 R'000
Assets			
Non-current assets			
Plant and equipment	64 493	75 069	71 717
Goodwill	89 972	123 001	144 346
Investments	166 037	146 848	124 379
Deferred taxation	49 896	43 535	36 396
	370 398	388 453	376 838
Current assets	1 634 769	1 579 834	1 871 007
Total assets	2 005 167	1 968 287	2 247 845
Equity and liabilities			
Capital and reserves			
Ordinary shareholders' equity	500 764	451 905	472 716
Minority interest	(818)	(433)	12 121
Total equity	499 946	451 472	484 837
Non-current liabilities			
Advance from minority shareholders	189 743	224 792	252 317
Interest-bearing borrowings	976	3 670	5 314
Assurance funds	14 766	19 458	26 217
Lease liabilities	98 079	88 613	77 905
	303 564	336 533	361 753
Current liabilities	1 201 657	1 180 282	1 401 255
Total equity and liabilities	2 005 167	1 968 287	2 247 845
Net asset value per share (cents)	465	420	451

GROUP STATEMENT OF CHANGES IN EQUITY

	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
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
Dividends paid				(30 094)	(30 094)	(6 398)	(36 492)
Share-based payment reserve			709		709		709
Purchase of minority interest						(89)	(89)
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
Dividends paid				(6 457)	(6 457)		(6 457)
Share-based payment reserve			263		263		263
Purchase of minority interest						(729)	(729)
At 28 February 2010	21 123	5 896	6 449	467 296	500 764	(818)	499 946

SEGMENTAL ANALYSIS

	Total		Retail motor		Car hire		Marine and leisure		Financial services		Corporate services	
	2010 R'000	Restated 2009 R'000	2010 R'000	Restated 2009 R'000	2010 R'000	2009 R'000	2010 R'000	2009 R'000	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Revenue	6 507 518	6 822 786	6 094 517	6 307 087	247 956	258 509	130 832	225 753	9 943	8 160	24 270	23 277
Operating profit	108 103	46 378	99 103	42 347	14 457	(1 020)	(26 170)	(9 268)	4 592	7 866	16 121	6 453
Net finance costs	(17 734)	(33 295)	(50 062)	(63 624)	(773)	2 832	(224)	(582)	1 782	2 968	31 543	25 111
Profit before taxation	90 369	13 083	49 041	(21 277)	13 684	1 812	(26 394)	(9 850)	6 374	10 834	47 664	31 564
Total assets	2 005 167	1 968 287	990 018	1 003 202	492 321	452 230	74 078	121 698	19 910	25 544	428 840	365 613
Total liabilities	1 505 221	1 516 815	743 751	739 542	504 143	466 579	23 698	34 706	15 931	19 475	217 698	256 513
Goodwill at year-end	89 972	123 001	84 972	98 001	-	-	5 000	25 000	-	-	-	-

GROUP FINANCIAL HIGHLIGHTS

	Change %	Audited 28 February 2010	Restated Audited 28 February 2009
Operating profit	(R'000)	133	108 103
Earnings per share	(cents)	566	50,6
Headline earnings per share	(cents)	212	76,7
Diluted headline earnings per share	(cents)	207	75,5
Final dividend per share	(cents)	100	21,0
Total assets	(R'000)	2	2 005 167
Year-end cash resources	(R'000)	19	253 079

COMMENTARY ON RESULTS

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.

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.

FINANCIAL REVIEW

The prompt and tough steps to restructure Group operations were rewarded with a 256% improvement in profit before goodwill impairment and taxation. This was achieved primarily through a reduction in 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 2010/2011 indicate the need for goodwill impairment to the extent of R33 million which has been charged in the current year. The Group's tax rate, at 39%, is high because of the non-deductibility of the goodwill impairment.

RETAIL MOTOR

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. 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.

Group new unit sales decreased by 12,1%, but were offset by an 11,5% increase in used vehicle volumes, and improved gross margins.

The Group's workshops and parts departments have benefited from the high vehicles sales volumes during 2003-2007, and continue to provide a dependable offset against branch overheads.

CAR HIRE

The 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.

Inbound foreign business has been adversely affected by the global economic downturn and the perceived strength of the South African currency.

MARINE AND LEISURE

This 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.

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 we are confident that the Group will continue the earnings trend which began during the second half of 2009.

DIVIDEND

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.

CHANGE IN ACCOUNTING POLICY

With effect from 1 March 2009, the Group adopted the amendment to IAS 16 'Property, Plant and Equipment' which 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' and Revenue now includes the selling value of vehicles sold.

The effect in the balance sheet is summarised as follows:

	2010 R'000	2009 R'000	2008 R'000
Balance Sheet			
Increase in car hire fleet vehicles	442 804	405 135	458 485
Decrease in inventory	(442 804)	(405 135)	(458 485)

The effect in the statement of comprehensive income and cash flow statement is summarised as follows:

	2010 R'000	2009 R'000
Statement of Comprehensive Income		
Increase in Revenue	351 956	241 145
Increase in Cost of sales	351 956	241 145

Cash Flow Statement

Sale of car hire fleet vehicles	294 717	282 181
Purchase of car hire fleet vehicles	(389 613)	(282 748)
Cash generated from operations	(37 669)	53 311
Working capital changes:		
Movement in inventory	37 669	(53 311)

BASIS OF PREPARATION

The results of the Group for the year ended 28 February 2010 have been prepared in accordance with IAS34: Interim Financial Reporting, International Financial Reporting Standards, the AC 500 Standards as issued by the Accounting Practices Board, the Listing Requirements of the JSE Limited and Schedule 4 of the Companies Act of South Africa 1973. Except for the adoption of IAS 16 as noted above, the accounting policies of the Group have been consistently applied to these results and are the same as those applied to the results at 28 February 2009.

CORPORATE GOVERNANCE

The Group is committed to maintaining the high standards of governance as embodied in the King Report on Corporate Governance and complies with the significant principles of both the Report and the JSE Limited Listings Requirements.

ANNUAL GENERAL MEETING

The annual general meeting will be held at 1 Wilton Crescent, Umhlanga Ridge at 15h30 on 27 May 2010.

The information has been audited by PricewaterhouseCoopers Inc., the Group's external auditor. A copy of their unqualified audit report is available for inspection at the Company's registered office.

By order of the board of directors

SK JACKSON BCom (Hons) (Tax Law), CA(SA)
Company Secretary
16 April 2010

REGISTERED OFFICE

1 Wilton Crescent, Umhlanga Ridge, 4319

TRANSFER SECRETARIES

Computershare Investor Services (Proprietary) Limited
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SPONSOR

PricewaterhouseCoopers Corporate Finance
(Proprietary) Limited
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DIRECTORS

M Zimmerman (Chairman), JD McIntosh (CEO),
LCZ Cele, MPD Conway, JTM Edwards,
SK Jackson, VP Khanyile, MH Shlembe,
JW Alderslade (alternate)

