

**COMBINED MOTOR HOLDINGS LIMITED**  
Registration no. 1965/000270/06

**FINANCIAL STATEMENTS**  
for the year ended 28 February 2017

# COMBINED MOTOR HOLDINGS LIMITED

## FINANCIAL STATEMENTS

for the year ended 28 February 2017

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### COMPANY INFORMATION

Registration number:	1965/000270/06
Registered address:	1 Wilton Crescent Umhlanga Ridge 4319
Postal address:	PO Box 1033 Umhlanga Rocks 4320
Independent auditor:	PricewaterhouseCoopers Inc. Durban
Bankers:	First National Bank Limited

These financial statements have been audited by our external auditor PricewaterhouseCoopers Inc. in compliance with the applicable requirements of the Companies Act, 2008. The financial statements were prepared by K Fonseca CA(SA) under the supervision of SK Jackson CA(SA).

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## REPORT OF THE AUDIT AND RISK ASSESSMENT COMMITTEE

The audit and risk assessment committee was appointed by shareholders in respect of the year ended 28 February 2017. All members are independent non-executive directors of the Company. The committee is satisfied that, in respect of the financial year, it has performed all the functions required to be performed by an audit committee as set out in the Companies Act, 2008 and the committee's terms of reference.

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

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

The committee has recommended the annual financial statements to the Board for approval.



**JS Dixon**  
*Chairman*  
13 April 2017

## REPORT OF THE SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

The social, ethics and transformation committee has performed all the functions required to be performed by the committee as set out in Regulation 43(5) of the Companies Act Regulations, 2011. These functions include monitoring the Company's activities relating to social and economic development, good corporate citizenship, the environment, health and public safety, consumer relationships, and labour and employment.

The committee has satisfied itself that the Company's activities have regard to relevant legislation and prevailing codes of best practice in each of the relevant areas.



**LCZ Cele**  
*Chairman*  
13 April 2017

## CERTIFICATION BY THE COMPANY SECRETARY

In my capacity as company secretary, I hereby confirm that, for the year ended 28 February 2017, the Company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act, 2008, and that all such returns are true, correct and up to date.



**K Fonseca**  
*Company secretary*  
13 April 2017

**COMBINED MOTOR HOLDINGS LIMITED**

**STATEMENT OF DIRECTORS' RESPONSIBILITY**  
**for the year ended 28 February 2017**

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The directors are responsible for the preparation, integrity and fair presentation of the financial statements of Combined Motor Holdings Limited (the "Company"). The financial statements presented on pages 8 to 22 have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa 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 International Financial Reporting Standards 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 at year-end.


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

The Company 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 being controlled.

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the Company will not be a going concern in the foreseeable future, based on forecasts and available cash resources.

The financial statements were approved by the board of directors on 13 April 2017 and are signed on its behalf by:

  
\_\_\_\_\_  
**Director**

  
\_\_\_\_\_  
**Director**

# COMBINED MOTOR HOLDINGS LIMITED

## DIRECTORS' REPORT for the year ended 28 February 2017

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The directors have pleasure in presenting their report on the activities of the Company for the year ended 28 February 2017.

### 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.

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

### General review

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

### Share capital

The authorised and issued share capital of the Company are presented in note 7 to the attached financial statements.

### Directors

The following served as directors during the year under review:

JTM Edwards (independent non-executive chairman)  
JD McIntosh (chief executive officer)  
BWJ Barritt (executive) (appointed 25 April 2016)  
LCZ Cele (independent non-executive)  
JS Dixon (independent non-executive)  
SK Jackson (executive)  
ME Jones (independent non-executive)  
JA Mabena (independent non-executive)  
MR Nkadimeng (independent non-executive).

### Dividends

Dividends of R104 721 548 (2016: R97 140 379) were declared and paid during the year. Details thereof are presented in note 14.

### Secretary

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

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

### Independent auditor

PricewaterhouseCoopers Inc. will continue in office in accordance with the Companies Act, 2008.

## COMBINED MOTOR HOLDINGS LIMITED

### DIRECTORS' REPORT continued for the year ended 28 February 2017

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#### **Directors' shareholding**

Details of the directors' direct and indirect shareholdings in the Company are reflected on page 20.

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

#### **Subsidiary**

Details of the Company's direct and indirect subsidiaries are set out on page 20.

The results of the direct and indirect subsidiaries comprise aggregate income and losses for the year, after taxation, of R207 721 000 (2016: R 166 446 000) and R16 363 000 (2016: R7 499 000) respectively.

#### **Subsequent events**

Other than as recorded in note 19, no events material to the appreciation of the financial statements have occurred between the financial year-end and the date of this report.

## Independent auditor's report

To the Shareholders of Combined Motor Holdings Limited

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Combined Motor Holdings Limited (the Company) standing alone as at 28 February 2017, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

#### What we have audited

Combined Motor Holdings Limited's financial statements set out on pages 8 to 22 comprise:

- the statement of financial position of the Company standing alone as at 28 February 2017;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

#### Independence

We are independent of the Company in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the *International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B)*.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period.

We have determined that there are no key audit matters to communicate in our report.

#### Other information

The directors are responsible for the other information. The other information comprises the *Combined Motor Holdings Limited Company Financial Statements* that includes the Directors' Report, the Report of the Audit and Risk Assessment Committee and the Certification by the Company Secretary as required by the Companies Act of South Africa and *Combined Motor Holdings Limited Integrated Annual Report*, which we obtained prior to the date of this auditor's report. Other information does not include the consolidated and separate financial statements and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not, and will not, express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the directors for the financial statements**

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

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Combined Motor Holdings Limited for 41 years.

*PricewaterhouseCoopers Inc.*

**PricewaterhouseCoopers Inc.**

**Director: SF Randelhoff**

**Registered Auditor**

**Durban**

**13 April 2017**



COMBINED MOTOR HOLDINGS LIMITED

STATEMENT OF FINANCIAL POSITION  
as at 28 February 2017

	Notes	2017 R	2016 R
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment	4	58 064 241	93 856 191
Investment in subsidiary	5	140 000 850	140 000 850
		<u>198 065 091</u>	<u>233 857 041</u>
<b>Current assets</b>			
Investment	4	40 458 000	36 000 000
Other receivables		1 247 003	-
Cash and cash equivalents	6	250 218 750	242 537 573
		<u>291 923 753</u>	<u>278 537 573</u>
<b>Total assets</b>		<u><b>489 988 844</b></u>	<u>512 394 614</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	7	38 090 836	38 090 836
Retained earnings		450 954 955	473 205 367
<b>Total equity</b>		<u><b>489 045 791</b></u>	<u>511 296 203</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Other payables		779 560	664 422
Current tax liabilities		163 493	433 989
<b>Total liabilities</b>		<u><b>943 053</b></u>	<u>1 098 411</u>
<b>Total equity and liabilities</b>		<u><b>489 988 844</b></u>	<u>512 394 614</u>

**COMBINED MOTOR HOLDINGS LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 28 February 2017

	Notes	2017 R	Restated 2016 R
Dividend income	8	60 543 233	255 050 269
Finance income	9	30 799 626	18 703 244
<b>Revenue</b>		<b>91 342 859</b>	<b>273 753 513</b>
Selling and administration expenses	10	(308 230)	(277 399)
<b>Profit before taxation</b>		<b>91 034 629</b>	<b>273 476 114</b>
Tax expense	11	(8 563 493)	(5 193 989)
<b>Total profit and other comprehensive income for the year attributable to equity holders of the Company</b>		<b>82 471 136</b>	<b>268 282 125</b>

**STATEMENT OF CHANGES IN EQUITY**  
for the year ended 28 February 2017

	Attributable to equity holders of the Company			Total R
	Share capital R	Share- based payment reserve R	Retained earnings R	
Total at 28 February 2015	27 793 950	3 325 000	549 099 923	580 218 873
Issue of shares	11 578 880	-	-	11 578 880
Shares repurchased	(4 606 994)	-	(247 036 302)	(251 643 296)
Transfer to share capital	3 325 000	(3 325 000)	-	-
Total profit and comprehensive income	-	-	268 282 125	268 282 125
Dividends paid	-	-	(97 140 379)	(97 140 379)
Total at 29 February 2016	38 090 836	-	473 205 367	511 296 203
Total profit and comprehensive income	-	-	82 471 136	82 471 136
Dividends paid	-	-	(104 721 548)	(104 721 548)
<b>Total at 28 February 2017</b>	<b>38 090 836</b>	<b>-</b>	<b>450 954 955</b>	<b>489 045 791</b>

COMBINED MOTOR HOLDINGS LIMITED

STATEMENT OF CASH FLOWS  
for the year ended 28 February 2017

	Notes	2017 R	Restated 2016 R
<b>Cash flows from operating activities</b>			
Cash generated from operations	12	76 236 714	258 358 039
Taxation paid	13	(8 833 989)	(6 557 656)
Net cash movement from operating activities		<u>67 402 725</u>	<u>251 800 383</u>
<b>Cash flows from investing activities</b>			
Investment		45 000 000	45 000 000
Investment in subsidiary		-	(2 428 496)
Net cash movement from investing activities		<u>45 000 000</u>	<u>42 571 504</u>
<b>Cash flows from financing activities</b>			
Proceeds on issue of shares		-	11 578 880
Repurchase of shares		-	(251 643 296)
Dividends paid	14	(104 721 548)	(97 140 379)
Net cash movement from financing activities		<u>(104 721 548)</u>	<u>(337 204 795)</u>
<b>Net movement in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of year		7 681 177	(42 832 908)
		<u>242 537 573</u>	<u>285 370 481</u>
<b>Cash and cash equivalents at end of year</b>	6	<u>250 218 750</u>	<u>242 537 573</u>

# COMBINED MOTOR HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 28 February 2017

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### 1. Summary of Significant Accounting Policies

#### 1.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and in the manner required by the Companies Act, 2008. 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 2017 or early adopted by the Company**

There are no standards, amendments or interpretations that became effective in 2017 and are relevant to the Company. No standards, amendments and interpretations not yet effective have been early adopted by the Company.

#### 1.2 Investments and other financial assets

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

Financial assets include cash and cash equivalents, investments and advances to subsidiaries which the Company classifies as loans and receivables. The classification depends on the purpose for which the financial assets were acquired and is determined 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 Company has transferred substantially all the risks and rewards of ownership.

The Company assesses at each financial year-end whether there is objective evidence that a financial asset or a group of financial assets 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”.

#### Cash and cash equivalents

Cash and cash equivalents comprise deposits held at call with banks, net of bank overdrafts. 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.

#### 1.3 Current and deferred taxation

The tax expense for the year comprises current and, where relevant, 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 year-end.

#### 1.4 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.

## COMBINED MOTOR HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 28 February 2017

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#### 1.5 Financial liabilities

The Company has the following financial liabilities:

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

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

#### 1.6 Revenue recognition

As the Company is an investment holding company, its revenue comprises dividend and interest income on investments. Interest income is recognised as it accrues, taking into account the effective yield on the asset. Dividend income is recognised when the right to receive payment is established.

#### 1.7 Dividends paid

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

### 2 Financial Risk Management

The Company's activities expose it to a variety of financial risks. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Risk management is carried out by the chief executive officer and financial director under policies approved by the board of directors.

#### 2.1 Interest rate risk

Interest rate exposures are reviewed regularly. The Company is exposed to interest rate risk on its investments, investments in subsidiaries and cash and cash equivalents, 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-earning assets, the net profit before taxation for the year would have been higher or lower by R1 951 000 (2016: R1 913 000).

#### 2.2 Credit risk

Cash and cash equivalents are placed only with major financial institutions with national long-term credit rating of Baa2.

#### 2.3 Equity price risk

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

#### 2.4 Foreign currency risk

The Company has no foreign currency risk.

## 2.5 Liquidity risk

The Company manages its liquidity risk by regularly monitoring its projected cash flow requirements against its cash resources and unutilised borrowing facilities.

In terms of its memorandum of incorporation the Company has unlimited borrowing powers.

The Company has no significant financial liabilities.

## 2.6 Capital risk

The Company'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 Company may adjust the amount of dividends paid to shareholders or return capital to shareholders.

## 3. Significant accounting judgements and estimates

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. There are no estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

# COMBINED MOTOR HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 28 February 2017

	2017 R	2016 R
<b>4. Investment</b>		
<b>Main Street 445 Proprietary Limited</b>		
Cost at acquisition	124 387 000	124 387 000
Less: capital repayments received	<u>(60 000 000)</u>	<u>(40 000 000)</u>
	64 387 000	84 387 000
Dividends accrued	34 135 241	45 469 191
Cost at end of year	<u>98 522 241</u>	<u>129 856 191</u>
Less: current portion	<u>(40 458 000)</u>	<u>(36 000 000)</u>
Non-current portion	<u>58 064 241</u>	<u>93 856 191</u>

The investment in Main Street 445 Proprietary Limited ("Main Street") comprises 124 387 'C' redeemable cumulative preference shares of R0,00001 each issued at a premium of R999,99999 each. The preference shares accrue a semi-annual dividend providing a dividend yield to the holder on the unredeemed capital and accrued dividends equivalent to the prime overdraft rate. Main Street is wholly-owned by Thebe Investment Corporation ("TIC"). This investment was made in support of the BEE transaction concluded with TIC in October 2006.

### 5. Investment in subsidiary

Shares, at cost less amounts impaired	850	850
Amounts owed by subsidiary	<u>140 000 000</u>	<u>140 000 000</u>
	<u>140 000 850</u>	<u>140 000 850</u>

Information in respect of the subsidiary is stated on page 20.

The amount owed by subsidiary is unsecured, earns interest at 1% above the prime overdraft rate (2016: 1% above the prime overdraft rate) and has no fixed repayment terms.

### 6. Cash and cash equivalents

Bank balances	<u>250 218 750</u>	<u>242 537 573</u>
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The effective interest rate earned on bank balances was 6.5% (2016: 6.25%).

Bank balances are held at a financial institution with a national long-term credit rating of Baa2.

COMBINED MOTOR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 28 February 2017

	2017 R	2016 R
<b>7. Share capital</b>		
<b>7.1 Preference share capital</b>		
<b>Authorised</b>		
1 032 400 7,5% 'C' redeemable cumulative preference shares of R1 each		
<b>Issued</b>		
Nil shares		
<b>7.2 Ordinary share capital</b>		
<b>Authorised</b>		
143 590 560 ordinary shares of no par value		
<b>Issued</b>		
At beginning of year – 74 801 998 shares	38 090 836	27 793 950
Issued – Nil (2016: 2 261 500)	-	11 578 880
Repurchased – Nil (2016: 21 133 000)	-	(4 606 994)
Transferred from share-based payment reserve	-	3 325 000
At end of year – 74 801 998 shares	<u>38 090 836</u>	<u>38 090 836</u>
<b>8. Dividend income</b>		
Investment	13 666 050	15 183 557
Subsidiary	46 877 183	239 866 712
	<u>60 543 233</u>	<u>255 050 269</u>
<b>9. Finance income</b>		
Bank	13 295 606	7 547 794
Subsidiary	17 504 020	11 155 450
	<u>30 799 626</u>	<u>18 703 244</u>
<b>10. Expenses by nature</b>		
Selling and administration expenses comprise the following charges:		
- Auditor's remuneration		
- current year	68 400	53 000
- prior year under provision	7 420	-
- Other expenses	232 410	224 399
	<u>308 230</u>	<u>277 399</u>



COMBINED MOTOR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 28 February 2017

	2017 R	2016 R
<b>11. Tax expense</b>		
South African normal taxation - current	<u>8 563 493</u>	<u>5 193 989</u>
The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:		
Profit before taxation	<u>91 034 629</u>	273 476 114
Tax calculated at a rate of 28%	<u>25 489 696</u>	76 573 312
Exempt income and allowances	<u>(16 926 203)</u>	(71 379 323)
Tax charge	<u>8 563 493</u>	<u>5 193 989</u>
Exempt income comprises net dividends received.		
<b>12. Cash generated from operations</b>		
Profit before taxation	<u>91 034 629</u>	273 476 114
Adjustment for non-cash item:		
Dividends accrued	<u>(13 666 050)</u>	(15 183 557)
Working capital changes:		
Other receivables	<u>(1 247 003)</u>	-
Trade and other payables	<u>115 138</u>	65 482
Cash generated from operations	<u>76 236 714</u>	<u>258 358 039</u>
<b>13. Taxation paid</b>		
Taxation paid is reconciled to the amounts disclosed in the statement of comprehensive income as follows:		
Amounts unpaid at beginning of year	<u>(433 989)</u>	(1 797 656)
Amounts charged to statement of comprehensive income	<u>(8 563 493)</u>	(5 193 989)
Amounts unpaid at end of year	<u>163 493</u>	433 989
Amount paid	<u>(8 833 989)</u>	<u>(6 557 656)</u>
<b>14. Dividends paid</b>		
Number 57: 55 cents, declared 12 October 2016	<u>41 140 608</u>	-
Number 56: 85 cents, declared 14 April 2016	<u>63 580 940</u>	-
Number 55: 46.5 cents, declared 13 October 2015	-	34 782 929
Number 54: 65 cents, declared 16 April 2015	-	62 357 450
	<u>104 721 548</u>	<u>97 140 379</u>

COMBINED MOTOR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 28 February 2017

	2017 R	2016 R
<b>15. Related party transactions</b>		
Transactions conducted with related companies during the year were as follows:		
Dividends received		
- Main Street 445 Proprietary Limited	13 666 050	15 183 557
- Subsidiary	46 877 183	239 866 712
Finance income		
- Subsidiary	17 504 020	11 155 450
Year end balances		
- Investment in Main Street 445 Proprietary Limited	98 522 241	129 856 191
- Advance to subsidiary	140 000 000	140 000 000
- Investment in subsidiary	850	850

**16. Changes in comparative figures**

**Reclassification within statement of comprehensive income and statement of cash flows**

In the statement of comprehensive income, finance income received by the Company was previously separately disclosed as "Finance income". As the Company is an investment entity and does not engage directly in any operating activities, it is deemed more appropriate to classify income from investing activities as "Revenue". Accordingly, the finance income received has now been included in "Revenue" on the face of the statement of comprehensive income. The effect on the statement of comprehensive income and the statement of cash flows is as follows:

	Restated 29 February 2016 R	Adjustment R	Previously reported 29 February 2016 R
<b>Statement of comprehensive income</b>			
Revenue	273 753 513	18 703 244	255 050 269
Gross profit	273 753 513	18 703 244	255 050 269
Operating profit	273 476 114	18 703 244	254 772 870
Finance income	-	(18 703 244)	18 703 244
Profit before taxation	273 476 114	-	273 476 114
<b>Statement of cash flows</b>			
Cash generated from operations	258 358 039	18 703 244	239 654 795
Finance income	-	(18 703 244)	18 703 244
Net cash from operating activities	251 800 383	-	251 800 383

## COMBINED MOTOR HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 28 February 2017

#### 17. Share-based payment reserve

##### Share appreciation rights scheme 2010

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

	2017 R'000	2016 R'000
The amounts recognized in the financial statements for these share-based payment transactions are as follows:		
Balance at the beginning of year	5 987	8 686
Charged as "selling and administration expenses" during year	3 561	2 956
Released during year following exercise of share appreciation rights	<u>(2 567)</u>	<u>(5 655)</u>
Balance at end of year	<u>6 981</u>	<u>5 987</u>

A reconciliation of the movement in the number of rights granted to employees is as follows:

At beginning of year	('000 rights)	3 594	3 444
Granted during year	('000 rights)	1 575	1 650
Exercised/forfeited during year	('000 rights)	<u>(847)</u>	<u>(1 500)</u>
At end year	('000 rights)	<u>4 322</u>	<u>3 594</u>

The directors have determined that employee entitlements in terms of the scheme will be settled by the issue of shares purchased in the open market. Hence there will be no fresh issue of shares.

#### 18. New standards and amendments to existing standards and interpretations that are not yet effective

The following new standards, and amendments to existing standards and interpretations have been published that are mandatory for the Company's future accounting periods, but that the Company has not early adopted:

- IAS 7 Cash Flow Statements (Amendment) (effective for periods beginning on or after 1 January 2017)
- IAS 12 Income Taxes (Amendment) (effective for periods beginning on or after 1 January 2017)
- IFRS 9 Financial Instruments (effective for periods beginning on or after 1 January 2018)
- IFRS 15 Revenue from Contracts with Customers (effective for periods beginning on or after 1 January 2018)
- IFRS 16 Leases (effective for periods beginning on or after 1 January 2019)

These standards and amendments thereto are not expected to have a material impact on the Company's future financial statements.

**19. Subsequent event – dividend declaration**

A dividend (dividend number 58) of 100 cents per share will be paid on Monday, 19 June 2017 to members reflected in the share register of the Company at the close of business on the record date, Thursday, 15 June 2017. Last day to trade cum dividend is Monday, 12 June 2017. First day to trade ex dividend is Tuesday, 13 June 2017. Share certificates may not be dematerialised or rematerialised from Tuesday, 13 June 2017 to Thursday, 15 June 2017, both days inclusive.

The number of ordinary shares in issue at the date of the declaration is 74 801 998. Consequently, the gross dividend payable is R74 801 998 and will be distributed from income reserves. The dividend will be subject to dividend withholding tax at a rate of 20%, which will result in a net dividend of 80 cents to those shareholders who are not exempt in terms of section 64F of the Income Tax Act.

**COMBINED MOTOR HOLDINGS LIMITED**

**SUBSIDIARIES**  
as at 28 February 2017

**Subsidiaries**

The Company's direct and indirect interest in subsidiaries is as follows:

Name of company	Effective holding		Activity
	2017 %	2016 %	
<b>Direct holding</b>			
CMH Holdings	100	100	4
<b>Indirect effective holding</b>			
CMH Car Hire	85	85	2
CMH Green Machine	85	85	4
CMH Luxury Motors (Lyndhurst)	85	85	1
CMH Marine and Leisure	85	85	3
Datcentre Motors	85	85	1
Kempster Sedgwick	85	85	1
Mandarin Motors	85	85	1
Mandarin Motors Three	85	85	1
Pipemakers	60	60	4
Whitehouse Motors	85	85	1

**Notes:**

1. All subsidiaries are Proprietary Limited companies incorporated in South Africa.
2. Activity index:
  - 1 retail motor
  - 2 car hire
  - 3 formerly marine and leisure, now dormant
  - 4 other
3. No business of a subsidiary was managed by a third party during the year under review.
4. Although the Company does not own any of the issued ordinary share capital of Main Street 445 Proprietary Limited ("Main Street"), an agreement entered into with the shareholders of Main Street enables the Company to control the activities of Main Street. Consequently Main Street has been consolidated in the financial statements of the Company and its subsidiaries.

COMBINED MOTOR HOLDINGS LIMITED

DIRECTORS' EMOLUMENTS  
for the year ended 28 February 2017

	Total R'000	BWJ Barritt R'000	SK Jackson R'000	JD McIntosh R'000	MPD Conway R'000
<b>Executive directors</b>					
<b>2017</b>					
Salary	11 947	2 791	3 996	5 160	-
Performance-related payments	6 108	1 558	1 750	2 800	-
Share-based payment award	589	341	248	-	-
Other benefits	710	126	292	292	-
Contributions to pension and medical aid funds	1 252	253	451	548	-
	<b>20 606</b>	<b>5 069</b>	<b>6 737</b>	<b>8 800</b>	<b>-</b>
<b>2016</b>					
Salary	10 845	-	3 720	4 800	2 325
Performance-related payments	4 155	-	1 635	2 520	-
Share-based payment award	1 135	-	106	-	1 029
Other benefits	702	-	271	271	160
Contributions to pension and medical aid funds	1 163	-	413	497	253
	<b>18 000</b>	<b>-</b>	<b>6 145</b>	<b>8 088</b>	<b>3 767</b>

	2017 R'000	2016 R'000
<b>Non-executive directors</b>		
LCZ Cele	239	242
JS Dixon	338	311
JTM Edwards	663	626
ME Jones	200	152
JA Mabena	195	156
N Siyotula	-	93
MR Nkadimeng	200	106
<b>Total</b>	<b>1 835</b>	<b>1 686</b>

Notes:

1. All remuneration paid by subsidiary companies.
2. "Share-based payment award" represents the cost to the Group, determined in accordance with the Black-Scholes model, of share appreciation rights granted.
3. MPD Conway resigned on 19 October 2015. BWJ Barritt was appointed on 25 April 2016.

COMBINED MOTOR HOLDINGS LIMITED

DIRECTORS' SHAREHOLDING  
for the year ended 28 February 2017

('000 shares)	Total	BWJ Barritt	JTM Edwards	SK Jackson	JD McIntosh
Beneficial shareholding at 29 February 2016					
- direct	94	-	7	87	-
- indirect	31 858	-	-	5 788	26 070
	31 952	-	7	5 875	26 070
Appointment of director					
- direct	140	140	-	-	-
- indirect	113	113	-	-	-
Shares acquired during the year					
- direct	60	60	-	-	-
- indirect	8	8	-	-	-
Beneficial shareholding at 28 February 2017					
- direct	<b>294</b>	<b>200</b>	<b>7</b>	<b>87</b>	-
- indirect	<b>31 979</b>	<b>121</b>	-	<b>5 788</b>	<b>26 070</b>
	<b>32 273</b>	<b>321</b>	<b>7</b>	<b>5 875</b>	<b>26 070</b>
Rights held subject to the terms and conditions of the CMH Share Appreciation Rights Scheme 2010 (('000)					
At 29 February 2016	150	-	-	150	-
Appointment of director	358	358	-	-	-
Exercised during the year	(83)	(83)	-	-	-
Granted during the year	350	200	-	150	-
At 28 February 2017	<b>775</b>	<b>475</b>	-	<b>300</b>	-