CMH GROUP

Combined Motor
Holdings Limited

Integrated Annual Report

2015

SCOPE OF THIS REPORT

This integrated annual report is a holistic and integrated representation of the Group's performance, in terms of both finances and sustainability, for the year ended 28 February 2015. It contains information about the operations of the Group and the opportunities, risks and other material issues it faces in the normal course of business.

This integrated annual report has been approved by the Board. In its opinion the report is a complete, timely, relevant and accurate disclosure of information on a basis comparable with that of previous years.

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.

SUPPLIERS

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

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.

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.

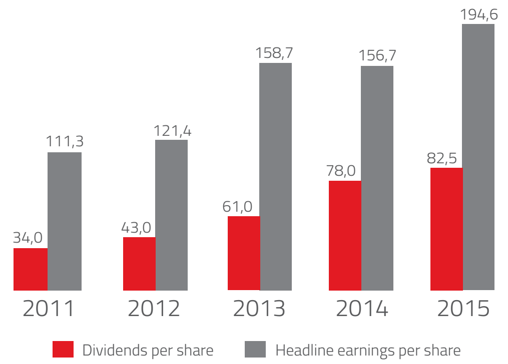
CONTENTS

GROUP FINANCIAL HIGHLIGHTS

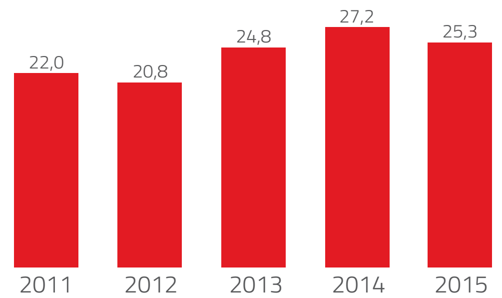
		2015	2014	% Change
Total assets	(R'000)	**2 693 315**	2 574 110	4,6
Net asset value per share	(cents)	**684**	604	13,2
Revenue	(R'000)	**10 832 583**	10 831 384	–
Operating profit	(R'000)	**318 252**	320 224	(0,6)
Net profit attributable to ordinary shareholders	(R'000)	**152 387**	169 440	(10,1)
Cash generated from operations	(R'000)	**439 873**	451 379	(2,5)
Return on shareholders' funds	(%)	**25,3**	27,2	(7,0)
Basic earnings per share	(cents)	**162,7**	156,8	3,8
Headline earnings per share	(cents)	**194,6**	156,7	24,2
Dividends paid per share	(cents)	**82,5**	78,0	5,8
Dividend declared – payable June 2015	(cents)	**65,0**	50,0	30

Note: Figures presented above and below include continuing and discontinued operations.

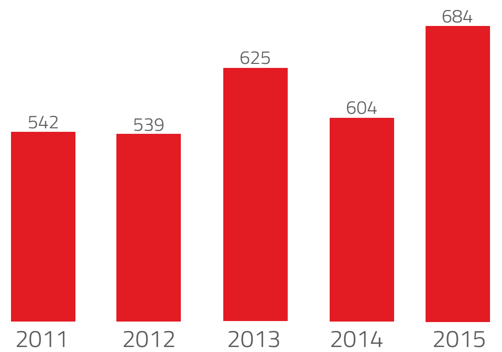
HEADLINE EARNINGS AND DIVIDENDS PER SHARE (cents)



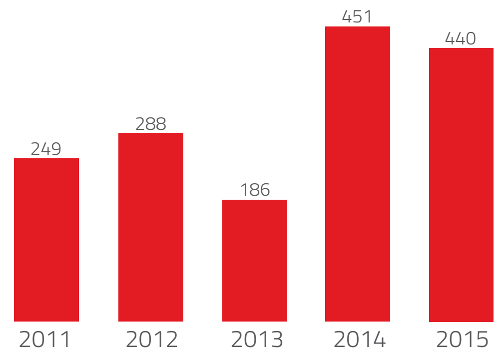
RETURN ON SHAREHOLDERS' FUNDS (%)



NET ASSET VALUE PER SHARE (cents)



CASH GENERATED FROM OPERATIONS (R million)



GROUP PROFILE AND STRUCTURE

RETAIL MOTOR

VOLVO
CMH Volvo
Bryanston
Cape Town
Hatfield
Pretoria East
Umhlanga
West Rand

FORD
CMH Kempster
Durban South
Durban
Umhlanga Rocks
Pretoria
Pretoria North
Randburg
Hatfield

MAZDA
CMH Mazda
Randburg
Umhlanga Rocks
Durban
Hatfield

NISSAN
CMH Datcentre Nissan
Durban
Hillcrest
Pietermaritzburg
Pinetown
CMH Nissan
Cape Town
Midrand
Sandton

SUZUKI
CMH Suzuki
Pinetown
Umhlanga Rocks

KIA
Bryanston

GENERAL MOTORS
East Rand GM
Boksburg
Umhlanga GM
Umhlanga Rocks

TOYOTA
CMH Toyota
Alberton
Melrose
Umhlanga

DATSUN
CMH Datsun
Cape Town
Durban
Midrand
Pietermaritzburg
Pinetown
Sandton

JAGUAR
Jaguar Cape Town
Jaguar Pretoria East
Jaguar Umhlanga

HONDA
Honda Hatfield
Honda Menlyn
Honda Pinetown
Honda The Glen

UD TRUCKS
CMH Commercial
Pietermaritzburg
Pinetown

LAND ROVER
Land Rover Cape Town
Land Rover Pretoria
Land Rover Pretoria East
Land Rover Umhlanga

BMW/MINI
Lyndhurst Auto
Melrose Arch
Menlyn Auto
Umhlanga Auto

VOLKSWAGEN
Cape City VW
Cape Town

LEXUS
Umhlanga

MITSUBISHI
CMH Mitsubishi
Menlyn
The Glen

CITROËN
Citroën Hatfield

RENAULT
CMH Renault
Midrand

INFINITI
CMH Infiniti
Pinetown

INVESTMENT CARS
Bryanston

BMW APPROVED REPAIR CENTRE
Umhlanga Rocks
Wynberg

NAVISTAR
CMH Commercial International
Pinetown

MORRIS GARAGES (MG)
East Rand

CAR HIRE

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

DISTRIBUTION AND FRANCHISE

BONERTS
Johannesburg

NATIONAL WORKSHOP EQUIPMENT
Johannesburg
Pinetown

BRITISH MOTOR DISTRIBUTORS
Durban
Randburg

CMH GREEN
Cape Town
Midrand
Pinetown

FINANCIAL AND SUPPORT SERVICES

CMH Finance
CMH Insurance
CMH Carshop
CMH IT
Rokkit Digital Agency

BOARD OF DIRECTORS

JOHN EDWARDS

CA (SA)

Independent non-executive chairman

Age: 79

Board appointment: 2002

Chairman of remuneration committee

JEBB McINTOSH

CA (SA)

Chief executive officer

Age: 69

Board appointment: 1976

Member of social, ethics and transformation committee

ZEE CELE

BCom, Postgrad Dip Tax, MAcc (Tax)

Independent non-executive

Age: 62

Board appointment: 2007

Member of audit committee
Chairman of social, ethics and transformation committee
Member of remuneration committee

MARK CONWAY

CA (SA)

Executive

Age: 59

Board appointment: 2000

Member of social, ethics and transformation committee
Franchise director for various retail motor divisions and British Motor Distributors

JAMES DIXON

CA (SA)

Independent non-executive

Age: 63

Board appointment: 2010

Chairman of audit committee

STUART JACKSON

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

Financial director

Age: 62

Board appointment: 1986

JERRY MABENA

BCom

Independent non-executive

Age: 45

Board appointment: 2014

NONZUKISO SIYOTULA

CA (SA), CIMA (UK), MBA

Independent non-executive

Age: 30

Board appointment: 2014

Member of audit committee
Member of social, ethics and transformation committee

ISSY ZIMMERMAN

BCom (Hons), BSocSci

Non-executive

Age: 48

Board appointment: 2014

GROUP FIVE-YEAR STATISTICAL REVIEW

STATEMENT OF FINANCIAL POSITION		2015	2014	2013	2012	2011
Borrowings to total assets	(%)	**24,8**	24,2	22,6	23,2	0,0
Borrowings to total equity	(%)	**104,2**	110,1	82,7	90,2	0,2
Current ratio	(ratio)	**1,3**	1,2	1,3	1,3	1,4
Net asset value per share	(cents)	**684**	604	625	539	542
Total assets per employee	(R'000)	**935**	877	878	832	846

STATEMENT OF COMPREHENSIVE INCOME		2015	2014	2013	2012	2011
Weighted average number of shares in issue	('000)	**93 673**	108 057	108 531	108 179	107 943
Headline earnings per share	(cents)	**194,6**	156,7	158,7	121,4	111,3
Basic earnings per share	(cents)	**162,7**	156,8	144,5	121,4	111,2
Dividends per share	(cents)	**82,5**	78,0	61,0	43,0	34,0
Dividend cover	(times)	**2,4**	2,0	2,6	2,8	3,3
Net interest cover	(times)	**3,6**	4,2	4,3	11,4	10,2
Number of employees		**2 881**	2 935	2 840	2 728	2 572
Revenue per employee	(R'000)	**3 760**	3 690	3 454	3 040	2 862
Operating profit on average total equity	(%)	**52,8**	51,4	45,9	34,7	36,8
Return on shareholders' funds	(%)	**25,3**	27,2	24,8	20,8	22,0

Note: Figures presented above include continuing and discontinued operations.

DEFINITIONS

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

Net interest cover
Operating profit before net finance costs divided by net finance costs.

Headline earnings per share
Total profit attributable to equity holders after excluding the impact, net of taxation, of goodwill impaired and profit/losses on disposal of plant and equipment, divided by the weighted average number of shares in issue.

Net asset value per share
Total equity divided by the number of shares in issue at year-end.

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

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

Weighted average number of shares in issue
The number of shares in issue at the beginning of the year adjusted for shares issued/repurchased during the year weighted on a time basis for the period during which the shares are in issue.

GROUP FIVE-YEAR FINANCIAL REVIEW

FOR THE YEAR ENDED 28 FEBRUARY 2015

STATEMENT OF FINANCIAL POSITION	2015 R'000	2014 R'000	2013 R'000	2012 R'000	2011 R'000
ASSETS					
Plant and equipment	**74 846**	74 803	68 803	58 537	58 565
Investments	**–**	–	–	–	187 271
Insurance receivable	**20 418**	18 039	1 074	2 445	–
Deferred taxation	**51 224**	46 643	45 707	49 964	55 287
Goodwill	**44 972**	74 972	74 972	89 972	89 972
Current assets	**2 501 855**	2 359 653	2 304 068	2 067 552	1 785 666
Total assets	**2 693 315**	2 574 110	2 494 624	2 268 470	2 176 761
EQUITY AND LIABILITIES					
Ordinary shareholders' equity	**640 348**	565 614	680 551	582 863	588 572
Non-controlling interest	**275**	112	120	266	(2 563)
Borrowings	**667 561**	622 962	563 116	525 768	986
Advance from non-controlling shareholders of subsidiaries	**255**	4 193	11 193	15 952	176 162
Assurance funds	**–**	–	–	–	13 137
Insurance payable	**1 680**	2 156	2 608	2 746	–
Lease liabilities	**89 530**	99 003	106 573	111 167	110 176
Provisions	**4 231**	–	–	–	–
Other current liabilities	**1 289 435**	1 280 070	1 130 463	1 029 708	1 290 291
Total equity and liabilities	**2 693 315**	2 574 110	2 494 624	2 268 470	2 176 761

STATEMENT OF COMPREHENSIVE INCOME	2015 R'000	Restated 2014 R'000	2013 R'000	2012 R'000	2011 R'000
Continuing operations					
Revenue	**10 737 862**	10 703 616	9 808 733	8 293 728	7 362 224
Operating profit to revenue (%)	**3,0**	3,0	3,0	2,6	2,7
Operating profit	**326 158**	317 223	289 827	217 124	199 992
Net finance costs	**(88 534)**	(75 291)	(67 333)	(19 110)	(19 517)
Profit before taxation	**237 624**	241 932	222 494	198 014	180 475
Tax expense	**(77 074)**	(75 245)	(65 680)	(53 868)	(50 139)
Total profit from continuing operations	**160 550**	166 687	156 814	144 146	130 336
(Loss)/profit from discontinued operation	**(8 000)**	2 745	–	–	–
Total profit	**152 550**	169 432	156 814	144 146	130 336
Non-controlling interest	**(163)**	8	(4)	(12 849)	(10 305)
Attributable profit	**152 387**	169 440	156 810	131 297	120 031
Dividends	**(77 281)**	(85 026)	(66 202)	(46 513)	(36 703)
Attributable profit after dividends	**75 106**	84 414	90 608	84 784	83 328

Note: Figures presented for years prior to 2014 do not separately disclose the results of the operations discontinued during the year under review.

GROUP OPERATIONS

RETAIL MOTOR DEALERSHIPS

DEALERSHIP	FRANCHISE	OPERATING LOCATIONS	EMPLOYEES	SENIOR MANAGEMENT
	Volvo	Bryanston, Cape Town, Hatfield, Pretoria East, Umhlanga Rocks, West Rand	230	A Bell, W Edgar, O Fourie, D Gray, N Kelly, M Macpherson, C Pienaar, S Atkinson (franchise manager)
	Land Rover	Cape Town, Pretoria, Pretoria East, Umhlanga Rocks	109	D Gray, P van Niekerk, E Vorster, C Walters, S Atkinson (franchise manager)
	Jaguar	Cape Town, Pretoria East, Umhlanga Rocks	35	D Gray, P van Niekerk, C Walters, S Atkinson (franchise manager)
	Mitsubishi	Menlyn, The Glen	40	D Pepperell, P Voges, S Atkinson (franchise manager)
	Honda	Hatfield, The Glen Menlyn, Pinetown	140	J Grant, D Grobler, D Pepperell, C Thirion, P Gething, R van der Walt, S Singleton (franchise manager)
	Ford	Durban, Durban South, Umhlanga Rocks, Pretoria, Hatfield, Pretoria North, Randburg	364	M Britz, M Buck, P Gething, K Kruger, P Ras, Z van Greuning, C Wainwright, T Wessels, T Morey (franchise manager)
	General Motors	Boksburg, Umhlanga Rocks	126	G Aspden, A Hughes, C McHaffie, P Gething, S Singleton (franchise manager)
	Mazda	Durban, Umhlanga Rocks, Hatfield, Randburg	84	B Cole, N Grobler, D McCulloch, K Kruger, T Morey (franchise manager)

RETAIL MOTOR DEALERSHIPS

DEALERSHIP	FRANCHISE	OPERATING LOCATIONS	EMPLOYEES	SENIOR MANAGEMENT
CITROËN	**Citroën**	Hatfield	18	C Pienaar, S Atkinson (franchise manager)
NISSAN	**Nissan**	Cape Town, Sandton, Durban, Pinetown, Pietermaritzburg, Hillcrest, Midrand	310	R Downs, B Faulds, D Govender, A Hughes, J Kimber, R Kirsten, M Mansoor, S Singleton, C Webber (franchise manager)
DATSUN	**Datsun**	Cape Town, Durban, Midrand, Pietermaritzburg, Pinetown, Sandton	30	R Downs, D Govender A Hughes, J Kimber, R Kirsten, M Mansoor, S Singleton, C Webber (franchise manager)
INFINITI	**Infiniti**	Pinetown	9	R Downs, C Webber (franchise manager)
INTERNATIONAL	**Navistar**	Pinetown	9	L le Roux, M Conway (director)
UD TRUCKS	**UD Trucks**	Pinetown, Pietermaritzburg	72	R Byng, L le Roux, M Conway (director)
BMW MINI	**BMW, Mini**	Melrose Arch, Menlyn, Umhlanga Rocks	318	K Naidoo, P Henning, W van Zyl, M Conway (director)
BMW	**BMW Approved Repair Centre**	Wynberg, Umhlanga Rocks	114	K Naidoo, N Naidoo, D van Zyl, M Conway (director)

GROUP OPERATIONS continued

RETAIL MOTOR DEALERSHIPS

DEALERSHIP	FRANCHISE	OPERATING LOCATIONS	EMPLOYEES	SENIOR MANAGEMENT
TOYOTA	**Toyota**	Alberton, Melrose Arch, Umhlanga Rocks	176	P de Villiers, A Hughes, A Sumares, M van Heerden, C Webber (franchise manager)
LEXUS	**Lexus**	Umhlanga Rocks	17	M van Heerden, C Webber (franchise manager)
	Volkswagen	Cape Town	56	W Edgar, M Haf, S Atkinson (franchise manager)
SUZUKI	**Suzuki**	Pinetown, Umhlanga Rocks	20	D McCulloch, G Mudrovcic, C Webber (franchise manager)
KIA MOTORS	**Kia**	Bryanston	37	J McConkey, S Singleton (franchise manager)
Investment Cars	**Investment Cars**	Bryanston	10	R Kirsten, M Bruce, C Webber (franchise manager)
RENAULT	**Renault**	Midrand	10	C Smith, C Webber (franchise manager)
MORRIS GARAGES	**Morris Garages**	East Rand	11	S McHaffie

DEALERSHIP	FRANCHISE	OPERATING LOCATIONS	EMPLOYEES	SENIOR MANAGEMENT
FINANCIAL AND SUPPORT SERVICES				
	CMH Finance **CMH Insurance** **CMH IT** **CMH Carshop** **Rokkit Digital Agency**	All Group operations	88	JP de Bruyn, C Downs, S Eloff, K Fonseca, A Julius, G Liebenberg, JP Liebenberg, R Margach, C Massey-Hicks, R Minnaar, V Naidoo
CAR HIRE				
	First Car Rental	**Airports** OR Tambo (Johannesburg), King Shaka International (Durban), Port Elizabeth, East London, George, Cape Town, Bloemfontein, Nelspruit, Kimberley, Upington, Richards Bay, Lanseria, Pietermaritzburg, Mthatha **Other** Durban, Cape Town central, Pomona, Randburg, Braamfontein, Sandton, Centurion, Midrand, Polokwane, Pretoria, Stellenbosch, Rustenburg, Boksburg, Pinetown, Bellville, Roodepoort, Menlyn, Umhlanga Ridge, Witbank, Rondebosch, Southbroom, Klerksdorp, Piet Retief, Standerton	373	**Executive committee** B Barritt (managing director), U Crouse, R McKay, A Nel, M Storey, B Troeberg **Other senior management** C Ault, S Duriex, V Govender, L Hall, R Imray, C McWilliams, C Reid, C Saayman, M Voges, K Werth
DISTRIBUTION AND FRANCHISE				
	Bonerts, National Workshop Equipment, CMH Green, British Motor Distributors	Bonerts: Johannesburg National Workshop Equipment: Pinetown CMH Green: Countrywide British Motor Distributors: Durban, Randburg	75	Senior management D Bishop, R Margach, S McCulloch, A Sumares

REPORT OF THE CHIEF EXECUTIVE OFFICER

It gives me pleasure to report on a strong set of financial results for the year ended 28 February 2015. Despite a difficult first half, in an economy beset by many national holidays and protracted strike action, the Group proved its resilience by recording commendable results. More stable trading conditions during the second six months, and an unrelenting focus on capital and cash management, and operating efficiencies, have underpinned a challenging, but a rewarding year. The Group recorded a 24,2% increase in headline earnings per share, and has recommended a final dividend of 65,0 cents per share, up 30% on the previous year.

FINANCIAL OVERVIEW

Group revenue remained unchanged at R10,7 billion; however, the trading margin improved by 1%, from 15,3% to 16,3%, yielding an additional R104 million gross profit. The increase in selling and administration expenses, which includes variable expenses attaching to the increased gross margin, was well contained at 4,9%, and operating profit before goodwill impairment, improved by 12,3% to R356,2 million. The operating margin increased to 3,3% from its previous 3,0%.

As the result of the sub-performance of a dealership, it was considered prudent to impair the goodwill attributable to that operation, and a charge of R30 million was effected in the statement of comprehensive income. The net effect, after this charge, was a 2,8% increase in operating profit. Net finance costs increased by 17,6%, primarily due to the R200 million absorbed by the share repurchase effected in February 2014, and an additional R30 million investment in the car hire fleet. The tax rate increased from 31,1% to 32,4% because of the non-deductibility of the goodwill impairment charge. A loss of R8 million was recorded in respect of the Group's discontinued marine and leisure division, more detail of which is provided in the operational overview.

The Group's return on shareholders' funds remained steady at a creditable 25,3%.

After eliminating the goodwill impairment charge, headline earnings attributable to equity holders increased by 7,7% to R182,3 million. Taking into account the reduced number of shares in issue, following the repurchase of 15,4 million shares in February 2014, headline earnings per share increased 24,2% to 194,6 cents. A dividend of 65,0 cents per share has been recommended. This, coupled with the 32,5 cents declared in October 2014, reflects an increase of 25% over the comparative period.

The assets and liabilities levels recorded in the statement of financial position remain substantially unchanged from the previous year. Inflationary increases in the value of inventory have been more than offset by a reduction in the marine and leisure, and MG/Maxus divisions. The increase in borrowings reflects the higher investment in the car hire fleet.

The cash flow statement once again reflects strong cash generation from operating activities. This cash generation, equal to 138% (2014: 140%) of operating profit, is key to expansion, payment of dividends and, more recently, the repurchase of shares.

OPERATIONAL OVERVIEW

One of the positive features of the year under review was that the market fundamentals, particularly interest and currency exchange rates, remained relatively stable. Both are of critical importance to the Group. This influence is not direct, because of the Group's low level of interest-bearing borrowings and exposure to currency risk, but does have an impact on the affordability levels of the Group's customers and their ability to raise acquisition funding.

The Group's management style remained unchanged: decentralised operating and marketing control, complemented by centralised cash flow processes, accounting standards and internal audit. Remuneration remains linked to performance benchmarks all of which are closely monitored using internally-generated measurements and externally-sourced peer group comparisons.

Staff training remains a priority. During the year, 1 931 managers and staff completed 4 982 training modules in the areas of sales, deal-closing, and customer service and follow-up. In the workshops, 154 apprentices have been enrolled in training and have completed the process, qualifying as artisan technicians. A further 30 trainee apprentices were employed during the year, and Merseta funding has been secured to increase this to 86 during 2015/16. The majority of these participants are from previously disadvantaged backgrounds.

The Group as a whole, and the Car Hire division, measured separately, have retained their status as level 4 and level 3 contributors respectively. However, management has assessed the impact of the revised, and considerably more challenging scorecard which will soon be effective, and believes that the Group's rating will be adversely affected. One of the challenges in this regard is that the motor manufacturers, from which the Group secures the vast majority of its purchases, do not have a favourable rating, and this reduces the Group's score.

Motor retail

Against a 2,6% decline in the national dealer market in respect of the brands which the Group represents, Group new vehicle sales volumes declined 0,6%. Encouragingly, sales during the last quarter were up 11%. Despite expectations of an increase in used vehicle sales volumes, as a result of new vehicle price hikes, both national and Group unit volumes declined 5,9%. In line with the new vehicle sales trend, used vehicle sales improved 4,4% during the last quarter. I believe that it is inevitable that this trend will continue as the depreciating Rand places pricing strain on new vehicle manufacturers.

The infrastructure costs of a new dealership are prohibitive, making "green fields" expansion uneconomical. The Group was fortunate this year that it was able to open four new Mazda and six new Datsun operations in premises already established as Ford and Nissan dealerships respectively. The sharing of overheads ensures a much lower break-even volume, and provides for expense saving to be channelled into product marketing. A further Mazda, two Mitsubishi, and an Iveco branch will be opened during the first quarter of the new year.

Intense competition in a declining market has forced manufacturers to offer large discounts and other incentive packages to promote sales. Whilst qualification for these offerings is often premised on higher-than-optimal inventory levels, with consequent interest charges, they do enable dealers to negotiate favourable purchase price savings, which can be passed on to customers.

Sales of MG and Maxus vehicles, which are manufactured in China, have not met expectations. The strong Chinese currency, coupled with the weak Rand, has made it difficult to price the vehicles favourably against established local competitors. The Group's investment in these brands has been considerably reduced, and management is reviewing its options regarding the way forward.

Internet and electronic marketing is producing an increasing level of awareness and response. CMH Bid Auction provides a platform for the disposal to outside dealers of units which are not of the right quality to be marketed from showroom floors, or are surplus to requirements. The CarShop website generates an increasing number of sales leads, and the Group internet marketing platform has been consolidated under the brand "Rokkit Digital".

Bonerts, the Group's dealer in the recovery and sale of accident-damaged vehicles, sold its salvage division during the year. The operation has been restructured and is now focused on the sale of parts recovered from damaged vehicles.

The Group's workshops and parts departments, which are the backbone of the dealerships' profitability, continued to produce steady, pleasing results.

Customer service remains key. It is realised that customers are the essential platform for us to deliver our financial objectives, and we continue to invest in this area. Every vehicle sale is followed by a quality check call, and problems identified are quickly resolved. The Group's philosophy is to put customer satisfaction and retention ahead of short-term profit, and for that reason our involvement with the industry's ombudsman for complaint handling has been minimal.

Car hire

This division enjoyed another successful year. Contributing to its success has been a 3,5% increase in rental days sold, coupled with a 1,8% improvement in average daily rental rates. Whilst seemingly low numbers, they combine to produce a significant increase in gross profit, with no attendant expense. In addition, the division has extended its average fleet life from 12 to 13 months, to 15 months. Although marginally older, the retired vehicles command the same selling price, with the result that the vehicle depreciation during the extended period is significantly reduced.

First Car Rental's continued focus on top quality service was recognised again during the year when it achieved the highest accolades at the South African Service Awards:

- Most Consistent Performer over three years – ahead of Woolworths, Edgars, Vodacom, MTN and VW
- First place for service excellence in the Travel and Related Services Car Hire category for the second successive year

The division has recently announced the launch of a van and truck rental division, which will be leveraged off the existing infrastructure. In addition, under the brand name "Restart" it will market the hire of older vehicles, typically to fill temporary gaps in corporate fleets, for periods averaging 90 days.

Both start-ups are expected to record modest growth and profit during the first six to nine months, and thereafter to make a meaningful contribution.

Financial services

This division comprises six insurance cells providing life, disability, retrenchment, and vehicle warranty cover, and two joint venture vehicle financing operations. The number of policies sold, and gross premium income, during the year was in line with that of 2014. This provides the platform for sustainable growth over the next two to four years. Gross profit, being the excess of premium income over claims paid, increased by seven percentage points as the result of an improved claims experience, and operating profit increased by 11,2% to R33,7 million. Continued growth is expected in the year ahead.

Marine and leisure

The Board's decision to discontinue this division was prompted by substandard returns. Market surveys indicate that, following years of decline in consumers' disposable income, expenditure in this area has been steadily eroded. The emerging black middle- and upper-level income groups have shown little interest in this form of leisure activity. At year-end the Group had an investment of R34 million in inventory and trade receivables. This has since been reduced by R8 million, and it is expected that it will be substantially liquidated by the end of August 2015.

SHARE REPURCHASE OFFER

The Board has proposed the repurchase of 21,1 million shares at a price of R11,83 per share. In terms of the proposal the Company will make an offer to all shareholders to voluntarily submit for repurchase all or a portion of their shareholding, or no shares. Because of the confirmation by the Zimmerman family that it will tender all of its 28,4 million shares for repurchase, an over-subscription is guaranteed. On this basis, each shareholder who tenders shares for repurchase will be paid *pro rata* to the total submissions received by the Company. The proposal will be placed before shareholders for approval in May 2015.

CHANGES IN DIRECTORATE

In July 2014 Maldwyn Zimmerman announced his retirement as a director. He has served the Group as director and, until recently, chairman since its inception in 1976, and his contribution has been invaluable. I take this opportunity to thank him for the guidance and support he has given me over many years, and wish him a long and healthy retirement.

Following Maldwyn's retirement, his son Issy was invited to the Board to represent the family's significant investment in the Group. During February 2014 the family took advantage of the Group's voluntary share repurchase offer, and disposed of some 15,0 million shares. The family has confirmed that it will similarly participate in the repeat offer which has been proposed by directors for approval by shareholders at the end of May 2015. On the assumption that a large majority of the 21,1 million shares proposed for repurchase are supplied by the family, its remaining interest will be reduced to approximately 7,3 million shares, and Issy has indicated that he intends to retire as a director with effect from the date of the annual general meeting.

Dineo Molefe, a director nominated by Thebe Investment Corporation, the Group's empowerment partner, resigned in June 2014, and in her place we welcomed Jerry Mabena.

Mike Jones was invited to join the Board on 16 April 2015.

PROSPECTS

I believe that the year ahead will be hampered by power outages and labour unrest. A lack of strategic planning over an extended period, particularly with regard to maintenance of Eskom's ageing infrastructure, has manifested in rolling blackouts which are hugely disruptive to the economy. There appears to have been a breakdown in Eskom's lines of authority and responsibility at leadership level, and this does not bode well for a speedy solution. Within the Group, an investment in alternative energy sources for over 100 dealerships and car hire depots is prohibitively expensive and impractical.

The recent expulsion of Cosatu's leader highlights the problems which have beset this Government-aligned labour union. Affiliates will be faced with the choice of remaining part of the existing union, or building a more independent alternative. The struggle to gain membership support will be contested in each workplace with a Cosatu union. Very often these battles turn violent, with paralysing consequences, and act as a deterrent to foreign investment in the country.

Within our industry, the outlook is towards a stable new vehicle sales market, with an expected marginal decline in passenger car sales offset by an improvement in the light commercial sector. The weakening of the Rand will inevitably result in price increases and a continued trend in favour of lower-priced models. The long-expected recovery of the used vehicle market does appear to have commenced, with a 5% upturn having been experienced this calendar year. Interest rates are anticipated to remain unchanged, at least until the last quarter of calendar 2015.

The Group has capacity for earnings growth by continuous elimination of under-performing outlets, and maximising the opportunities to drive further volumes through its existing infrastructure. Some of the low-volume manufacturers are starting to appreciate that the high cost of standalone dealerships cannot be supported by the sales of one product range, and are more amenable to independent showrooms being supported by a single parts, workshop and administration backup.

The Group's financial position and cash generation are strong. The manufacturers we represent are sound, long-term players in the South African market, and our leadership team is committed. All things considered, I am confident of another year of good financial performance.

ACKNOWLEDGMENTS

The Group employs almost 3 000 people, and it is due to their collective effort that it has enjoyed another successful year. Led by the Executive Committee, it is their hard work, dedication and commitment which has created and strengthened the unique winning culture within the Group, and which drives its sustainable profitability.

I deeply appreciate the support of the Group's suppliers, particularly the motor manufacturers which we represent, and the finance houses which provide funding for our customers.

The non-executive directors, led by chairman John Edwards, are a ready source of insight and wise counsel. I thank them for their continuing role as custodians of the strategy, corporate governance and culture driving the Group's growth and sustainability.

JD McIntosh
Chief Executive Officer

16 April 2015

CORPORATE GOVERNANCE

KING III: AN OVERVIEW		
KEY	✔ Compliant	# Partially compliant
1		**ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP**
1.1	✔	Effective leadership based on an ethical foundation
1.2	✔	Responsible corporate citizen
1.3	✔	Effective management of Group's ethics
2.		**BOARDS AND DIRECTORS**
2.1	✔	The Board is the focal point for and custodian of corporate governance
2.2	✔	Strategy, risk, performance and sustainability are inseparable
2.3	✔	Effective leadership based on an ethical foundation
2.4	✔	Responsible corporate citizen
2.5	✔	Effective management of Group's ethics
2.6	✔	Effective and independent audit committee
2.7	✔	The Board is responsible for the governance of risk and setting levels of risk tolerance
2.8	✔	The Board is responsible for information technology (IT) governance
2.9	✔	The Board ensures that the Group complies with relevant laws
2.10	✔	Effective risk-based internal audit
2.11	✔	Appreciation that stakeholders' perceptions affect the Group's reputation
2.12	✔	Ensures the integrity of the Group's integrated annual report
2.13	✔	Assessment of the effectiveness of the Group's system of internal controls
2.14	✔	Directors act in the best interests of the Group
2.15	✔	Consideration of business rescue proceedings and other turnaround mechanisms
2.16	#	The chairman of the Board is an independent non-executive director (note 1)
2.17	✔	Appoints chief executive officer and establishes framework for the delegation of authority
2.18	✔	The Board comprises a balance of power, with a majority of non-executive directors who are independent
2.19	✔	Directors are appointed through a formal process
2.20	#	Formal induction and ongoing training of directors is conducted (note 2)
2.21	✔	The Board is assisted by a competent, suitably qualified and experienced company secretary
2.22	✔	Annual performance evaluations of the Board, its committees and the individual directors
2.23	✔	Appointment and delegation of certain functions to well-structured committees
2.24	✔	An agreed governance framework between the Group and its subsidiary Boards is in place
2.25	✔	Directors and executives are fairly and responsibly remunerated
2.26	#	Remuneration of directors and senior executives is disclosed (note 3)
2.27	✔	The Group's remuneration policy is approved by its shareholders
3.		**AUDIT COMMITTEE**
3.1	✔	Effective and independent
3.2	✔	Suitably skilled and experienced independent non-executive directors
3.3	✔	Chaired by an independent non-executive director
3.4	✔	Oversees integrated reporting
3.5	✔	A combined assurance model is applied to provide a co-ordinated approach
3.6	✔	Satisfies itself of the expertise, resources and experience of the Group's finance function
3.7	✔	Oversees internal audit
3.8	✔	Integral to the risk management process
3.9	✔	Recommends the appointment of the external auditor and oversees the external audit process
3.10	✔	Reports to the Board and shareholders on how it has discharged its duties

KING III: AN OVERVIEW continued		
4.	**GOVERNANCE OF RISK**	
4.1	✔	The Board is responsible for the governance of risk
4.2	✔	The Board is responsible for determining the levels of risk tolerance
4.3	✔	The audit and risk assessment committee assists the Board in carrying out its risk responsibilities
4.4	✔	The Board delegates the risk management plan to management
4.5	✔	The Board ensures that risk assessments are performed on a continual basis
4.6	✔	Frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks
4.7	✔	Management considers and implements appropriate risk responses
4.8	✔	The Board ensures continual risk monitoring by management
4.9	✔	The Board receives assurance of the effectiveness of the risk management process
4.10	✔	Complete, timely, relevant, accurate and accessible risk disclosure to stakeholders
5.	**THE GOVERNANCE OF INFORMATION TECHNOLOGY**	
5.1	✔	The Board is responsible for information technology (IT) governance
5.2	✔	IT is aligned with the performance and sustainability objectives of the Group
5.3	✔	Management is responsible for the implementation of an IT governance framework
5.4	✔	The Board monitors and evaluates significant IT investments and expenditure
5.5	✔	IT is an integral part of the Group's risk management
5.6	✔	IT assets are managed effectively
5.7	✔	The audit and risk assessment committee assists the Board in carrying out its IT responsibilities
6.	**COMPLIANCE WITH LAWS, RULES, CODES AND STANDARDS**	
6.1	✔	The Board ensures that the Group complies with relevant laws
6.2	✔	The Board and each individual director has a working understanding of the effect of applicable laws, rules, codes and standards on the Group
6.3	✔	Compliance risk forms an integral part of the Group's risk management process
6.4	✔	The Board has delegated to management the implementation of an effective framework and processes
7.	**INTERNAL AUDIT**	
7.1	✔	Effective risk-based internal audit
7.2	✔	Internal audit follows a risk-based approach to its plan
7.3	✔	Written assessment of the effectiveness of the Group's system of internal controls and risk management
7.4	#	Audit and risk assessment committee is responsible for overseeing internal audit (note 4)
7.5	✔	Internal audit is strategically positioned to achieve its objectives
8.	**GOVERNING STAKEHOLDER RELATIONSHIPS**	
8.1	✔	Appreciation that stakeholders' perceptions affect the Group's reputation
8.2	✔	Management proactively deals with stakeholder relationships
8.3	✔	There is an appropriate balance amongst the Group's various stakeholder groupings
8.4	✔	Equitable treatment of stakeholders
8.5	✔	Transparent and effective communication to stakeholders to build their trust and confidence
8.6	✔	Disputes are resolved as effectively, efficiently and expeditiously as possible
9.	**INTEGRATED REPORTING AND DISCLOSURE**	
9.1	✔	The Board ensures the integrity of the Group's integrated annual report
9.2	✔	Sustainability reporting and disclosure is integrated with the Group's financial reporting
9.3	#	Sustainability reporting and disclosure is independently assured (note 5)

NOTES

1. *Contrary to the requirements of King III, the chairman of the Company is also chairman of the remuneration committee. The rationale of the Board in confirming this appointment is detailed on page 22.*
2. *Limited induction of directors new to the Group's industry is conducted. Induction related to generic director responsibilities and legislation has not been necessary to date as new appointees are experienced directors who are familiar with their roles and responsibilities as directors. Specific induction requirements will be considered for future appointees.*
3. *The remuneration of the three most highly-paid employees who are not directors has not been disclosed. The Board believes that such information is private to the individuals concerned, sensitive to peer review, and adds no value to stakeholders. The Board confirms that no such employee earns in excess of the executive directors.*
4. *The internal audit function is not subjected to an independent quality review as the Board does not believe this will add value.*
5. *Systems for the measurement and monitoring of various sustainability issues have been implemented. Sustainability reporting is not independently assured as the Board does not believe this will add value.*

BACKGROUND

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

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

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

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

ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP

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

To this end the Board has:

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

BOARDS AND DIRECTORS

Role

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

Function

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

- Group strategy, risk, performance and sustainability are inseparable;

  The Board plays a prominent role in the strategy development process and ensures that it is aligned with the purpose of the Group and its value drivers. Key performance indicators are identified in areas of finance and sustainability. Such indicators are clear and measurable and, if attained, result in profitable and sustainable results.

- it provides effective leadership based on an ethical foundation of responsibility, accountability, fairness and transparency;

  The Board takes active measures to ensure that the Group's code of conduct is adhered to in all aspects of business.

- the Group is and is seen to be a responsible corporate citizen;

  The Board is not merely responsible for the Group's financial bottom line, but for its performance within the triple context in which it operates: economic, social and environmental.

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

  Full details of the audit and risk assessment committee are provided on pages 24 and 25.

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

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

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

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

  Full details on IT governance are provided on page 27.

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

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

  Full details are provided on pages 27 and 28.

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

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

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

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

Leadership

The position of chairman is held by an independent non-executive director, JTM Edwards, whose role is clearly defined and separate from that of the chief executive officer ("CEO"), JD McIntosh.

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

Composition

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

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

MAIN BOARD

Independent non-executive directors

JTM Edwards (chairman)
LCZ Cele
JS Dixon
ME Jones (appointed 16 April 2015)
JA Mabena (appointed June 2014)
N Siyotula

Non-executive director

II Zimmerman (appointed July 2014)

Executive directors

JD McIntosh (chief executive officer)
SK Jackson (financial)
MPD Conway

Alternate director

JW Alderslade (alternate to N Siyotula and JA Mabena)

Directors

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

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

ATTENDANCE AT MEETINGS DURING THE YEAR UNDER REVIEW					
Director	**Full Board**	**Audit and risk assessment committee**	**Remuneration committee**	**Social, ethics and transformation committee**	**Executive committee**
LCZ Cele	3/3	2/2	0/0	1/2	
MPD Conway	3/3			2/2	5/5
JS Dixon	3/3	2/2			
JTM Edwards	3/3	2/2*	2/2	1/2*	
SK Jackson	3/3	1/2*	2/2*		5/5
JA Mabena	1/1				
JD McIntosh	3/3	2/2*	2/2*	2/2	5/5
D Molefe	0/2	1/1			
N Siyotula	3/3	1/1		2/2	
II Zimmerman	0/1				
M Zimmerman	0/2		1/1		
JW Alderslade**	1/1*				

* *By invitation.*
** *Alternate to N Siyotula, JA Mabena and D Molefe.*

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

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

Director appointment and tenure

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

Where the Board believes that it will benefit from the appointment of a new director with skills and expertise that will complement those of existing members, an ad hoc nominations committee will be formed. The committee will consider proposals and input from all directors before making a recommendation for approval by the Board. Non-executive directors have no fixed term of employment.

New directors are provided with basic induction, the objective of which is to maximise their understanding of the Group and its industry, enabling immediate input and decision-making. To date new appointees have been experienced directors and are thus familiar with the general business environment, sustainability issues and legislative duties and responsibilities of directors. Accordingly, induction in these areas has not been necessary. Specific induction requirements will be considered for future appointees.

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

Independence assessment

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

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

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

Board charter

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

Board meetings

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

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

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

Performance assessment

In line with the requirements of King III the Group conducts a formal annual appraisal of the Board and its committees. Where deficiencies are identified, plans are immediately developed and implemented for the director concerned to acquire the necessary skills and/or to develop appropriate behavioural patterns.

Subsidiary boards of directors

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

Directors' share dealings

The Board complies with the JSE Limited Listings Requirements in relation to restrictions on the trading of CMH's shares by directors and Exco members during the defined closed periods. Restrictions may also be placed on share dealings at other times if the Group is involved in corporate activity or sensitive negotiations. The company secretary notifies all directors and Exco members prior to the commencement of the closed trading periods, which commence 15 days before the half-year and year-end, and end on the date the respective results are published. Details of directors' share dealings are disclosed to the listings division of the JSE Limited and communicated through its electronic news service, SENS. There is a process in place in terms of the JSE Limited Listings Requirements for directors to obtain prior clearance before dealing in the Company's shares. All transactions, except those arising from a Group share incentive scheme, are conducted at the ruling market price on the JSE Limited.

Directors' interests in contracts

In addition to a formal annual disclosure process, directors are required to make ongoing disclosures of any interests in contracts. The interests of directors in contracts is disclosed in note 29 to the attached financial statements.

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

Directors' shareholdings are recorded on page 74.

Succession

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

COMPANY SECRETARY

The company secretary is appointed by the Board in compliance with the Companies Act and the JSE Limited Listings Requirements. The appointee is not a director of the Company, but provides the Board with guidance on discharging its responsibilities, and advice on matters of ethics and corporate governance. All dealings between the Board and the company secretary are on an arm's-length basis.

K Fonseca CA (SA) was appointed company secretary in 2010. She is a qualified chartered accountant with 15 years' postgraduate experience, of which nine years have been with the Group. The Board considers her to be suitably qualified and experienced.

In considering her level of competence the Board has reviewed the:

- timing and frequency of meetings of the Board and its various sub-committees;
- timing and content of agendas and supplementary information provided for each meeting;
- timeous distribution and accurate content of minutes of meetings;
- dissemination of financial, share trading and other information to the JSE Limited for release on SENS;
- update of statutory information in the Company's records and submission to the Companies and Intellectual Property Commission; and
- quality and frequency of interaction with Board and executive committee members.

The Board has concluded that she has executed her responsibilities with the required level of competency. The Certification by the company secretary is recorded on page 33.

MAIN BOARD COMMITTEES

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

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

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

Remuneration committee

Members:

- JTM Edwards (independent non-executive) – chairman (appointed chairman July 2014)
- LCZ Cele (independent non-executive) (appointed October 2014)
- M Zimmerman (non-executive chairman, resigned July 2014)

Following the resignation of the chairman of the remuneration committee, M Zimmerman, in July 2014, the Board appointed LCZ Cele to the committee. The committee now comprises two independent, non-executive directors. When appointing a chairman to the committee, the following factors are taken into account:

- knowledge of remuneration practices and processes;
- general experience as a business leader;
- understanding of the retail motor industry; and
- understanding of CMH's culture and business.

Against these criteria, it was considered appropriate that JTM Edwards be appointed as chairman of the remuneration committee. The Board acknowledges that whilst King III recommends that the chairman of the Board not be chairman of the remuneration committee, in the circumstances of CMH, it is considered appropriate by the Board. The Board is satisfied that the committee, as presently constituted, is adequate to perform its functions. This decision will be reviewed on a regular basis.

Attendance at meetings is recorded on page 20. The committee is charged with the responsibility of ensuring that the Group has a transparent procedure for developing policies on executive remuneration and determining remuneration packages of individual directors and senior executives within agreed terms of reference and within the framework of good corporate governance. Such packages are designed to ensure that executives are fairly and appropriately remunerated for their contribution to the operating and financial performance of the Group, and the value created over the long term. The committee aims to promote a culture that supports enterprise and innovation with an appropriate mix of short-term and long-term performance-related rewards that are fair and challenging.

Remuneration report

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

Elements of executive remuneration

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

- base salary;
- annual performance-related awards;
- share incentive awards; and
- other benefits.

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

Base salary

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

Annual performance-related awards

All executives are eligible to receive a performance-related annual award. The award is partly contractual and partly non-contractual, and is not pensionable. The committee reviews awards annually and determines the level of the award based on performance criteria set at the start of the performance period. In respect of executive directors, the criteria are based on overall Group performance in terms of earnings growth, return on shareholders' funds, attainment of Black Economic Empowerment targets and cash flow generation. At Exco level the criteria are closely aligned to those areas which each member has the ability to affect and control. These include divisional operating profit, working capital management and performance against manufacturer targets, and take into account the overall level of accountability assigned to each Exco member.

Share incentive schemes

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

Share Appreciation Rights ("SAR") Scheme

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

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

Details of SARs granted to employees to date are reflected in note 13 to the financial statements. No new SARs were issued during the year under review. The total number awarded to date is 5 670 000. These may be exercised in equal instalments over three, four and five years of service. The first tranche of 1 043 000 rights vested during the prior year. During the current year 1 183 000 rights vested and were exercised by employees.

Forfeitable Share Plan ("FSP")

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

No FSP awards have been made.

Share Option Scheme

During October 2004 the Group granted twelve employees the option to acquire a total of 4 350 000 shares at R5,12 per share. All the options were exercised immediately and have now vested, but 2 262 000 (2014: 2 262 000) shares have not yet been taken up. No further grants will be made in terms of the scheme.

Retirement and medical aid

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

Other benefits

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

Non-executive directors' fees

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

Directors' emoluments

Directors' emoluments and participation in long-term incentive plans are recorded on pages 73 and 74.

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

Audit and risk assessment committee

Members:

- JS Dixon (independent non-executive) – chairman
- LCZ Cele (independent non-executive)
- N Siyotula (independent non-executive) (appointed April 2014)

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

The committee meets formally twice a year. Attendance details are recorded on page 20. In addition, the members meet at least twice annually with the external and internal auditors, without management's presence.

The qualifications of the committee members are disclosed on the inside back cover. The Board is satisfied that collectively the committee members have a sound knowledge and understanding of integrated reporting, internal financial controls, the external and internal audit process, corporate law, risk management and IT governance, and sustainability issues. Subject to approval by shareholders, the Board nominates the committee and its chairman, who is a person able to lead constructive dialogue with Group executives, the internal and external auditors, and Board members. The chairman is present at the annual general meeting to answer questions on the committee's activities and matters within the scope of its responsibilities.

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

Oversee integrated reporting

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

The committee has discharged this function by:

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

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

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

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

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

Accept responsibility for overseeing of internal audit

The committee has satisfied itself that the Group's internal audit function is independent and has the necessary resources, budget, standing and authority within the Group to enable it to discharge its functions. The internal audit plan has been considered and approved, and areas of overlap between internal and external audit identified so as to optimise the combined assurance model. There is regular communication between the committee chairman and the chief audit executive who also reports on its activities for the period at each committee meeting.

Accept responsibility for the Group's risk management function

Full details of the committee's role and function in this area are provided on pages 25 and 26.

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

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

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

A formal report to shareholders by the chairman of the committee is set out on page 33.

Social, ethics and transformation committee

Members:

- LCZ Cele (independent non-executive) – chairman (appointed chairman April 2014)
- MPD Conway (executive)
- JD McIntosh (chief executive officer)
- N Siyotula (independent non-executive) (appointed April 2014)

The committee's charter contains terms of reference that ensure that the Group performs its duties in terms of the Companies Act, 2008, and King III.

In compliance with these regulations, the committee has endeavoured to monitor the Group's activities and level of compliance with relevant legislation and codes of best practice with regards to those issues recorded in Regulation 43(5) of the Companies Act Regulations, 2011. Attendance at meetings is reflected on page 20.

The committee is satisfied with the Group's progress during the year, and its plans for the year ahead. There were no matters of a material nature which the committee deemed necessary to bring to the attention of the Board.

A formal report to shareholders by the chairman of the committee is set out on page 33.

Executive committee

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

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

Exco member	Function	Age	Years of service
SL Atkinson	Motor retail	54	20
BWJ Barritt	Car hire	56	15
JP de Bruyn	Customer finance and insurance	60	34
K Fonseca	Company secretary, chief audit executive	40	9
RJ Minnaar	Information technology	51	25
TH Morey	Motor retail	47	19
S Singleton	Motor retail	51	12
CG Webber	Motor retail	46	15

THE GOVERNANCE OF RISK

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

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

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

Risk review

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

Financial risks

- full details of the Group's exposure to a variety of financial risks is disclosed on page 50

Low economic growth

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

Information technology

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

Management succession

- identification of individuals within the Group for training and leadership focus
- mentoring members of Exco to be the Group's leaders of tomorrow
- extensive training programmes for lower management levels and technical staff

Key suppliers

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

Business continuity

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

Crime

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

Legal compliance

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

Insurance

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

- tangible assets – fire and allied perils;
- business interruption;
- public and employers' liability;
- directors' and officers' liability;
- fidelity;
- business travel;
- motor fleet (subject to limits recorded below); and
- riot, strike and civil commotion.

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

Because of the perceived high cost: benefit assessment, the Group has no insurance cover in respect of "on-road" motor vehicle losses such as accident damage and theft. The low aggregation risk and the predictability of these losses mitigates against insurance, but full provision for potential losses is provided internally.

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

THE GOVERNANCE OF INFORMATION TECHNOLOGY

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

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

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

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

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

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

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

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

COMPLIANCE WITH LAWS, RULES, CODES AND STANDARDS

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

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

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

INTERNAL AUDIT

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

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

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

An internal audit charter, considered and recommended by the audit and risk assessment committee, has been defined and approved by the Board.

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

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

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

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

GOVERNING STAKEHOLDER RELATIONSHIPS

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

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

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

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

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

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

Employees

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

Shareholders and investors

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

Banks and other vehicle finance houses

- regular meetings with senior management

Customers

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

Suppliers

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

Industry bodies

- regular update sessions

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

INTEGRATED REPORTING AND DISCLOSURE

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

KEY SUSTAINABILITY ISSUES AT A GLANCE			
		2015	**2014**
Financial			
Revenue	(R'000)	**10 832 583**	10 831 384
Operating profit	(R'000)	**318 252**	320 224
Headline earnings per share	(cents)	**194,6**	156,7
Dividends paid per share	(cents)	**82,5**	78,0
Net cash movement from operating activities	(R'000)	**346 230**	395 324
Cash resources	(R'000)	**450 544**	308 480
Return on shareholders' funds	(%)	**25,3**	27,2
Employment			
Number of employees		**2 881**	2 935
Revenue per employee	(R'000)	**3 760**	3 690
Total employee costs	(R'000)	**754 356**	705 183

Note: Figures presented above include continuing and discontinued operations.

Sustainability

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

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

- **contributing positively to the economy by providing stable employment, generating business for local suppliers, paying taxes and supplying quality goods and services at value-driven, competitive prices.**

  Details of the Group's financial results are addressed throughout this report. A summary of pertinent financial information is contained in the table above.

- **providing a safe place of work where employees are treated on an equal opportunity basis with open lines of communication, are trained and encouraged to participate to the maximum of their ability and are rewarded commensurate with their achievement.**

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

- **promoting sound environmental practices in all Group operations.**

  Operating as it does in the retail industry, the Group has a relatively low environmental impact. However, measures are being taken to determine the Group's utilisation of resources and implement steps to effect reductions. Further details are provided in the report on environmental issues on page 31.

TRANSFORMATION AND EMPLOYMENT EQUITY

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

Employment equity

Employment equity policies have been implemented within the Group to create an environment in which employees from previously disadvantaged backgrounds are trained, instructed, promoted and rewarded according to their initiative, loyalty and work ethic. The Group has, during each year since the inception of the Skills Development Act, exceeded its training targets. The Group has timeously submitted its report in terms of section 21 of the Employment Equity Act and, as a result, has recouped in full its costs in respect of the Skills Development Levy. An extract of the most recent report submitted, as at 31 August 2014, is tabled on page 30.

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.

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

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

As the service departments continue to provide a fertile source of dealership managers, significant focus is placed on workshop staff development and skills training. From 2008 to 2014 the Group recruited apprentices in the Accelerated Artisan Training Programme ("AATP") run by Merseta. This programme encouraged the accelerated training and qualification of apprentices over a two-year period. During that period 144 apprentices qualified whilst in the employ of the Group. On average, approximately 60% of the apprentices that qualified were retained as artisan technicians within the Group and many have been successful in gaining the status of master technician with their respective manufacturers.

Despite the abolishment of the AATP programme, Merseta continues to fund apprentice training under the traditional time-based model. A total of 30 apprentices were enrolled on this programme during the year under review and the Group has committed to recruiting 86 for the coming year.

During the year, the Group implemented numerous initiatives to accelerate transformation within the workplace. These focus primarily on recruitment, retention and skills development of previously disadvantaged individuals.

Short-term learnerships, specifically aligned towards the development of workshop front line and finance and insurance personnel, continue to be run. The majority of the 114 learners that have completed these programmes are from previously disadvantaged backgrounds and have been retained in the Group. The Group has been allocated funding by Merseta for 13 short-term learnerships for the 2016 year.

The car hire division has recruited 27 students from previously disadvantaged backgrounds for on-the-job training in the last 12 months. Whilst being paid during their 12-month session, these students are rotated through all the departments to enable them to gain general work experience and select areas in which they would like to specialise. Should the employees

EXTRACT FROM REPORT IN TERMS OF SECTION 21 OF THE EMPLOYMENT EQUITY ACT

	Male				Female				Foreign nationals		
Occupational levels	**A**	**C**	**I**	**W**	**A**	**C**	**I**	**W**	**M**	**F**	**Total**
Top management	1	–	–	67	2	3	1	19	–	–	93
Senior management	11	14	51	135	12	7	27	90	2	–	349
Professionally qualified and experienced specialists	193	65	147	304	53	28	31	105	5	–	931
Skilled technical and academically qualified	46	37	26	28	30	18	36	90	–	–	311
Semi-skilled	367	56	147	56	54	28	58	83	5	1	855
Unskilled	144	19	44	20	117	7	15	13	5	–	384
Total permanent	**762**	**191**	**415**	**610**	**268**	**91**	**168**	**400**	**17**	**1**	**2 923**
Temporary employees	11	4	7	11	5	1	1	5	–	–	45
Total August 2014	**773**	**195**	**422**	**621**	**273**	**92**	**169**	**405**	**17**	**1**	**2 968**
Total August 2013	766	197	431	666	220	93	164	432	13	4	2 986

Key: A = African C = Coloured I = Indian W = White M = Male F = Female not be retained within the Group at the end of their contract, they will be in a position to find further employment having had work experience and operational training.

Broad-based black economic empowerment ("B-BBEE")

The aim of the Board is to achieve sustainable empowerment through alignment with the five elements of the amended B-BBEE codes, being: ownership, management control, skills development, enterprise and supplier development and socio-economic development. Management has assessed the implications on the Group of the amended, and considerably more challenging, scorecard. It has concluded that the Group's score will be severely down-rated as the proposed targets will be near impossible to attain in the business environment in which the Group operates.

The Group's most recent scorecard ratings are recorded in the table below.

B-BBEE SCORECARD RATINGS (independently audited)

	Max	2015	2014
Total Group			
Ownership	20,0	**19,2**	14,2
Management control	10,0	**4,6**	4,7
Employment equity	15,0	**7,3**	7,3
Skills development	15,0	**5,8**	8,7
Preferential procurement	20,0	**13,0**	12,3
Enterprise development	15,0	**15,0**	15,0
Socio-economic development	5,0	**5,0**	5,0
	100,0	**69,9**	67,2
B-BBEE recognition level contributor		**4**	4
Car hire division			
Ownership	20,0	**19,2**	15,2
Management control	10,0	**5,7**	5,8
Employment equity	15,0	**10,4**	9,9
Skills development	15,0	**12,0**	12,0
Preferential procurement	20,0	**15,8**	15,5
Enterprise development	15,0	**15,0**	15,0
Socio-economic development	5,0	**5,0**	5,0
	100,0	**83,1**	78,4
B-BBEE recognition level contributor		**3**	3

HEALTH AND SAFETY

The Group's focus on responsible policies and practices with regards to Health and Safety ('HS') remains high.

A consistent Group-wide policy, approved by the Board in 2010, provides the core framework for standard processes. The policy is reviewed regularly, and updated where necessary.

Clear lines of responsibility are communicated to all employees. The dealer principal is the main responsible individual at each dealership for HS matters. He is supported by a Group HS manager, and an independent specialist who conducts monthly site inspections and quarterly audits. The Group HS manager reports to the Board on audit results and improvement recommendations.

ENVIRONMENTAL ISSUES

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

During the year, the Group has made a concerted effort to assess and monitor its energy use and, where practicable, to implement measures designed to reduce the environmental impact. The Group continues, where practicable, to install LED lights at all sites; these use significantly less energy than conventional lighting. In addition, the Group seeks to limit the duration of periods when full lighting illuminates the sites, consistent with adequate safety and security, and limits its paper consumption and waste, through increasingly paperless communications systems

To date the Group has invested R5,4 million in energy-saving equipment and installing electricity meters at 33 of its dealerships. The consumption reductions generated by the use of more efficient lighting and automated timing devices are monitored monthly and the estimated reduction in electricity consumption by these 33 branches is in excess of 250 000 kilowatt hours per month. This results in a saving of approximately R400 000 per month.

The "CMH Green" waterless car wash system continues to be used throughout the Group. Through its showrooms and service departments the Group washes more than 2 200 vehicles daily. The resultant saving from the use of this system is estimated at 220 kilolitres of water per day.

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

SOCIAL ISSUES

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

The concept of sharing the wealth generated by Group operations has prompted the directors to select and support a wide range of charitable projects. The most significant project was the renovation and equipping of the science laboratory at Kwamakhutha High School in Amanzimtoti, KwaZulu-Natal. The project was a joint effort with funding provided by CMH employees, the Group and the Group's empowerment partner, Thebe Investment Corporation. The new science laboratory was completed and handed over to the school in the early part of 2015.

Other projects supported by the Group during the year include:

- Training and Resources in Early Education;
- The Unit for Students with Disabilities at the University of the Free State;
- Teachers Across Borders South Africa;
- Masigcine Children's Home; and
- Wildlands Conservation Trusts's Rhino Aerial Support Project.

The Group also provides free use of vehicles to the following charitable organisations:

- Reach for a Dream;
- Mike Procter Foundation for Development Cricket;
- Children of Fire; and
- Wet Nose Animal Rescue Centre.

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 2015. All members are independent non-executive directors of the Company. The committee is satisfied that, in respect of the financial year, it has performed all the functions required to be performed by an audit committee as set out in the Companies Act, 2008, the committee's terms of reference, and as more fully set out in the Corporate Governance Report on pages 24 and 25.

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

The committee has satisfied itself that the external auditor, PricewaterhouseCoopers Inc., is independent of the Company and the Group having given due consideration to the parameters enumerated in section 94(8) of the Companies Act, 2008, and the principles contained in the King Code of Governance for South Africa 2009. The appointment of 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 integrated annual report to the Board for approval.

JS Dixon
Chairman

16 April 2015

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 Group'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 Group's activities have regard to relevant legislation and prevailing codes of best practice in each of the relevant areas.

LCZ Cele
Chairman

16 April 2015

CERTIFICATION BY THE COMPANY SECRETARY

In my capacity as company secretary, I hereby confirm that, for the year ended 28 February 2015, 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

16 April 2015

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

FOR THE YEAR ENDED 28 FEBRUARY 2015

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

The directors are responsible for the preparation, integrity and fair presentation of the financial statements. The financial statements presented on pages 38 to 75 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee, Financial Pronouncements, as issued by the Financial Reporting Standards Council, and in the manner required by the Companies Act, 2008, and include amounts based on judgements and estimates made by management.

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

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

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

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

The going-concern basis has been adopted in preparing the financial statements. The directors believe that the Group and the Company will be a going concern in the foreseeable future, based on forecasts and available cash resources. These financial statements support the viability of the Company and the Group.

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

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

JD McIntosh
Chief executive officer

JTM Edwards
Chairman

16 April 2015

DIRECTORS' REPORT

FOR THE YEAR ENDED 28 FEBRUARY 2015

Your directors have pleasure in submitting their report on the affairs of the Company and the Group during the year ended 28 February 2015.

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 and financial services. Full details of the Group's operations and operating locations appear on pages 3 and 8 to 11.

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:

	2015 R'000	2014 R'000
Ordinary dividend number 53: 32,5 cents, declared 17 October 2014	**30 444**	–
Ordinary dividend number 52: 50 cents, declared 16 April 2014	**46 837**	–
Ordinary dividend number 51: 28 cents, declared 11 October 2013	**–**	30 541
Ordinary dividend number 50: 50 cents, declared 19 April 2013	**–**	54 485
	77 281	85 026

RESOLUTIONS

At the annual general meeting of shareholders held on 29 May 2014 the following special resolutions were passed:

- Authorisation of the directors in terms of section 45(3) of the Companies Act, 2008, to bind the Company in the provision of direct or indirect financial assistance to a related company.
- Approval of the fees of non-executive directors for their services as directors.

No other special resolutions were passed by the Company during the year under review.

DIRECTORS AND SECRETARY

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

JTM Edwards *(independent non-executive chairman);*
JD McIntosh *(chief executive officer);*
LCZ Cele *(independent non-executive);*
MPD Conway *(executive);*
JS Dixon *(independent non-executive);*
SK Jackson *(executive);*
ME Jones *(independent non-executive);*
JA Mabena *(independent non-executive);*
N Siyotula *(independent non-executive);*
II Zimmerman *(non-executive); and*
JW Alderslade (alternate to N Siyotula and JA Mabena).

JA Mabena replaced D Molefe as a director with effect from 17 June 2014.

II Zimmerman replaced M Zimmerman as a director with effect from 8 July 2014.

ME Jones was appointed on 16 April 2015.

The executive directors, together with the members of the executive committee reflected on page 25, represent the key management of the Company and the Group.

JTM Edwards and SK Jackson retire by rotation at the forthcoming annual general meeting but, being eligible, offer themselves for re-election. Confirmation of the election of ME Jones and JA Mabena, who were appointed by the Board of directors since the previous annual general meeting, will also be sought at the annual general meeting. II Zimmerman has confirmed that he will resign as a director with effect from 28 May 2015. Brief curriculum vitae of JTM Edwards, SK Jackson, ME Jones and JA Mabena appear in the notice of meeting.

The secretary of the Company is K Fonseca, 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 74.

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 72.

The results of the subsidiaries, so far as concerns the Company, comprise aggregate income and losses for the year, after taxation, of R147 079 000 (2014: R216 068 000) and R29 746 000 (2014: R13 020 000) respectively.

AUDITOR

PricewaterhouseCoopers Inc. will continue in office in accordance with section 90(6) of the Companies Act. At the annual general meeting, shareholders will be requested to appoint PricewaterhouseCoopers Inc. as the Group's auditor for the 2016 financial year. It is noted that SF Randelhoff will be the individual registered auditor who will undertake the audit.

SUBSEQUENT EVENTS

Other than those recorded in note 32 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.

Umhlanga
16 April 2015

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 28 FEBRUARY 2015

TO THE SHAREHOLDERS OF COMBINED MOTOR HOLDINGS LIMITED

We have audited the consolidated and separate financial statements of Combined Motor Holdings Limited set out on pages 38 to 75, which comprise the statements of financial position as at 28 February 2015, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's directors are responsible for the preparation and fair presentation of these consolidated and separate 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 consolidated and separate financial statements that are free from material misstatements, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated and separate 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 consolidated and separate 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 consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Combined Motor Holdings Limited as at 28 February 2015, 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 the requirements of the Companies Act of South Africa.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the consolidated and separate financial statements for the year ended 28 February 2015, we have read the directors' report, the report of the audit and risk assessment committee and the certification by the company secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

PricewaterhouseCoopers Inc.
Director: SF Randelhoff
Registered Auditor

Durban
16 April 2015

SEGMENT INFORMATION

FOR THE YEAR ENDED 28 FEBRUARY 2015

	TOTAL				RETAIL MOTOR			
	2015 R'000	%	2014 R'000	%	2015 R'000	%	2014 R'000	%
External revenue	10 832 583	100	10 831 384	100	10 282 716	95	10 261 436	95
Operating profit	318 252	100	320 224	100	225 498	70	234 173	74
Net finance costs	(88 628)	100	(75 547)	100	(68 074)	77	(62 778)	83
Profit before taxation	229 624	100	244 677	100	157 424	68	171 395	70
Total assets	2 693 315	100	2 574 110	100	1 489 272	55	1 538 713	60
Total liabilities	2 052 692	100	2 008 384	100	1 283 403	63	1 272 973	63
Goodwill at year-end	44 972	100	74 972	100	44 972	100	74 972	100
Total employee costs	754 356	100	705 183	100	627 590	83	594 904	84
Number of staff	2 881	100	2 935	100	2 398	83	2 427	82

	CAR HIRE				MARINE AND LEISURE*			
	2015 R'000	%	2014 R'000	%	2015 R'000	%	2014 R'000	%
External revenue	368 493	3	337 439	3	94 721	1	127 768	1
Operating profit	77 889	24	65 431	20	(7 906)	(2)	(449)	–
Net finance costs	(40 413)	46	(35 594)	47	(94)	–	(256)	–
Profit before taxation	37 476	16	29 837	12	(8 000)	(3)	(705)	–
Total assets	673 268	25	645 072	25	34 587	1	51 432	2
Total liabilities	725 351	35	681 724	34	14 198	1	12 247	1
Goodwill at year-end	–	–	–	–	–	–	–	–
Total employee costs	71 468	10	63 678	10	9 462	1	9 841	1
Number of staff	373	13	368	13	3	–	28	1

	FINANCIAL SERVICES				CORPORATE SERVICES/OTHER			
	2015 R'000	%	2014 R'000	%	2015 R'000	%	2014 R'000	%
External revenue	60 268	1	77 910	1	26 385	–	26 831	–
Operating profit	33 683	11	30 289	9	(10 912)	(3)	(9 220)	(3)
Net finance costs	2 297	(3)	2 384	(3)	17 656	(20)	20 697	(27)
Profit before taxation	35 980	16	32 673	13	6 744	3	11 477	5
Total assets	20 419	1	18 039	1	475 769	18	320 854	12
Total liabilities	1 680	–	2 156	–	28 060	1	39 284	2
Goodwill at year-end	–	–	–	–	–	–	–	–
Total employee costs	–	–	–	–	45 836	6	36 760	5
Number of staff	–	–	–	–	107	4	112	4

* *Discontinued*

The operating segments are based on the reports reviewed by the chief executive officer that are used to make strategic decisions. The chief executive officer assesses 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 is measured in a manner consistent with that in the statement of comprehensive income. The Group operates only in the Republic of South Africa.

The "corporate services/other" segment contains the Group's treasury function, and CMH Green and National Workshop Equipment which are not large enough to warrant separate disclosure.

STATEMENTS OF FINANCIAL POSITION

FOR THE YEAR ENDED 28 FEBRUARY 2015

	Notes	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
ASSETS					
Non-current assets					
Plant and equipment	4	**74 846**	74 803	**–**	–
Goodwill	5	**44 972**	74 972	**–**	–
Investments	6	**–**	–	**129 673**	187 386
Insurance receivable	14	**20 418**	18 039	**–**	–
Deferred taxation	7	**51 224**	46 643	**–**	–
Investment in subsidiary	8	**–**	–	**137 571**	256 093
		191 460	214 457	**267 244**	443 479
Current assets					
Investments	6	**–**	–	**30 000**	–
Car hire fleet vehicles	4	**609 811**	572 765	**–**	–
Inventories	9	**1 175 207**	1 214 577	**–**	–
Trade and other receivables	10	**266 293**	263 831	**–**	–
Cash and cash equivalents	11	**450 544**	308 480	**285 370**	175 414
		2 501 855	2 359 653	**315 370**	175 414
Total assets		**2 693 315**	2 574 110	**582 614**	618 893
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	12	**27 794**	27 794	**27 794**	27 794
Share-based payment reserve	13	**12 011**	14 441	**3 325**	3 325
Retained earnings		**600 543**	523 379	**549 100**	585 995
Ordinary shareholders' equity		**640 348**	565 614	**580 219**	617 114
Non-controlling interest		**275**	112	**–**	–
Total equity		**640 623**	565 726	**580 219**	617 114
Non-current liabilities					
Insurance payable	14	**1 680**	2 156	**–**	–
Lease liabilities	15	**74 298**	90 244	**–**	–
Provisions	16	**4 231**	–	**–**	–
		80 209	92 400	**–**	**–**
Current liabilities					
Advance from non-controlling shareholder of subsidiary	17	**255**	4 193	**–**	–
Trade and other payables	18	**1 279 367**	1 258 014	**598**	534
Borrowings	19	**667 561**	622 962	**–**	–
Lease liabilities	15	**15 232**	8 759	**–**	–
Current tax liabilities		**10 068**	22 056	**1 797**	1 245
		1 972 483	1 915 984	**2 395**	1 779
Total liabilities		**2 052 692**	2 008 384	**2 395**	1 779
Total equity and liabilities		**2 693 315**	2 574 110	**582 614**	618 893

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 28 FEBRUARY 2015

	Notes	Group 2015 R'000	Restated Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
Continuing operations					
Revenue	20	**10 737 862**	10 703 616	**17 287**	39 364
Cost of sales	21	**(8 986 601)**	(9 056 748)	**–**	–
Gross profit		**1 751 261**	1 646 868	**17 287**	39 364
Other income		**–**	–	**–**	3 409
Impairment of goodwill	5	**(30 000)**	–	**–**	–
Selling and administration expenses	21	**(1 395 103)**	(1 329 645)	**(241)**	(243)
Operating profit		**326 158**	317 223	**17 046**	42 530
Finance income	22	**14 821**	13 709	**32 356**	50 266
Finance costs	22	**(103 355)**	(89 000)	**–**	–
Profit before taxation		**237 624**	241 932	**49 402**	92 796
Tax expense	23	**(77 074)**	(75 245)	**(9 016)**	(14 036)
Profit for the year from continuing operations		**160 550**	166 687	**40 386**	78 760
Discontinued operation					
(Loss)/profit for the year from discontinued operation (attributable to equity holders of the company)	24	**(8 000)**	2 745	**–**	–
Total profit and comprehensive income		**152 550**	169 432	**40 386**	78 760
Attributable to:					
Equity holders of the company		**152 387**	169 440	**40 386**	78 760
Non-controlling interest		**163**	(8)	**–**	–
		152 550	169 432	**40 386**	78 760
EARNINGS PER SHARE (cents)	25				
Basic earnings per share					
From continuing operations		**171,2**	154,3		
From discontinued operation		**(8,5)**	2,5		
From total profit and comprehensive income		**162,7**	156,8		
Diluted basic earnings per share					
From continuing operations		**168,5**	152,4		
From discontinued operation		**(8,4)**	2,5		
From total profit and comprehensive income		**160,1**	154,9		

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 28 FEBRUARY 2015

	Share capital R'000	Share-based payment reserve R'000	Retained earnings R'000	Attributable to equity holders of the company R'000	Non-controlling interest R'000	Total equity R'000
Balance at 28 February 2013	29 500	13 024	638 027	680 551	120	680 671
Issue of shares	1 274			1 274		1 274
Total profit and comprehensive income			169 440	169 440	(8)	169 432
Transfer to share capital	377	(377)				
Release following exercise of share appreciation rights		(2 182)		(2 182)		(2 182)
Loss on share appreciation rights exercised			(864)	(864)		(864)
Share-based payment reserve		3 976		3 976		3 976
Dividends paid			(85 026)	(85 026)		(85 026)
Shares repurchased	(3 357)		(198 198)	(201 555)		(201 555)
Balance at 28 February 2014	**27 794**	**14 441**	**523 379**	**565 614**	**112**	**565 726**
Total profit and comprehensive income			**152 387**	**152 387**	**163**	**152 550**
Release following exercise of share appreciation rights		**(5 471)**		**(5 471)**		**(5 471)**
Gain on share appreciation rights exercised			**2 058**	**2 058**		**2 058**
Share-based payment reserve		**3 041**		**3 041**		**3 041**
Dividends paid			**(77 281)**	**(77 281)**		**(77 281)**
Balance at 28 February 2015	**27 794**	**12 011**	**600 543**	**640 348**	**275**	**640 623**

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 28 FEBRUARY 2015

	Share capital R'000	Share-based payment reserve R'000	Retained earnings R'000	Total equity R'000
Balance at 28 February 2013	29 500	3 702	790 459	823 661
Issue of shares	1 274			1 274
Transfer to share capital	377	(377)		
Shares repurchased	(3 357)		(198 198)	(201 555)
Total profit and comprehensive income			78 760	78 760
Dividends paid			(85 026)	(85 026)
Balance at 28 February 2014	**27 794**	**3 325**	**585 995**	**617 114**
Total profit and comprehensive income			**40 386**	**40 386**
Dividends paid			**(77 281)**	**(77 281)**
Balance at 28 February 2015	**27 794**	**3 325**	**549 100**	**580 219**

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 28 FEBRUARY 2015

	Notes	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	26	**439 873**	451 379	**(177)**	19 812
Finance income received	22	**–**	–	**32 356**	50 266
Taxation paid	27	**(93 643)**	(56 055)	**(8 464)**	(13 087)
Net cash movement from operating activities		**346 230**	395 324	**23 715**	56 991
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of non-current plant and equipment		**(32 858)**	(38 227)	**–**	–
Proceeds on disposal of non-current plant and equipment		**4 807**	5 105	**–**	–
Investments		**–**	–	**45 000**	70 000
Insurance receivables		**(2 379)**	(16 965)	**–**	–
Insurance payables		**(476)**	(452)	**–**	–
Repayment by subsidiary		**–**	–	**118 522**	41 473
Net cash movement from investing activities		**(30 906)**	(50 539)	**163 522**	111 473
CASH FLOWS FROM FINANCING ACTIVITIES					
Non-controlling shareholders of subsidiaries		**(3 938)**	(7 000)	**–**	–
Proceeds of issue of shares		**–**	1 274	**–**	1 274
Repurchase of shares		**–**	(201 555)	**–**	(201 555)
Settlement of share appreciation rights		**(3 413)**	(3 382)	**–**	–
Finance income received	22	**14 971**	13 709	**–**	–
Finance costs paid	22	**(103 599)**	(89 256)	**–**	–
Dividends paid	28	**(77 281)**	(85 026)	**(77 281)**	(85 026)
Net cash movement from financing activities		**(173 260)**	(371 236)	**(77 281)**	(285 307)
Net movement in cash and cash equivalents		**142 064**	(26 451)	**109 956**	(116 843)
Cash and cash equivalents at beginning of year		**308 480**	334 931	**175 414**	292 257
Cash and cash equivalents at end of year	11	**450 544**	308 480	**285 370**	175 414

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation

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

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

Standards, amendments and interpretations effective in 2015 or early adopted by the Group

There are no standards, amendments or interpretations that became effective in 2015 and are relevant to the Group. No standards, amendments and interpretations not yet effective have been early adopted by the Group.

1.2 Basis of consolidation

Investment in subsidiaries

Subsidiaries are those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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

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

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

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

1.3 Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in South African Rands, which is the Group's 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 within "selling and administration expenses" in the period in which they arise.

1.4 Plant and equipment

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

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

Plant and machinery	4 to 5 years
Furniture and office equipment	3 to 10 years
Car hire fleet vehicles	9 to 18 months
Other motor vehicles	4 to 5 years
Leasehold improvements	the period of the lease

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

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

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

As it is the Group's intention to dispose of car hire fleet vehicles within 12 months after the year-end date, such items are disclosed as current assets.

1.5 Goodwill

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

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

1.6 Classification of financial assets

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

1.7 Investments

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

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

1.8 Current and deferred taxation

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

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

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

1.9 Inventories

Inventories are stated at the lower of cost and net realisable value, due recognition having been made for obsolescence and redundancy. Movements in the obsolescence provision have been included in "cost of sales" in the statement of comprehensive income. Net realisable value is the estimate of the selling price of inventory in the ordinary course of business, less applicable variable selling expenses. 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". Subsequent recoveries of amounts previously written off are credited against "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. These are reflected in the statement of financial position and statement of cash flows at cost. Bank overdrafts are reflected under current liabilities except where they are held at the same bank and branch as favourable balances and there is a legal right of set-off.

1.12 Share capital

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

1.13 Financial liabilities

The Group has the following financial liabilities:

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

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

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

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

1.14 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

1.14 Employee benefits continued

Equity compensation plans

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

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 eliminating sales within the Group. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and, in respect of the sale of vehicles, marine craft, parts and accessories, the risks and rewards of ownership have been transferred to the customer. Revenue relating to services is recognised on a straight-line basis over the service period. Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of business, net of discounts allowed and value added tax.

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. The chief executive officer, responsible for allocating resources and assessing performance of the operating segments, has been identified as the person that makes strategic decisions.

The various segments of the Group are each subject to risks and returns that are different from other business segments. The principal business segments identified within the Group are retail motor, car hire, marine and leisure, and financial services. The corporate services/other segment contains the Group's treasury function, and CMH Green and National Workshop Equipment which are not large enough to warrant separate disclosure.

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

1.19 Underwriting activities

Underwriting results are determined on an annual basis. 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.
- Commission paid is expensed in the year during which it is incurred.

Premiums earned relate to business written during the year, adjusted for unearned premiums. Unearned premiums represent that portion of the premiums that relates to unexpired terms of the insurance policy, calculated on a time-proportionate basis.

The activities for the year are included in the statement of comprehensive income on a line-by-line basis.

Underwriting activities are conducted through an external financial services provider at market-related terms and conditions.

The net result of the year's activities is presented in the statement of financial position as "Insurance receivable/ payable".

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.

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 R3 626 000 (2014: R4 098 000) on the assumption that all other factors remained constant.

2.2 Foreign currency risk

The Group has no significant foreign currency risk. Certain balances arising on material transactions denominated in foreign currencies are economically hedged through the use of forward exchange contracts. At 28 February 2015, the Group had accounts receivable to the value of US$217 349 denominated in foreign currency (2014: US$332 116), and had trade payables to the value of US$346 106 (2014: US$917 237). No portion of this (2014: nil) was hedged through the use of forward exchange contracts. These trade payables will be settled within the next 12 months. Had the South African Rand been 5% weaker or stronger against the US Dollar at year-end, the profit before taxation for the year would have been lower or higher by R75 000 (2014: R316 000).

2.3 Credit risk

The Group's credit risk lies principally in its trade receivables. These comprise a number of major banks which finance vehicle sales, together with a large, widespread customer base. Regular credit assessments of customers are conducted. All amounts receivable are subject to the Group's standard credit terms and are due within a period of 1 to 60 days after sale. There are no significant concentrations of credit risk.

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

2.4 Equity price risk

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

2.5 Liquidity risk

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

	2015 R'000	2014 R'000
Cash resources	**450 544**	308 480

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

The expected maturity of all significant financial liabilities is disclosed in the relevant notes to the financial statements. These liabilities are expected to be settled from the proceeds of realisation of current assets.

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 or repurchase shares or sell assets to reduce debt.

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. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

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

3.1 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.

3.2 Consolidation of entities in which the Group holds less than 50%

The Group has applied IFRS 10, 'Consolidated Financial Statements' in determining whether to consolidate its investment in Main Street 445 Proprietary Limited ("Main Street"). The Group has determined that, even though it does not own any ordinary equity shares in Main Street, an agreement signed by the Company, Thebe Investment Corporation Limited and Main Street does enable the Company to control the activities of Main Street, and to earn variable returns therefrom. As a result, Main Street has been consolidated in the financial statements of the Group.

3.3 Consolidation of underwriting entities

The Group has applied IFRS 10, 'Consolidated Financial Statements' in determining whether to consolidate its investment in various entities through which it conducts insurance underwriting activities. The Group has determined that the entities do not constitute "deemed separate entities" as envisaged in IFRS 10, and have not been consolidated.

3.4 Equity compensation plans

The terms of the Group's Share Appreciation Rights Scheme 2010 ("the Scheme") permit settlement in cash in certain circumstances. During the year under review, the second year of vesting of the rights granted in 2010, all the participants received a share settlement. This was effected by purchasing shares for participants in the open market. The Board has determined that cash settlement will only be permitted in extreme circumstances, and on this basis the Group will continue to account for the Scheme on an equity-settled basis.

4. PLANT AND EQUIPMENT

4.1 Details of plant and equipment

	Total R'000	Leasehold improve-ments R'000	Plant and machinery R'000	Furniture and office equipment R'000	Car hire fleet and other motor vehicles R'000
GROUP					
At 28 February 2015					
Cost	**949 042**	**53 062**	**61 484**	**107 896**	**726 600**
Accumulated depreciation	**(264 385)**	**(34 412)**	**(43 047)**	**(72 756)**	**(114 170)**
Net book value	**684 657**	**18 650**	**18 437**	**35 140**	**612 430**
Less: vehicles transferred to current assets	**(609 811)**	**–**	**–**	**–**	**(609 811)**
Non-current portion	**74 846**	**18 650**	**18 437**	**35 140**	**2 619**
At 28 February 2014					
Cost	894 412	55 345	59 720	97 417	681 930
Accumulated depreciation	(246 844)	(27 867)	(42 788)	(70 967)	(105 222)
Net book value	647 568	27 478	16 932	26 450	576 708
Less: vehicles transferred to current assets	(572 765)	–	–	–	(572 765)
Non-current portion	74 803	27 478	16 932	26 450	3 943
COMPANY: Nil					

4.2 Reconciliation of movement

	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					
Net book value 28 February 2013					
– non-current	68 803	26 676	14 698	23 597	3 832
– current	520 162	–	–	–	520 162
Additions	465 240	9 857	10 714	14 567	430 102
Disposals	(299 092)	(352)	(1 557)	(1 304)	(295 879)
Depreciation charge	(107 545)	(8 703)	(6 923)	(10 410)	(81 509)
Net book value 28 February 2014					
– non-current	74 803	27 478	16 932	26 450	3 943
– current	572 765	–	–	–	572 765
Additions	475 965	1 042	9 242	21 051	444 630
Disposals	(329 486)	(51)	(1 791)	(1 210)	(326 434)
Depreciation charge	(109 390)	(9 819)	(5 946)	(11 151)	(82 474)
Net book value 28 February 2015					
– non-current	**74 846**	**18 650**	**18 437**	**35 140**	**2 619**
– current	**609 811**	**–**	**–**	**–**	**609 811**

4.3 The insurance replacement value of plant and equipment excluding motor vehicles is R210 000 000 (2014: R180 000 000).

4.4 R30 000 000 (2014: R30 000 000) has been budgeted and authorised for capital expenditure in respect of leasehold improvements and 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.

	Group 2015 R'000	Group 2014 R'000
4. PLANT AND EQUIPMENT continued		
4.5 Depreciation is recognised in the statement of comprehensive income as follows:		
– Cost of sales	**80 695**	79 583
– Selling and administration expenses	**28 695**	27 962
	109 390	107 545
4.6 Car hire fleet vehicles aggregating R560 273 000 (2014: R572 765 000) have been pledged as security for interest-bearing borrowings aggregating R667 561 000 (2014: R622 962 000).		
5. GOODWILL		
5.1 Cost at beginning of year	**155 473**	155 473
Amounts fully impaired in previous years	**(60 728)**	–
Cost at end of year	**94 745**	155 473
5.2 Accumulated impairment at beginning of year	**80 501**	80 501
Amounts fully impaired in previous years	**(60 728)**	–
Amounts impaired during year	**30 000**	–
Accumulated impairment at end of year	**49 773**	80 501
5.3 Net book value at beginning of year	**74 972**	74 972
Amounts impaired during the year	**(30 000)**	–
Net book value at end of year	**44 972**	74 972

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 2016 year formed the basis of projected cash flows. In respect of the CGUs with attributable goodwill, the budgets contained average sales volume growth of 4% (2014: 4%). In respect of the forecast years two to five, growth of between 4% and 5% (2014: 4% and 5%) per annum was predicted. A terminal growth rate of 4% (2014: 5%) has been applied to the period beyond year five and a discount rate of between 14,5% and 15% (2014: 13% and 14%) applied. On this basis, the value-in-use calculation indicated that the goodwill relating to certain CGUs exceeded the calculated value and an impairment charge of R30 000 000 was processed during the year under review.

5.5 The cash flows for the remaining 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 in the statement of comprehensive income.

	Company 2015 R'000	Company 2014 R'000
6. INVESTMENTS		
6.1 Main Street 445 Proprietary Limited		
Cost at acquisition	**124 387**	124 387
Less: capital repayments received	**(20 000)**	–
	104 387	124 387
Dividends accrued	**55 286**	62 999
Cost at end of year	**159 673**	187 386
Less: current portion	**(30 000)**	–
Non-current portion	**129 673**	187 386

6.2 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.

	Group 2015 R'000	Group 2014 R'000
7. DEFERRED TAXATION		
7.1 Balance at beginning of year	**46 643**	45 707
Movements during year:		
Temporary differences	**4 581**	600
Release following exercise of share appreciation rights	**–**	336
Balance at end of year	**51 224**	46 643
7.2 Balance at end of year comprises:		
Impairment of receivables	**1 986**	1 992
Lease liabilities	**25 068**	27 250
Taxation allowances	**(6 811)**	(6 719)
Accruals and provisions	**22 040**	16 500
Assessed losses	**128**	98
Receipts in advance	**6 618**	6 595
Share-based payment reserve	**2 540**	927
Prepayments	**(345)**	–
	51 224	46 643

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

	Closing balance 28 February 2015 R'000	Movement during the year 2015 R'000	Closing balance 28 February 2014 R'000	Movement during the year 2014 R'000	Closing balance 28 February 2013 R'000
Impairment of receivables	**1 986**	**(6)**	1 992	30	1 962
Lease liabilities	**25 068**	**(2 182)**	27 250	(1 883)	29 133
Taxation allowances	**(6 811)**	**(92)**	(6 719)	1 109	(7 828)
Accruals and provisions	**22 040**	**5 540**	16 500	3 983	12 517
Assessed losses	**128**	**30**	98	(508)	606
Receipts in advance	**6 618**	**23**	6 595	(122)	6 717
Share-based payment reserve	**2 540**	**1 613**	927	(1 683)	2 610
Prepayments	**(345)**	**(345)**	–	10	(10)
Total	**51 224**	**4 581**	46 643	936	45 707

	Group 2015 R'000	Group 2014 R'000
7.4 Movement during the year	**4 581**	936
Less: release following exercise of share appreciation rights	**–**	(336)
Statement of comprehensive income movement	**4 581**	600

7.5 At 28 February 2015, certain subsidiaries had assessable losses aggregating R45 561 200 (2014: R35 355 600) 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 2015 R'000	Company 2014 R'000
8. INVESTMENT IN SUBSIDIARY		
8.1 Shares, at cost less amounts impaired	**1**	1
Amount owing by subsidiary	**137 570**	256 092
	137 571	256 093

8.2 Financial information in respect of Group subsidiaries is stated on page 72.

8.3 The amount owing by subsidiary is unsecured, earns interest at 1% above the prime overdraft rate (2014: 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".

	Group 2015 R'000	Group 2014 R'000
9. INVENTORIES		
9.1 Inventories have been valued as stated in note 1.9 and comprise:		
– new vehicles	**566 540**	648 056
– new marine craft	**20 694**	24 660
– used and demonstration vehicles	**535 753**	485 091
– used and demonstration marine craft	**925**	1 040
– parts and accessories	**36 444**	42 376
– petrol, oils and other inventory	**14 851**	13 354
	1 175 207	1 214 577
9.2 Inventories of new and demonstration vehicles aggregating R831 299 000 (2014: R795 213 000) form security for trade payables aggregating R1 016 269 600 (2014: R1 000 893 000).		
9.3 The cost of inventories sold during the year is recognised as an expense and charged to "cost of sales" in the statement of comprehensive income.		
9.4 Inventories are stated after deduction of the following provisions for obsolescence and redundancy:		
– new marine craft	**1 561**	1 675
– used and demonstration vehicles	**16 332**	21 815
– parts and accessories	**6 004**	6 212
	23 897	29 702

	Group 2015 R'000	Group 2014 R'000
10. TRADE AND OTHER RECEIVABLES		
10.1 Trade receivables	**250 952**	218 758
Less: impairment	**(9 566)**	(7 747)
	241 386	211 011
Other receivables	**24 907**	52 820
	266 293	263 831

10.2 Trade receivables are primarily in respect of vehicle, marine craft, car hire, parts and workshop sales. These amounts are subject to the Group's standard credit terms and are due within a period of 1 to 60 days after year-end. No interest is charged on these accounts and there are no significant concentrations of credit risk.

10.3 The carrying value of trade and other receivables approximates their fair value, as the impact of discounting is not significant.

	Group 2015 R'000	Group 2014 R'000
10.4 Trade receivables can be analysed as follows:		
0 to 30 days, neither overdue nor impaired	**186 979**	157 616
31 to 60 days, overdue less than 61 days and impaired	**39 255**	38 826
Impairment	**(1 313)**	(364)
	37 942	38 462
61 to 90 days, overdue more than 60, less than 91 days and impaired	**9 125**	6 992
Impairment	**(1 141)**	(964)
	7 984	6 028
91+ days, overdue more than 90 days and impaired	**15 593**	15 324
Impairment	**(7 112)**	(6 419)
	8 481	8 905
Total	**250 952**	218 758
Impairment	**(9 566)**	(7 747)
	241 386	211 011
10.5 The movement in the allowance for impairment is as follows:		
At beginning of year	**7 747**	7 008
Utilised during year	**(4 079)**	(2 653)
Increase in impairment	**5 898**	3 392
At end of year	**9 566**	7 747

10.6 The net movement in the allowance for impairment and the charge for bad and doubtful debts for the year has been included under "selling and administration expenses" in the statement of comprehensive income.

	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
11. CASH AND CASH EQUIVALENTS				
Bank balances	**450 544**	308 480	**285 370**	175 414
The effective interest rate earned on bank balances was 5% (2014: 4%).				
Bank balances are held at financial institutions with a national long-term credit rating of AA.				
12. SHARE CAPITAL				
12.1 Preference share capital				
Authorised				
1 032 400 7,5% 'C' redeemable cumulative preference shares of R1 each				
Issued				
Nil shares				
12.2 Ordinary share capital				
Authorised				
143 590 560 ordinary shares of no par value				
Issued				
At beginning of year – 93 673 498 shares	**27 794**	29 500	**27 794**	29 500
Issued – Nil (2014: 248 925) shares	**–**	1 274	**–**	1 274
Repurchased – Nil (2014:15 400 000) shares	**–**	(3 357)	**–**	(3 357)
Transfer from share-based payment reserve	**–**	377	**–**	377
At end of year – 93 673 498 shares	**27 794**	27 794	**27 794**	27 794

	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
13. SHARE-BASED PAYMENT RESERVE				
Share option scheme 2001	**3 325**	3 325	**3 325**	3 325
Share appreciation rights scheme 2010	**8 686**	11 116	**–**	–
	12 011	14 441	**3 325**	3 325

13.1 Share option scheme 2001

13.1.1 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.

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

13.1.2 A reconciliation of the movement in the number of share options granted to date, and which have now fully vested, net of options which have matured and been exercised is as follows ('000 shares):

	Group 2015	Group 2014	Company 2015	Company 2014
Outstanding at beginning of year	**2 262**	2 510	**2 262**	2 510
Taken up during year	**–**	(248)	**–**	(248)
Outstanding at end of year	**2 262**	2 262	**2 262**	2 262

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

	Group 2015	Group 2014	Company 2015	Company 2014
Balance at beginning of year	**3 325**	3 702	**3 325**	3 702
Transferred to share capital	**–**	(377)	**–**	(377)
Balance at end of year	**3 325**	3 325	**3 325**	3 325

13.2 Share appreciation rights scheme 2010

13.2.1 On 1 June 2010, 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 Group performance levels over a performance period. Details of the rights granted are recorded on page 60.

13. SHARE-BASED PAYMENT RESERVE continued

13.2 Share appreciation rights scheme 2010 continued

13.2.1 continued

Grant date	Grant price	Expiry date	Number of rights at 1 March 2014 '000	Rights granted during the year '000	Rights exercised during the year '000	Rights forfeited during the year '000	Number of rights at 28 February 2015 '000
June 2010	R10,31	Dec 2014	1 043	–	1 043	–	–
June 2010	R10,31	Dec 2015	1 044	–	–	–	**1 044**
			2 087	–	1 043	–	**1 044**
June 2011	R11,48	Dec 2014	140	–	140	–	–
June 2011	R11,48	Dec 2015	140	–	–	–	**140**
June 2011	R11,48	Dec 2016	140	–	–	–	**140**
			420	–	140	–	**280**
June 2012	R10,84	Dec 2015	316	–	–	–	**316**
June 2012	R10,84	Dec 2016	317	–	–	–	**317**
June 2012	R10,84	Dec 2017	317	–	–	–	**317**
			950	–	–	–	**950**
June 2013	R13,70	Dec 2016	390	–	–	–	**390**
June 2013	R13,70	Dec 2017	390	–	–	–	**390**
June 2013	R13,70	Dec 2018	390	–	–	–	**390**
			1 170	–	–	–	**1 170**
			4 627	–	1 183	–	**3 444**

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

Grant price	The grant price at which the SAR is issued, being the 30-day weighted average share price quoted on the JSE Limited on the grant date
Share price at grant date	The closing share price as quoted by the JSE Limited at grant date
Expected option life	Between 3,25 and 5,25 years
Risk-free interest rate	Between 7,6% and 7,9%
Annualised volatility	Between 38,8% and 49,1% based on historic volatility determined by the statistical analysis of daily share price movements over the past three years
Dividend yield	Between 3,4% and 3,6% based on historic dividend payments over the three years prior to the grant date
Vesting	1 500 000 on 1 June 2015 (rights expire on 1 December 2015) 847 000 on 1 June 2016 (rights expire on 1 December 2016) 707 000 on 1 June 2017 (rights expire on 1 December 2017) 390 000 on 1 June 2018 (rights expire on 1 December 2018)
Performance conditions	Compound real growth in headline earnings per share of the Company
Non-market conditions	Growth in headline earnings per share
Market conditions	No market conditions

13. SHARE-BASED PAYMENT RESERVE continued

13.2 Share appreciation rights scheme 2010 continued

13.2.1 continued

Estimated fair value per right at grant date

Grant date: June 2010:	Expiry date 1 December 2015: R1,33
Grant date: June 2011:	Expiry date 1 December 2015: R1,29
	Expiry date 1 December 2016: R1,50
Grant date: June 2012:	Expiry date 1 December 2015: R0,98
	Expiry date 1 December 2016: R1,12
	Expiry date 1 December 2017: R1,42
Grant date: June 2013:	Expiry date 1 December 2016: R0,75
	Expiry date 1 December 2017: R0,85
	Expiry date 1 December 2018: R1,12
Average remaining life:	Between 0,5 and 3,75 years

	Group 2015 R'000	Group 2014 R'000
13.2.2 The amounts recognised in the financial statements for these share-based payment transactions are as follows:		
Balance at beginning of year	**11 116**	9 322
Charged as "selling and administration expenses" during year	**3 041**	3 976
Released during year following exercise of share appreciation rights	**(5 471)**	(2 182)
Balance at end of year	**8 686**	11 116

13.2.3 The total cost of the rights, as reflected by the model, is R19 537 000, which will be charged to the statement of comprehensive income as follows:

	R'000
2011	2 301
2012	3 085
2013	3 936
2014	3 976
2015	**3 041**
2016	1 786
2017	953
2018	393
2019	66
	19 537

13.2.4 During the year 1183 000 (2014: 1 043 000) rights were exercised at a time when the 30-day weighted average share price quoted on the JSE Limited was R13,45 (2014: R13,50).

	Group 2015 R'000	Group 2014 R'000
14. INSURANCE RECEIVABLE/(PAYABLE)		
14.1 Underwriting activities are conducted through special purpose entities on commercial terms and conditions and at market rates.		
The Group sells insurance policies to customers who enter into credit agreements in respect of vehicle purchases. The risks covered include life, disability and retrenchment during the period of the credit agreements.		
The Group also sells extended warranty cover in respect of vehicles and components thereof.		
Underwriting reserves held by the Group in respect of these risks are based on independent actuarial calculations.		
14.2 Statement of comprehensive income effect:		
– gross written premium	**60 268**	60 910
– investment income	**2 297**	1 384
– increase in assurance funds	**(7 716)**	(10 207)
– claims paid	**(13 070)**	(14 686)
– other expenses	**(23 901)**	(22 909)
– profit before taxation	**17 878**	14 492
14.3 Reflected in the statement of financial position as:		
– insurance receivable	**20 418**	18 039
– insurance payable	**(1 680)**	(2 156)
15. LEASE LIABILITIES		
At beginning of year	**99 003**	106 573
Movement during year	**(9 473)**	(7 570)
At end of year	**89 530**	99 003
Less: current portion	**(15 232)**	(8 759)
Non-current portion	**74 298**	90 244
This liability arose as a result of the implementation of the "straight-line" concept contained in IAS 17, 'Leases'.		
16. PROVISIONS		
16.1 Provision for onerous lease contracts		
At beginning of year	**–**	–
Created during year	**5 500**	–
At end of year	**5 500**	–
Less: current portion (note 18)	**(1 269)**	–
Non-current portion	**4 231**	–

	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
17. ADVANCE FROM NON-CONTROLLING SHAREHOLDER OF SUBSIDIARY				
17.1 Current portion	**255**	4 193	**–**	–
17.2 The advance is interest-free.				
17.3 The non-controlling shareholder is a related party of the Company.				
18. TRADE AND OTHER PAYABLES				
18.1 Trade payables	**1 084 879**	1 123 291	**–**	–
Accrued expenses	**193 219**	134 723	**598**	534
Provisions (note 16)	**1 269**	–	**–**	–
	1 279 367	1 258 014	**598**	534
18.2 Trade and other payables comprise primarily trade payables in respect of the purchase of vehicles, marine craft and parts. They are payable according to terms varying between 30 and 180 days.				
18.3 All payables are interest-free except those in respect of vehicle purchases which bear interest at rates varying between 8,0% and 11,0% per annum (2014: 8,0% and 10,5%) for the period they are outstanding in excess of an initial interest-free period.				
19. BORROWINGS				
19.1 Current				
Car hire fleet liability	**667 561**	622 962	**–**	–

19.2 These borrowings are secured by car hire fleet vehicles classified as current assets (refer note 4.6). The underlying contracts have a maturity of less than one year and bear interest at rates varying between 7,75% and 8,25% per annum (2014: 8,0% and 11,0%), after an initial interest-free period. The carrying amounts of borrowings approximate their fair value, as the impact of discounting is not significant.

	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
20. REVENUE				
20.1 Revenue is derived from the various segments of the business as follows:				
Continuing operations				
Retail motor	**10 282 716**	10 261 436	**–**	–
Car hire	**368 493**	337 439	**–**	–
Financial services	**60 268**	77 910	**–**	–
Corporate services/other	**26 385**	26 831	**17 287**	39 364
	10 737 862	10 703 616	**17 287**	39 364
Discontinued operation				
Marine and Leisure	**94 721**	127 768	**–**	–
	10 832 583	10 831 384	**17 287**	39 364
20.2 Analysis of revenue by products and services is as follows:				
Sales of goods	**9 562 536**	9 646 466	**–**	–
Services	**1 270 047**	1 184 918	**–**	–
Dividend income	**–**	–	**17 287**	39 364
	10 832 583	10 831 384	**17 287**	39 364

	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
21. EXPENSES BY NATURE				
Cost of sales	**9 065 751**	9 162 323	**–**	–
Attributable to discontinued operation	**(79 150)**	(105 575)	**–**	–
Attributable to continuing operations	**8 986 601**	9 056 748		
Selling and administration expenses				
– Employee benefit expense (note 21.1)	**681 400**	636 386	**–**	–
– Depreciation	**28 695**	27 962	**–**	–
– Auditor's remuneration (note 21.3)	**5 005**	4 784	**86**	63
– Operating lease charges				
– Properties	**207 199**	191 808	**–**	–
– Equipment	**6 737**	6 457	**–**	–
– Impairment charge for bad and doubtful debt	**5 898**	3 392	**–**	–
– Foreign exchange losses/(gains)	**492**	(526)	**–**	–
– Profit on disposal of plant and equipment	**(93)**	(115)	**–**	–
– Advertising expenses	**54 549**	55 229	**–**	–
– Other expenses	**428 698**	423 460	**155**	180
Selling and administration expenses	**1 418 580**	1 348 837	**241**	243
Attributable to discontinued operation	**(23 477)**	(19 192)	**–**	–
Attributable to continuing operations	**1 395 103**	1 329 645	**241**	243
21.1 Employee benefit expense				
Employee costs – selling and administration	**611 445**	570 388	**–**	–
– workshop labour	**72 956**	68 797	**–**	–
Pension fund contributions	**40 432**	36 525	**–**	–
Medical aid contributions	**26 482**	25 497	**–**	–
Share-based payment expense	**3 041**	3 976	**–**	–
Total employee benefit expense	**754 356**	705 183	**–**	–
Less: portion included in "Cost of sales"	**(72 956)**	(68 797)	**–**	–
Included in "Selling and administration expenses"	**681 400**	636 386	**–**	–
21.2 Key management employee benefit expense				
Short-term employee benefits	**37 343**	37 620	**–**	–
Share-based payment expense	**1 965**	2 303	**–**	–
	39 308	39 923	**–**	–
These amounts are included in "Employee benefit expense" above.				
21.3 Auditor's remuneration				
Fees for audit				
– Current year	**4 734**	4 702	**57**	63
– Prior year	**146**	–	**–**	–
Fees for other services	**125**	82	**29**	–
	5 005	4 784	**86**	63

	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
22. FINANCE INCOME/FINANCE COSTS				
Interest paid by continuing operations				
– trade payables	**(54 056)**	(48 597)	**–**	–
– interest-bearing borrowings	**(49 299)**	(40 402)	**–**	
– other	**–**	(1)	**–**	–
	(103 355)	(89 000)	**–**	–
Interest paid by discontinued operation				
– trade payables	**(244)**	(256)	**–**	–
Total interest paid	**(103 599)**	(89 256)	**–**	–
Interest received by continuing operations				
– bank	**14 522**	13 295	**9 999**	9 923
– subsidiary	**–**	–	**22 357**	40 343
– other	**299**	414	**–**	–
	14 821	13 709	**32 356**	50 266
Interest received by discontinued operation				
– other	**150**	–	**–**	–
Total interest received	**14 971**	13 709	**32 356**	50 266
Net finance cost	**(88 628)**	(75 547)	**32 356**	50 266
23. TAX EXPENSE				
23.1 South African normal taxation				
– current year	**80 156**	75 757	**9 016**	14 036
– prior year adjustment	**1 499**	88	**–**	–
– deferred – current year	**(4 581)**	(600)	**–**	–
	77 074	75 245	**9 016**	14 036
	%	%	**%**	%
23.2 Reconciliation of rate of taxation				
Statutory rate	**28,0**	28,0	**28,0**	28,0
Adjusted for:				
Disallowable expenditure	**4,7**	1,0	**–**	–
Exempt income and allowances	**(1,3)**	(0,6)	**(9,8)**	(12,9)
Assessed losses	**0,4**	2,7	**–**	–
Prior year adjustment	**0,6**	–	**–**	–
Effective rate	**32,4**	31,1	**18,2**	15,1

Disallowable expenditure comprises principally the goodwill impairment charge and depreciation of leasehold improvements.

	Group 2015 R'000	Group 2014 R'000
24. DISCONTINUED OPERATION		
24.1 During January 2015 a decision was taken to discontinue the Group's Marine and Leisure division. The year-end investment in inventories and receivables, totalling R34 192 000, is expected to be substantially realised over the next six months.		
24.2 Results of discontinued operation		
The figures previously presented in respect of the Group 2014 Statement of Comprehensive Income have been restated to exclude the following results of the discontinued operation:		
Revenue	**94 721**	127 768
Cost of sales	**(79 150)**	(105 575)
Gross profit	**15 571**	22 193
Selling and administration expenses	**(23 477)**	(19 192)
Operating (loss)/profit	**(7 906)**	3 001
Finance income	**150**	–
Finance costs	**(244)**	(256)
(Loss)/profit before taxation	**(8 000)**	2 745
Tax expense	**–**	–
(Loss)/profit for the year	**(8 000)**	2 745
24.3 Cash flows arising from discontinued operation		
Operating cash flows	**11 186**	19 551
Investing cash flows	**(299)**	(52)
Financing cash flows	**(10 890)**	(19 536)
Total cash flows	**(3)**	(37)

25. EARNINGS PER SHARE

25.1 Basic earnings and headline earnings per share are based on total profit and comprehensive income, and headline earnings attributable to equity holders of the Company respectively, and are calculated using the weighted average of 93 673 498 (2014: 108 057 000) shares in issue during the year.

25.2 On the assumption that all of the share options referred to in note 13.1.2 are taken up by employees, earnings and headline earnings per share will be diluted.

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

	Group 2015 R'000	Group 2014 R'000
25. EARNINGS PER SHARE continued		
25.2 continued		
Weighted average number of shares in issue during year ('000 shares)	**93 673**	108 057
Adjustment for option shares	**1 505**	1 335
Weighted average number of shares for dilution calculation	**95 178**	109 392
25.3 Reconciliation of headline earnings		
Profits/(losses) for the year attributable to equity holders of the company		
– from continuing operations	**160 387**	166 695
– from discontinued operation	**(8 000)**	2 745
Total profit and comprehensive income attributable to equity holders of the company	**152 387**	169 440
Non-trading items:		
– impairment of goodwill	**30 000**	–
– profit on sale of plant and equipment		
– gross	**(93)**	(115)
– impact of income tax	**26**	32
Headline earnings attributable to equity holders of the company	**182 320**	169 357
From continuing operations	**190 320**	166 612
From discontinued operation	**(8 000)**	2 745
	182 320	169 357
25.4 Total earnings per share (cents)		
Basic	**162,7**	156,8
Diluted basic	**160,1**	154,9
Headline	**194,6**	156,7
Diluted headline	**191,6**	154,8
25.5 Earnings per share from continuing operations (cents)		
Basic	**171,2**	154,3
Diluted basic	**168,5**	152,4
Headline	**203,1**	154,2
Diluted headline	**200,0**	152,3
25.6 Earnings per share from discontinued operation (cents)		
Basic	**(8,5)**	2,5
Diluted basic	**(8,4)**	2,5
Headline	**(8,5)**	2,5
Diluted headline	**(8,4)**	2,5

	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
26. CASH GENERATED FROM OPERATIONS				
Operating profit				
– from continuing operations	**326 158**	317 223	**17 046**	42 530
– from discontinued operation	**(7 906)**	3 001	**–**	–
	318 252	320 224	**17 046**	42 530
Adjustments for non-cash items:				
Dividend accrued	**–**	–	**(17 287)**	(19 364)
Movement in lease liabilities	**(9 473)**	(7 570)	**–**	–
Movement in share-based payment reserve	**3 041**	3 976	**–**	–
Depreciation	**109 390**	107 545	**–**	–
Movement in provisions	**5 500**	–	**–**	–
Profit on sale of plant and equipment	**(93)**	(115)	**–**	–
Fair value discount reversed	**–**	–	**–**	(3 409)
Impairment of goodwill	**30 000**	–	**–**	–
Sale of car hire fleet vehicles	**324 772**	294 102	**–**	–
Purchase of car hire fleet vehicles	**(443 107)**	(427 013)	**–**	–
	338 282	291 149	**(241)**	19 757
Working capital changes:				
Inventories	**39 370**	(29 609)	**–**	–
Trade and other receivables	**(2 462)**	176	**–**	–
Trade and other payables	**20 084**	129 817	**64**	55
Borrowings	**44 599**	59 846	**–**	–
	101 591	160 230	**64**	55
Cash generated from operations	**439 873**	451 379	**(177)**	19 812
27. TAXATION PAID				
Taxation paid is reconciled to the amounts disclosed in the statements of comprehensive income as follows:				
Amounts unpaid at beginning of year	**(22 056)**	(2 266)	**(1 245)**	(296)
Amounts charged to the statements of comprehensive income	**(81 655)**	(75 845)	**(9 016)**	(14 036)
Amounts unpaid at end of year	**10 068**	22 056	**1 797**	1 245
	(93 643)	(56 055)	**(8 464)**	(13 087)
28. DIVIDENDS PAID				
Ordinary dividends				
Dividend number 53: 32,5 cents per share	**(30 444)**	–	**(30 444)**	–
Dividend number 52: 50 cents per share	**(46 837)**	–	**(46 837)**	–
Dividend number 51: 28 cents per share	**–**	(30 541)	**–**	(30 541)
Dividend number 50: 50 cents per share	**–**	(54 485)	**–**	(54 485)
	(77 281)	(85 026)	**(77 281)**	(85 026)

	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
29. RELATED PARTY TRANSACTIONS				
29.1 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	**70 620**	67 289	**–**	–
The uninvolved directors are of the opinion that the terms and conditions of the rental agreements approximate those available in the open market.				
29.2 Other transactions conducted and balances with related companies were as follows:				
Dividends received				
– Main Street 445 Proprietary Limited (note 6)	**–**	–	**(17 287)**	(19 364)
– inter-group	**–**	–	**–**	(20 000)
Interest received				
– inter-group	**–**	–	**(22 357)**	(40 343)
Year-end balances				
– advance to subsidiary	**–**	–	**137 570**	256 092
– investment in Main Street 445 Proprietary Limited	**–**	–	**159 673**	187 386
– advance from Thebe Investment Corporation Limited	**–**	3 938	**–**	–
– advance from Chez Investments Proprietary Limited	**255**	255	**–**	–
Thebe Investment Corporation Limited and Chez Investments Proprietary Limited are non-controlling shareholders of Group companies.				
30. COMMITMENTS				
Operating lease commitments				
The future minimum lease payments under non-cancellable operating leases are as follows:				
Next 12 months	**187 286**	191 673	**–**	–
Years 2 to 5	**372 469**	416 745	**–**	–
Years 6+	**54 157**	86 585	**–**	–
	613 912	695 003	**–**	–
Less: accrued in statement of financial position	**(89 530)**	(99 003)	**–**	–
Future expense	**524 382**	596 000	**–**	–

31. EMPLOYEE BENEFIT INFORMATION

31.1 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.

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

31.3 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.

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

32. SUBSEQUENT EVENTS

32.1 DIvidend declaration

A dividend (dividend number 54) of 65 cents per share will be paid on Monday, 15 June 2015 to members reflected in the share register of the Company at the close of business on the record date, Friday, 12 June 2015. Last day to trade cum dividend is Friday, 5 June 2015. First day to trade ex dividend is Monday, 8 June 2015. Share certificates may not be dematerialised or rematerialised from Monday, 8 June 2015 to Friday, 12 June 2015, both days inclusive.

The number of ordinary shares in issue at the date of the declaration is 93 673 498. Consequently, the gross dividend payable is R60 888 000 and will be distributed from income reserves. The dividend will be subject to dividend withholding tax at a rate of 15%, which will result in a net dividend of 55,25 cents to those shareholders who are not exempt in terms of section 64F of the Income Tax Act.

32.2 Repurchase of shares

The directors have proposed the repurchase of 21 133 000 ordinary shares of no par value in the Company at a price of R11,83 each. The Company will make an offer to all shareholders to voluntarily submit for repurchase all or a portion of their shareholding, or no shares. In the event that in excess of 21 133 000 shares are submitted for repurchase, then each shareholder who submits shares for repurchase will be paid *pro rata* to the number of shares submitted. If submissions total fewer than 21 133 000, then shareholders who have submitted shares for repurchase will be paid in full, and no further shares will be repurchased. The repurchase, to a maximum value of R250 003 000, will be effected using the Group's existing cash resources.

Details of the repurchase proposal will be announced, and a circular describing the details of the proposal will be sent to shareholders, in due course.

33. NEW STANDARDS AND AMENDMENTS TO EXISTING STANDARDS AND INTERPRETATIONS THAT ARE NOT YET EFFECTIVE

A number of new standards, and amendments to existing standards and interpretations have been published that are mandatory for the Group's future accounting periods, but that the Group has not early adopted. None of these is expected to have an impact on the consolidated financial statements of the Group in future periods, except for the following:

IAS 1	Presentation of Financial Statements (Amendment) (effective for periods beginning on or after 1 January 2016)
IFRS 2	Share-based Payments (Amendment) (effective for periods beginning on or after 1 July 2014)
IFRS 9	Financial Instruments (Revised) (effective for periods beginning on or after 1 January 2015)
IFRS 8	Operating Segments (Amendment) (effective for periods beginning on or after 1 July 2014)
IFRS 15	Revenue from Contracts with Customers (effective for periods beginning on or after 1 January 2017)

Management is currently assessing the impact of the above on the results and disclosures of the Group and intends to adopt the standards at their respective effective dates.

SUBSIDIARIES

Name of company	Issued share capital R	Activity	Effective holding (indirect)/direct 2015 %	2014 %	Shares at cost less amounts written off 2015 R'000	2014 R'000	Indebtedness by subsidiaries 2015 R'000	2014 R'000
CMH Autogas Products	100	4	**(85)**	(85)	**–**	–	**–**	–
CMH Car Hire	100	2	**(85)**	(85)	**–**	–	**–**	–
CMH Holdings	1 000	4	**85**	85	**1**	1	**137 570**	256 092
CMH Luxury Motors (Lyndhurst)	200	1	**(85)**	(85)	**–**	–	**–**	–
CMH Marine and Leisure	67 000	3	**(85)**	(85)	**–**	–	**–**	–
Datcentre Motors	250 000	1	**(85)**	(85)	**–**	–	**–**	–
Kempster Sedgwick	1 800 400	1	**(85)**	(85)	**–**	–	**–**	–
Mandarin Motors	100	1	**(85)**	(77)	**–**	–	**–**	–
Mandarin Motors Three	100	1	**(85)**	(85)	**–**	–	**–**	–
Pipemakers	100	4	**(60)**	(60)	**–**	–	**–**	–
Whitehouse Motors	25	1	**(85)**	(85)	**–**	–	**–**	–
					1	1	**137 570**	256 092

Notes:

1. *All subsidiaries are Proprietary Limited companies incorporated in South Africa.*
2. *Activity index:*
   1 *retail motor*
   2 *car hire*
   3 *marine and leisure*
   4 *corporate services/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 Group.*

DIRECTORS' EMOLUMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2015

Executive directors	Total R'000	MPD Conway R'000	SK Jackson R'000	JD McIntosh R'000
2015				
Salary	**10 908**	**3 444**	**3 444**	**4 020**
Performance-related payments	**5 100**	**1 500**	**1 500**	**2 100**
Share-based payment award	**302**	**302**	**–**	**–**
Other benefits	**690**	**230**	**230**	**230**
Contributions to pension and medical aid funds	**1 190**	**374**	**382**	**434**
	18 190	**5 850**	**5 556**	**6 784**
2014				
Salary	10 356	3 283	3 283	3 790
Performance-related payments	4 400	1 300	1 300	1 800
Share-based payment award	380	380	–	–
Other benefits	783	261	261	261
Contributions to pension and medical aid funds	1 018	319	330	369
	16 937	5 543	5 174	6 220

Non-executive directors	2015 R'000	2014 R'000
LCZ Cele	**215**	177
JS Dixon	**291**	230
JTM Edwards	**564**	397
VP Khanyile	**–**	162
JA Mabena	**83**	–
D Molefe	**49**	132
N Siyotula	**182**	–
II Zimmerman	**78**	–
M Zimmerman	**39**	379
Total	**1 501**	1 477

Notes:

1. *All remuneration paid by subsidiary companies.*
2. *"Share-based payment award" represents the cost to the Group, determined in accordance with a Black-Scholes model, of share appreciation rights granted.*

DIRECTORS' SHAREHOLDING

('000 shares)	Total	MPD Conway	JTM Edwards	SK Jackson	JD McIntosh	II Zimmer-man	JW Alderslade
Beneficial shareholding at 28 February 2014							
– direct	219	5	7	87	112	–	8
– indirect	60 158	1 308	–	5 000	25 395	28 455	–
	60 377	1 313	7	5 087	25 507	28 455	8
Shares acquired following exercise of Share Appreciation Rights Scheme 2010							
– direct	24	24	–	–	–	–	–
Shares disposed of during the year							
– indirect	(93)	(93)	–	–	–	–	–
Beneficial shareholding at 28 February 2015							
– direct	243	29	7	87	112	–	8
– indirect	60 065	1 215	–	5 000	25 395	28 455	–
	60 308	1 244	7	5 087	25 507	28 455	8
Options held subject to the terms and conditions of the Share Option Scheme 2001							
– at R5,12 per share ('000)	2 137	338	–	787	1 012	–	–
Rights held subject to the terms and conditions of the CMH Share Appreciation Rights Scheme 2010 ('000)							
At 28 February 2014	450	450	–	–	–	–	–
Exercised during year	(100)	(100)	–	–	–	–	–
At 28 February 2015							
– at R10,31 per right	100	100	–	–	–	–	–
– at R10,84 per right	125	125	–	–	–	–	–
– at R13,70 per right	125	125	–	–	–	–	–
	350	350	–	–	–	–	–

ANALYSIS OF ORDINARY SHAREHOLDERS

	Number of shareholders		Number of shares held ('000)		Percentage of shares held	
	2015	2014	**2015**	2014	**2015**	2014
Individuals	**522**	610	**4 701**	5 028	**5,0**	5,4
Nominee companies and trusts	**69**	83	**4 116**	4 406	**4,4**	4,7
Other corporate bodies	**112**	114	**84 856**	84 239	**90,6**	89,9
	703	807	**93 673**	93 673	**100,0**	100,0
Holdings						
1 – 2 500	**374**	447	**310**	402	**0,3**	0,4
2 501 – 5 000	**89**	106	**319**	396	**0,3**	0,4
5 001 – 10 000	**68**	90	**534**	690	**0,6**	0,7
Over 10 000	**172**	164	**92 510**	92 185	**98,8**	98,5
	703	807	**93 673**	93 673	**100,0**	100,0
Public shareholders	**697**	801	**33 365**	33 296	**35,6**	35,5
Non-public shareholders						
– directors of Company	**6**	6	**60 308**	60 377	**64,4**	64,5
	703	807	**93 673**	93 673	**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 7,9%.*
2. *A copy of the detailed share register as at 28 February 2015 is available on written request to the company secretary.*

STOCK EXCHANGE PERFORMANCE

			2015	2014
Closing price	28 February 2015	(cents)	**1 530**	1 250
Volume of shares traded		('000)	**8 168**	8 699
Value of shares traded		(R'000)	**101 395**	117 248
Volume of shares traded as percentage of total issued shares		(%)	**8,7**	9,3
JSE General Retailers Index			**84 990**	55 172
JSE All-share Index			**53 344**	47 329
Lowest price	21 August 2014	(cents)	**1 102**	1 150
Highest price	24 February 2015	(cents)	**1 575**	1 499
Earnings yield	28 February 2015	(%)	**12,7**	12,5
Dividend yield	28 February 2015	(%)	**5,4**	6,2

NOTICE OF MEETING

Notice is hereby given that the twenty-eighth public annual general meeting of shareholders of Combined Motor Holdings Limited will be held in the boardroom at the CMH Head Office located at 1 Wilton Crescent, Umhlanga Ridge, on Thursday, 28 May 2015 commencing at 15:00 for the following purposes:

1. ORDINARY RESOLUTION NUMBER 1

Approval of financial statements

To receive, approve and adopt the financial statements, and the reports of the directors, and audit committee and social, ethics and transformation committee of the Company and the Group for the year ended 28 February 2015.

2. ORDINARY RESOLUTION NUMBER 2

Election and re-election of directors

To confirm the election of the following directors who were appointed since the previous annual general meeting:

- ME Jones
- JA Mabena

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

- JTM Edwards
- SK Jackson

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

3. ORDINARY RESOLUTION NUMBER 3

Election of audit and risk assessment committee

To elect members of the audit and risk assessment committee for the ensuing year. The Board proposes the election of the following members:

- JS Dixon *(chairman)*
- ME Jones
- N Siyotula

4. ORDINARY RESOLUTION NUMBER 4

Appointment of external auditor

To appoint PricewaterhouseCoopers Inc. and designated partner SF Randelhoff, as auditor of the Company and the Group for the ensuing year.

5. ORDINARY RESOLUTION NUMBER 5

Remuneration report

To confirm, on a non-binding advisory basis, the approval by shareholders of the remuneration report of the Group. The remuneration report is recorded on pages 22 and 23.

6. SPECIAL RESOLUTION NUMBER 1

Approval of fees of non-executive directors

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

	2016 R'000
Chairman of the Board	585
Lead independent director	220
Director	125
Audit and risk assessment committee	
– chairman	160
– member	34
– per meeting	13
Remuneration committee	
– chairman	30
– member	13
– per meeting	8
Social, ethics and transformation committee	
– chairman	30
– member	13
– per meeting	8
Nominations committee	
– per member, per *ad hoc* meeting	8

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

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

A shareholder who is entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his stead. The person so appointed need not be a shareholder. In terms of the Act, any shareholder or proxy who attends the meeting must provide satisfactory identification. A South African green bar-coded identification document, driver's licence or passport will be acceptable. Proxy forms should be forwarded to reach the registered office of the Company by no later than 12:00 on Wednesday, 27 May 2015.

The record date in terms of section 59(1)(a) of the Act for shareholders to be recorded on the securities register of the Company in order to receive notice of the annual general meeting is Friday, 24 April 2015.

The record date in terms of section 59(1)(b) of the Act for shareholders to participate in and vote at the annual general meeting is Friday, 22 May 2015.

By order of the Board of directors

K Fonseca

Company secretary

16 April 2015

CURRICULA VITAE

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

ME JONES

Mike Jones was appointed to the Board in April 2015. Mike joined PricewaterhouseCoopers' ("PwC") predecessor firm in 1976 and qualified as a chartered accountant in 1979. He was admitted as a partner in 1986, a position he held for 27 years until his retirement in 2013. During his tenure he was:

- the audit engagement partner on a variety of businesses and was accredited by the JSE Limited to perform audits of listed companies;
- the partner responsible for transaction services in KwaZulu-Natal for 12 years;
- the partner responsible for risk management and technical standards for KwaZulu-Natal for five years, and leader of a number of IFRS implementation assignments;
- leader of PwC's assurance practice in KwaZulu-Natal for six years up until his retirement; and
- engagement partner on the Group's audit at various times, including from 2008 to 2013.

JA MABENA

Jerry Mabena was appointed to the Board in June 2014. Jerry is an entrepreneurial business executive with vast experience in the marketing and property management sectors. As the CEO of Thebe Services, Jerry is responsible for managing a portfolio that contains 16 subsidiary and associate Thebe companies that are service-centred, offering services ranging from financial services to tourism services, as well as media, energy (petroleum services) and property management. Jerry has started and run a number of businesses, some of which are still operational. He has a degree in industrial psychology and economics from Rhodes University. He also holds a diploma in project management from Damelin and a certificate in accounting and finance from Wits Business School. Jerry has held various senior positions in companies such as Unilever, J Walter Thompson, Ucingo Marketing, and Kagiso Exhibitions and Events.

JTM EDWARDS

John Theodore Maitland Edwards, CA (SA) was appointed to the board in 2002. During the 12 years since his appointment he has held the positions of chairman of the audit and risk assessment committee (2003 to 2011), chairman of the remuneration committee (2011 to 2013, and reappointed in 2014) and since October 2013, chairman of the board of directors. He has played an important role in developing charters for the Board and its sub-committees and ensuring that the Group maintains a high standard of corporate governance. John has held a number of senior positions in both private and public enterprises, including:

- 34 years at Price Waterhouse, now PricewaterhouseCoopers Inc. He was, at the time of his retirement in 1992, managing partner in charge of the firm's Durban and Coastal offices;
- president of the South African Institute of Chartered Accountants;
- president of the KwaZulu-Natal Society of Chartered Accountants;
- member of the Investigations Committee of the Public Accountants and Auditors' Board;
- chairman of the KwaZulu-Natal Provincial Audit Committee;
- non-executive chairman of South African Rail Commuter Corporation Limited;
- non-executive chairman and director of SKF South Africa (Pty) Ltd and SKF Bearing Manufacturers (Pty) Ltd;
- deputy chairman and director of Ithala Development Finance Corporation Limited;
- member of the National Lotteries and Gambling Board; and
- chairman of the Burnham-on-Sea Chamber of Trade and Commerce and director of the Somerset (UK) Chamber of Business and Industry.

He is currently chairman of the remuneration committee and chairman of the board and was last re-elected to office in 2012.

SK JACKSON

Stuart Keith Jackson, CA (SA) joined the Group in 1979 and was appointed financial director in 1986. Stuart is responsible for the Group's administration, financial services, treasury and taxation departments. Stuart was last re-elected to office in 2012.

SHAREHOLDERS' DIARY

Year-end	February
Annual general meeting	May
REPORTS	
Interim	October
Integrated annual report	May
DIVIDENDS	
Interim	Declared October
	Paid December
Final	Declared April
	Paid June

FORM OF PROXY

COMBINED MOTOR HOLDINGS LIMITED ANNUAL GENERAL MEETING 28 MAY 2015

I/We the undersigned,

being the holder/s of ordinary shares of no par value in Combined Motor Holdings Limited,

do hereby appoint

or

or failing him the chairman of the meeting as my/our proxy to transact on my/our behalf at the annual general meeting of the Company to be held at 15:00 on Thursday, 28 May 2015 and at each adjournment thereof.

Signature(s) Date

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

	For	Against	Abstention
Ordinary resolution number 1			
Ordinary resolution number 2.1: ME Jones			
Ordinary resolution number 2.2: JA Mabena			
Ordinary resolution number 2.3: JTM Edwards			
Ordinary resolution number 2.4: SK Jackson			
Ordinary resolution number 3.1: JS Dixon			
Ordinary resolution number 3.2: ME Jones			
Ordinary resolution number 3.3: N Siyotula			
Ordinary resolution number 4			
Ordinary resolution number 5			
Special resolution number 1			

Notes:

1. A shareholder who is entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his stead. The person so appointed need not be a shareholder.
2. Forms of proxy should be signed, dated and forwarded to reach the registered office of the Company, 1 Wilton Crescent, Umhlanga Ridge 4319, by no later than 12:00 on Wednesday, 27 May 2015.
3. If no direction is given as to how a vote is to be cast, then the proxy holder will be entitled to vote as he/she deems fit.
4. In terms of the Companies Act, any shareholder or proxy who attends the meeting must provide satisfactory identification. A South African green bar-coded identification document, driver's licence or passport will be acceptable.

Registered office
1 Wilton Crescent, Umhlanga Ridge, 4319

Postal address
PO Box 1033, Umhlanga Rocks, 4320

ADMINISTRATION

Registration number: 1965/000270/06
Income tax reference number: 9471/712/71/2
Share code: CMH
ISIN: ZAE000088050

DIRECTORS
LCZ Cele, BCom, Postgrad Dip Tax, MAcc (Tax) *(independent non-executive)*
MPD Conway, CA (SA) *(executive)*
JS Dixon, CA (SA) *(independent non-executive)*
JTM Edwards, CA (SA) *(independent non-executive)*
SK Jackson, BCom (Hons) (Tax Law), CA (SA) *(executive)*
ME Jones, CA (SA) *(independent non-executive)*
JD McIntosh, CA (SA) *(executive)*
JA Mabena, BCom (*independent non-executive)*
N Siyotula, CA (SA), MBA *(independent non-executive)*
II Zimmerman, BCom (Hons), BSocSci *(non-executive)*
JW Alderslade, CA (SA) *(alternate to N Siyotula and JA Mabena)*

EXECUTIVE COMMITTEE
SL Atkinson
BWJ Barritt
JP de Bruyn
K Fonseca
RJ Minnaar
TH Morey
S Singleton
CG Webber

COMPANY SECRETARY
K Fonseca

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

AUDITOR
PricewaterhouseCoopers Inc.

SPONSORS
PricewaterhouseCoopers Corporate Finance Proprietary Limited
Private Bag X36
Sunninghill 2157

BANKERS
First National Bank of South Africa

ince