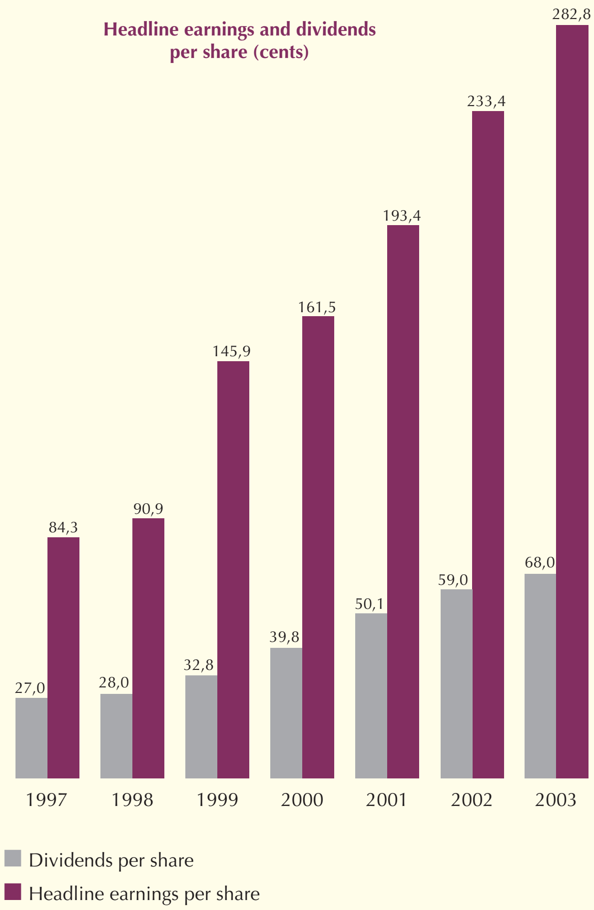
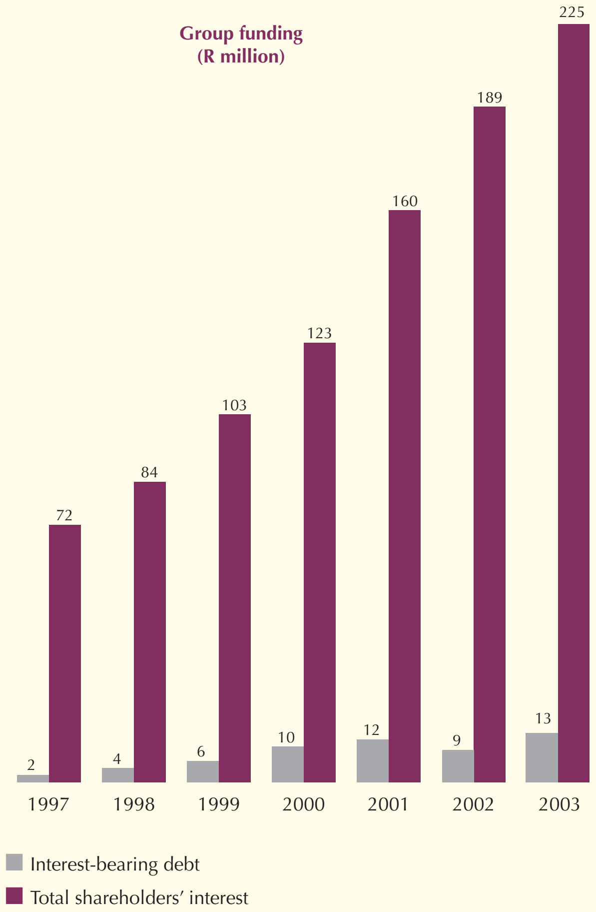
COMBINED MOTOR HOLDINGS LIMITED

ANNUAL REPORT 2003

Group Financial Highlights

		2003	2002	% Change
Total assets	(R'000)	**725 264**	543 098	+33,5
Net tangible asset value per share	(cents)	**1 055**	851	+24,0
Revenue	(R'000)	**2 591 397**	2 647 535	-2,1
Operating income before finance costs	(R'000)	**95 347**	83 216	+14,6
Headline earnings	(R'000)	**57 651**	47 583	+21,2
Attributable earnings	(R'000)	**50 165**	41 368	+21,3
Operating income on average ordinary shareholders' interest	(%)	**46,0**	47,7	-3,6
Earnings per ordinary share	(cents)	**246,1**	202,9	+21,3
Headline earnings per ordinary share	(cents)	**282,8**	233,4	+21,2
Dividends per ordinary share	(cents)	**68,0**	59,0	+15,3





Contents

Mission Statement

CMH GROUP

Customers

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

Employees

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

Suppliers

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

Shareholders

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

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

Group Profile and Structure

FRANCHISED DEALERSHIPS	FRANCHISED DEALERSHIPS	CAR RENTAL	FINANCIAL AND SUPPORT SERVICES

FRANCHISED DEALERSHIPS

VOLVO 100%

SWEDOCAR
Cape Town, Pretoria, Centurion, Menlyn and Umhlanga Rocks

AUTO NORDIC
Bryanston, Northcliff and Sandton

FORD/MAZDA 100%

KEMPSTER AUTO
Durban and Bluff

STEYNS AUTO
Pretoria

RAND AUTO
Randburg

METRO AUTO
Gezina

HATFIELD AUTO
Hatfield

NISSAN 100%

DATCENTRE NISSAN
Durban, Pietermaritzburg, Midrand, Hillcrest, Pinetown and Westmead

CMH NISSAN
Cape Town

FIAT/ALFA ROMEO 100%

DATCENTRE
Durban, Pietermaritzburg, Hillcrest, Pinetown, Westmead and Midrand

AUTO ITALIA
Cape Town

OPEL/ISUZU/SUZUKI 100%

ROODEPOORT DELTA
Roodepoort

TOYOTA 100%

MIDWAY TOYOTA
Alberton

GATEWAY TOYOTA/LEXUS
Umhlanga Rocks

FRANCHISED DEALERSHIPS

JAGUAR 100%

DURBAN JAGUAR

CAPE TOWN JAGUAR

SANDTON JAGUAR

HONDA 100%

CMH HONDA
Durban, Hatfield and Umhlanga Rocks

VOLVO TRUCK AND BUS 100%

CMH COMMERCIAL
Westmead and Empangeni

NISSAN UD 100%

CMH COMMERCIAL
Westmead

LAND ROVER 100%

LAND ROVER CAPE TOWN

LAND ROVER PRETORIA

LAND ROVER UMHLANGA ROCKS

BMW/MINI 100%

MENLYN AUTO
Menlyn

PEUGEOT 100%

MENLYN PEUGEOT
Menlyn

CAR RENTAL

NATIONAL/ALAMO CAR RENTAL 100%
Johannesburg, Bloemfontein, Port Elizabeth, East London, Nelspruit, George, Durban and Cape Town International Airports, Durban, Sea Point, Kempton Park, Sandton, Randburg, Westmead, Pretoria, Windhoek, Richards Bay and Plettenberg Bay

NATIONAL TRUCK RENTAL 100%
Durban, Kempton Park and Cape Town

DISTRIBUTION AND FRANCHISING

BONERTS 90%
Johannesburg, Pretoria

NATIONAL WORKSHOP EQUIPMENT 90%
Durban

FINANCIAL AND SUPPORT SERVICES

FULL MAINTENANCE LEASING 100%

TREASURY 100%

WARRANTY 100%

CREDIT LIFE 100%

VEHICLE INSURANCE 100%

CMH FINANCE 100%

CMH INSURANCE 100%

Opposite page left:

The new Peugeot dealership premises at Menlyn

Opposite page right:

The impressive new premises in Menlyn, Pretoria for the Group's BMW and Mini facilities

Board of Directors

Board of directors, from left to right:
Stoffel Odendaal, Jebb McIntosh, Mark Conway, Maldwyn Zimmerman, Ray Nethercott, Stuart Jackson, John Edwards and Alec Rogoff

Maldwyn Zimmerman
Chairman
Age 68
Appointed to the board in 1976

Jebb McIntosh
Managing director
Age 57
Appointed to the board in 1976

Stuart Jackson
Financial director
Age 50
Appointed to the board in 1986

Stoffel Odendaal
Franchise director for Volvo, Jaguar, Land Rover
Age 51
Appointed to the board in 1994

Mark Conway
Franchise director for Nissan, Fiat, Alfa, Honda, Delta
Age 47
Appointed to the board in 2000

Ray Nethercott
Franchise director for Ford, Mazda, BMW, Peugeot, Mini
Age 53
Appointed to the board in 2001

Alec Rogoff
Non-executive, chairman of remuneration committee, member of audit committee
Age 71
Appointed to the board in 1994

John Edwards
Non-executive, chairman of audit committee, member of remuneration committee
Age 67
Appointed to the board in 2002

Group Ten Year Financial Review

CMH GROUP

BALANCE SHEET	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
ASSETS	**R'000**	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Fixed assets	**18 266**	18 551	17 317	11 648	5 902	6 384	7 721	8 727	7 728	7 858
Investments	**2 834**	3 184	3 384	3 762	4 020	1 129	975	1 024	1 274	1 427
Deferred taxation	**4 876**	5 360	7 466	6 964	6 465	3 007	501	–	–	–
Intangible assets	**10 391**	15 609	11 510	6 000	2 071	–	–	1 800	–	5 277
Current assets	**688 897**	500 394	416 640	307 841	203 334	202 117	161 358	179 528	168 744	95 408
Total assets	**725 264**	543 098	456 317	336 215	221 792	212 637	170 555	191 079	177 746	109 970
EQUITY AND LIABILITIES										
Ordinary shareholders' interest	**225 500**	189 197	159 857	122 584	102 720	84 074	72 290	62 994	44 575	35 180
Preference share capital	**–**	–	–	–	–	–	–	–	–	172
Share capital and reserves	**225 500**	189 197	159 857	122 584	102 720	84 074	72 290	62 994	44 575	35 352
Interest-bearing debt	**12 532**	9 375	12 002	9 600	5 548	3 945	1 989	2 886	4 943	9 120
Minority shareholders' interest	**437**	240	696	917	836	764	796	2 154	–	–
Deferred taxation	**–**	–	–	–	–	–	–	1 308	1 486	1 842
Other current liabilities	**486 795**	344 286	283 762	203 114	112 688	123 854	95 480	121 737	126 742	63 656
	725 264	543 098	456 317	336 215	221 792	212 637	170 555	191 079	177 746	109 970

INCOME STATEMENT	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Revenue	**2 591 397**	2 647 535	2 050 755	1 489 016	1 277 412	1 103 941	1 051 945	1 217 715	984 079	698 024
Operating income to revenue (%)	**3,7**	3,1	3,0	3,3	3,6	3,0	3,0	3,8	3,9	2,1
Operating income	**95 347**	83 216	61 677	49 093	45 593	33 076	31 708	46 203	38 300	14 974
Finance costs	**(10 097)**	(12 636)	(3 873)	(24)	(1 424)	(3 327)	(6 486)	(11 247)	(7 803)	(5 471)
Operating income before taxation	**85 250**	70 580	57 804	49 069	44 169	29 749	25 222	34 956	30 497	9 503
Taxation	**(27 588)**	(26 335)	(19 615)	(16 380)	(15 651)	(11 894)	(9 815)	(13 682)	(12 257)	(3 320)
	57 662	44 245	38 189	32 689	28 518	17 855	15 407	21 274	18 240	6 183
Minority shareholders' share of income	**(11)**	3 338	1 245	239	1 035	32	1 201	2 003		
Headline earnings	**57 651**	47 583	39 434	32 928	29 553	17 887	16 608	23 277	18 240	6 183
Intangible assets written off, less minority share	**(7 486)**	(9 715)	(5 424)	(3 279)	(6 920)	–	(1 800)	(3 700)	(5 277)	(626)
Capital profit, less minority share	**–**	3 500	5 424	–	715	–	–	–	–	–
Attributable earnings	**50 165**	41 368	39 434	29 649	23 348	17 887	14 808	19 577	12 963	5 557
Ordinary dividends	**(13 862)**	(12 028)	(2 161)	(9 785)	(7 747)	(6 103)	(5 512)	(5 404)	(4 049)	(2 297)
Retained earnings	**36 303**	29 340	37 273	19 864	15 601	11 784	9 296	14 173	8 914	3 260

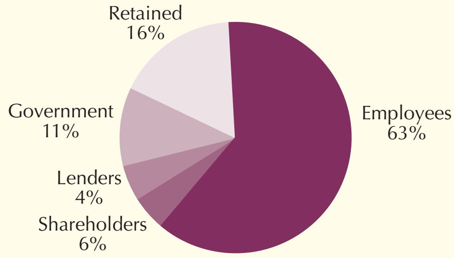
Group Ten Year Statistical Review

BALANCE SHEET		2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Interest-bearing debt plus preference share capital to total assets	(%)	**1,7**	1,7	2,6	2,9	2,5	1,9	1,2	1,5	2,8	8,4
Interest-bearing debt plus preference share capital to total shareholders' interest	(%)	**5,6**	5,0	7,5	7,8	5,4	4,7	2,8	4,6	11,1	26,2
Current assets to current liabilities	(ratio)	**1,4**	1,4	1,4	1,4	1,7	1,6	1,7	1,4	1,3	1,3
Current assets excluding stock to current liabilities	(ratio)	**0,5**	0,6	0,5	0,6	0,7	0,7	0,6	0,4	0,4	0,4
Net tangible asset value per share	(cents)	**1 055**	851	728	572	494	427	367	317	231	157
INCOME STATEMENT											
Headline earnings per ordinary share	(cents)	**282,8**	233,4	193,4	161,5	145,9	90,9	84,3	118,2	95,0	32,5
Earnings per ordinary share	(cents)	**246,1**	202,9	193,4	145,4	115,3	90,9	75,2	99,4	67,5	29,2
Dividends per ordinary share*	(cents)	**68,0**	59,0	50,1	39,8	32,8	28,0	27,0	24,0	13,0	9,7
Dividend cover*	(times)	**4,2**	4,0	3,9	4,1	4,5	3,2	3,1	4,9	7,3	3,3
Net interest cover	(times)	**9,4**	6,6	15,9	N/A	32,0	9,9	4,9	4,1	4,9	2,7
Operating income on average ordinary shareholders' interest	(%)	**46,0**	47,7	43,7	43,6	48,8	42,3	46,9	85,9	96,0	44,7
Attributable income on average total shareholders' interest	(%)	**24,2**	23,7	27,9	26,3	25,0	22,9	21,9	36,4	32,4	16,4

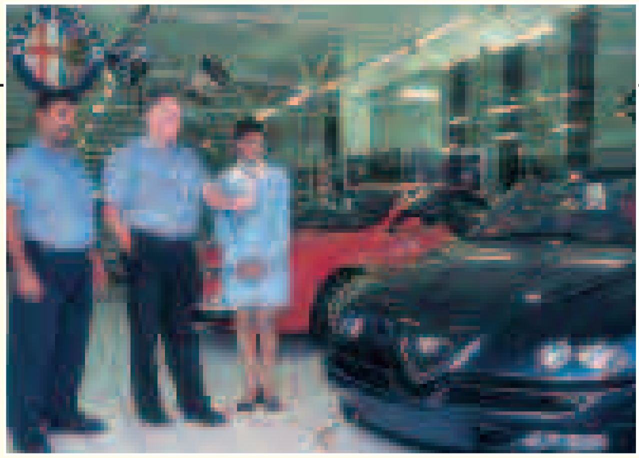
*Dividend cover is calculated by dividing the headline earnings per share by the dividend paid per share. Prior year dividends per ordinary share and dividend cover have been amended in accordance with the provisions of Generally Accepted Accounting Standards statement AC13O.

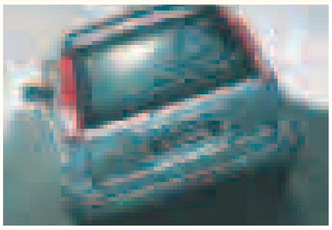
Value Added Statement

	2003 R'000	2003 %	2002 R'000	2002 %
Revenue	**2 591 397**		2 647 535	
Cost of goods and services	**2 337 218**		2 415 200	
Value added	**254 179**		232 335	
Applied as follows:				
To employees – remuneration and benefits	**160 772**	**63**	142 426	62
To lenders – net interest on borrowings	**10 097**	**4**	12 636	5
To government – taxation	**27 588**	**11**	26 335	11
To shareholders – dividends	**13 862**	**6**	12 028	5
Retained for reinvestment in the Group				
– depreciation	**5 557**	**2**	9 570	4
– retained income	**36 303**	**14**	29 340	13
	254 179	**100**	232 335	100



Motor Vehicle Franchises





Geoff Gray | Clinton Massey-Hicks | Trevor Morey | Frank Rawson | John van der Linde | Bryan Harrison | Neal Steyn | Mike Buckner | Neels Holtzhausen

FRANCHISE
Nissan, Fiat, Alfa Romeo, Nissan Diesel

Operating locations
Durban, Pinetown, Pietermaritzburg, Westmead, Cape Town, Hillcrest, Midrand

Staff employed
293

Senior management
MA Buckner, G Gray, B Harrison, C Massey-Hicks, T Morey, F Rawson, N Steyn, J van der Linde

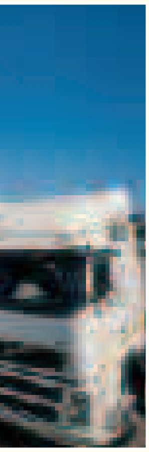
www.fiat.cmh.co.za **www.alfaromeo.cmh.co.za** **www.nissan.cmh.co.za**

FRANCHISE
Volvo Truck and Bus, Nissan Diesel

Operating locations
Westmead, Empangeni

Staff employed
53

Senior management
M Buckner, L Cronje,
N Holtzhausen

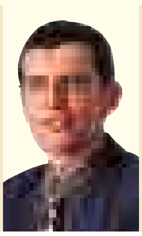


Len Cronje

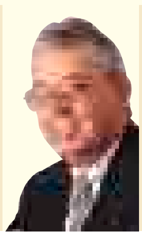
John Hean

John Graham

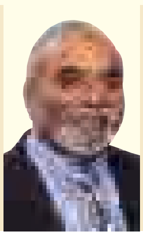
Vernon Beck



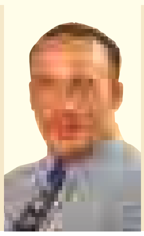
Mike Dovey



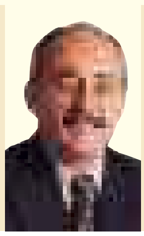
Solly Ussuph



Anthony Diaz



Kobus Kruger



FRANCHISE
Ford, Mazda

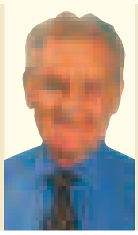
Operating locations
Durban, Bluff, Pretoria, Gezina, Hatfield, Randburg

Staff employed
292

Senior management
V Beck, A Diaz, M Dovey, J Graham, J Hean, K Kruger, S Ussuph

www.ford.cmh.co.za **www.mazda.cmh.co.za**

Berry Willis



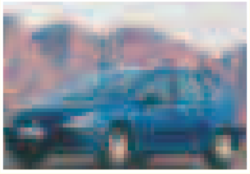
FRANCHISE
BMW, Mini

Operating location
Menlyn

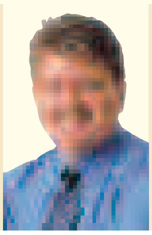
Staff employed
57

Senior management
B Willis

www.menlynauto.co.za



Frik Möller



FRANCHISE
Peugeot

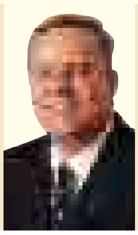
Operating location
Menlyn

Staff employed
22

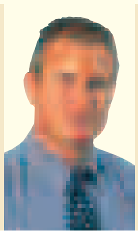
Senior management
F Möller

www.peugeot.cmh.co.za

Mike Bruce



Brad Nicholson



FRANCHISE
Honda

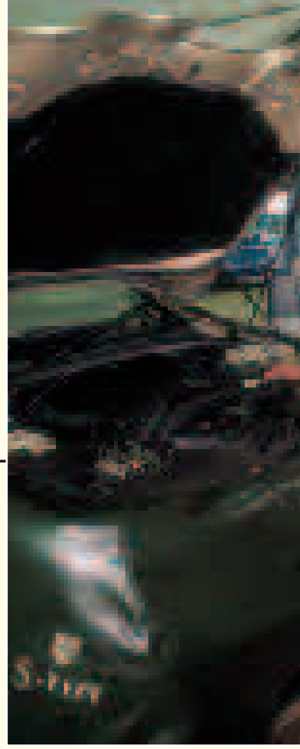
Operating locations
Hatfield, Durban, Umhlanga Rocks

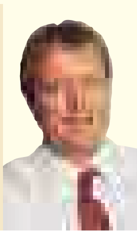
Staff employed
48

Senior management
M Bruce, B Nicholson

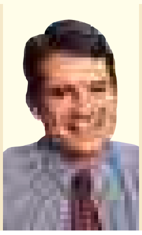
www.honda.cmh.co.za

Motor Vehicle Franchises




Patrick Bell


Harvey Wheeler


Steve Atkinson


Piet van Staden


Wayne Edgar

VOLVO

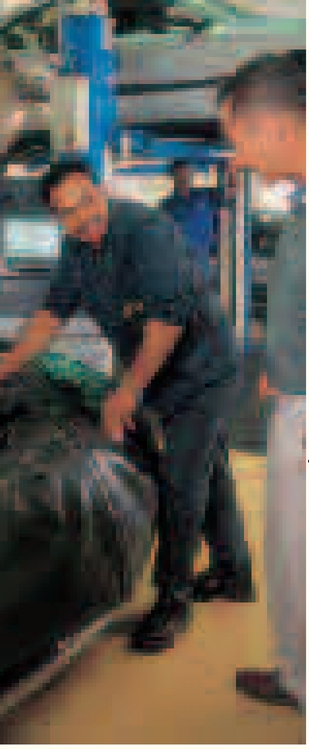
FRANCHISE
Volvo

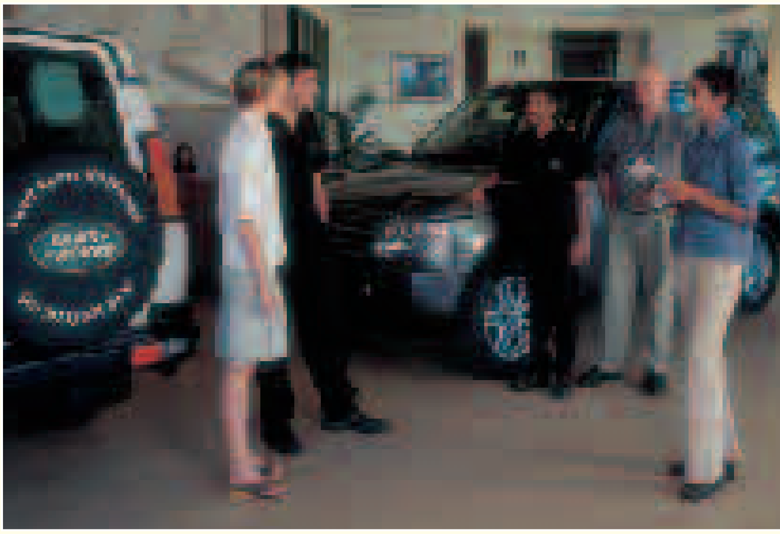
Operating locations
Cape Town, Pretoria, Centurion, Northcliff, Sandton, Bryanston, Umhlanga Rocks, Menlyn

Staff employed
239

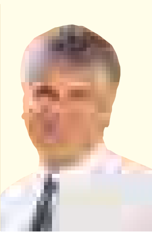
Premier Automotive Group senior management (Volvo/Jaguar/Land Rover): S Atkinson, P Bell,

www.volvo.cmh.co.za

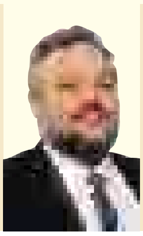




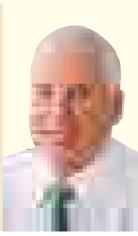
Mike MacPherson



John Kimber

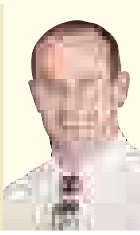


Mike Haig



Tony Tidbury

Craig Rohland



FRANCHISE
Jaguar

Operating locations
Durban, Cape Town, Sandton

Staff employed
18

FRANCHISE
Land Rover

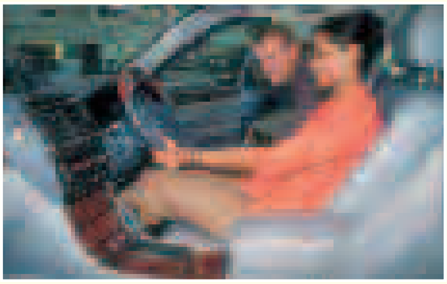
Operating locations
Umhlanga Rocks, Cape Town, Pretoria

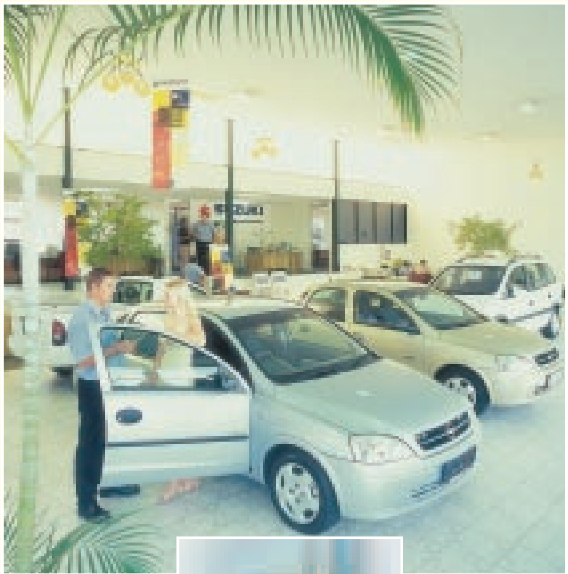
Staff employed
78

W Edgar, M Haig, J Kimber, M MacPherson, C Rohland, A Tidbury, P van Staden, H Wheeler

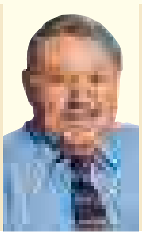
www.jaguar.cmh.co.za **www.landrover.cmh.co.za**

Motor Vehicle Franchises





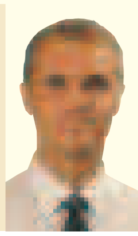
Albert de Kock



Charles Webber

Jaco van den Berg

Richard Manthey



FRANCHISE
Toyota, Lexus

Operating locations
Alberton, Umhlanga Rocks

Staff employed
81

Senior management
A de Kock, C Webber

www.toyota.cmh.co.za

FRANCHISE
Delta – Opel, Isuzu, Suzuki

Operating location
Roodepoort

Staff employed
30

Senior management
J van den Berg

www.opel.cmh.co.za **www.isuzu.cmh.co.za**

Financial and Support Services

Kowie de Bruyn · Darlene Roode · John Young · Alan Jithoo · Roelof Minnaar · Gertie Stergianos

CMH Finance · CMH Insurance · CMH Carshop.co.za

Operating locations
Durban, Pretoria

Staff employed
38

Senior management
JP de Bruyn, A Jithoo, R Manthey, R Minnaar, D Roode, G Stergianos, J Young

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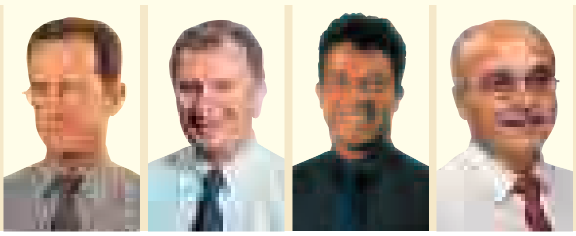
Distribution and Franchising

CMH GROUP



Stuart Cumming · Roger Margach · Marco Vieira · Greg Thomas

bonerts · NWE

Operating locations
Bonerts (Johannesburg, Pretoria),
National Workshop Equipment (Durban)

Staff employed
81

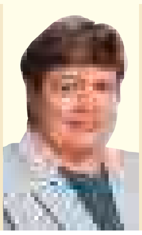
Senior management
S Cumming, R Margach, G Thomas, M Vieira

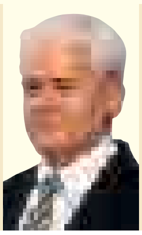
www.bonerts.cmh.co.za

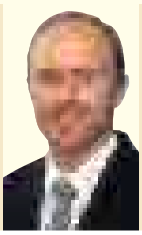
Car Rental

Bruce Barritt


Allan Burke


Carla Terbruggen


Bruce Troeberg


Russell McKay


Karriem Domingo


Kathy Holmes


Jacqui Moynihan


Operating locations (International Airports)

Johannesburg, Durban, Port Elizabeth, East London, Cape Town, George, Bloemfontein, Nelspruit

Operating locations (Other)

Durban, Sea Point, Kempton Park, Randburg, Richards Bay, Sandton, Pretoria, Windhoek, Plettenberg Bay, Westmead

Staff employed

155

Senior management

B Barritt *(Managing Director)*, A Burke, K Domingo, K Holmes, R McKay, J Moynihan, C Terbruggen, B Troeberg

www.nationalcar.cmh.co.za

Report of the Chairman

After six successive years of earnings growth it is pleasing to report on the activities of a Group which has once again achieved headline earnings well in excess of the local rate of inflation. As new highs are set it becomes increasingly difficult to meet the year's challenges and goals, and I am proud of what has been achieved over a sustained period.

THE SOUTH AFRICAN ECONOMY

To say that South African businesses have endured a roller-coaster ride during the past few years would be an understatement. After falling dramatically against the US dollar during the period January 2000 to December 2001, the rand gained more than 40% in value in the year under review. The prime overdraft rate, from a level of 22% in 1999, fell to 13% in September 2001 and has since risen to its current 17%. The fortunes of the retail motor industry are particularly sensitive to interest rate movements. With vehicle prices rising at a rate higher than the growth in average disposable income, the affordability gap widens increasingly as interest rates climb. Beyond a rate of 15 – 16% the negative effect on vehicle sales is noticeable.

The much-feared opening up of the South African economy to international competition has proved good for local business. Elimination of protective barriers to entry has forced substantial improvements in local productivity and, hence, international competitiveness. The fact that South Africa is now enjoying a current account surplus is a measure, in part, of the success which local businesses have had in expanding into international markets. The economy has also witnessed rapid growth in the tourism sector as the country is being increasingly seen as a "safe-haven" destination.

Unfortunately the demise of protectionism has its downsides, the principal of which has been large-scale retrenchments in both the public and private sectors, a situation exacerbated by the introduction of inflexible new labour market legislation. In addition, the country's growth remains constrained by the crime rate, the contamination by geographical proximity to the Zimbabwean devastation and the impact of HIV/Aids, itself one of the most serious challenges that South Africa has ever confronted.

THE MOTOR INDUSTRY

With the final tally of new vehicles sales for calendar 2002 only 4,6 % down on the previous year the market belies the tough trading conditions which prevailed, particularly during the second half. Although buoyed by car hire fleet and government sales, three interest rates hikes and steep price increases caused a dip in private sales. Particularly hard hit were bakkie sales and certain segments of the luxury car market. Good news, however, is that sales in the heavy commercial vehicle sector were 15% up on last year's figures.

The export boom which the industry has experienced over the past six years means that the country's vehicle manufacturing and associated industries now represents the third-largest sector in the economy. Figures released by NAAMSA indicate that South Africa is ranked 18th in the world in respect of new vehicle production, largely as a result of a 32% compound growth in exports since 1996. NAAMSA expects export units to rise from 134 500 in 2002 to 164 000 in 2003 and 176 000 next year. The improvement in the international competitiveness of our local market will ensure that vehicles are more affordable in the domestic market, help stabilise employment levels, and generate much needed foreign currency.

REVIEW OF GROUP OPERATING RESULTS

The 2003 results were a repeat of the achievement in 2002 – a 21% increase in headline earnings. Particularly pleasing was the improved contribution from the Group's used vehicle, parts and service departments as well as the car hire and financial services divisions. The Group has, over a number of years, strived to build these non-core segments to a level where they can support the motor retail segment during times of lesser demand. The current 20% contribution to operating profit from these segments is expected to increase to approximately 25% during 2004.

The year under review was largely one of consolidation. Following a number of acquisitions during 2001 and the unsuccessful pursuit of a major offshore motor retail group, the Group made only one acquisition, a Nissan/Fiat/Alfa dealership in Midrand, and opened its first Peugeot dealership, in Menlyn, Pretoria. The opportunity was, however, taken to dispose of a loss-making subsidiary in the manufacturing industry and a rural motor dealership. A number of Volvo outlets were consolidated and reduced. The Group's investment in its micro-lending division has reduced from R9 million to R3 million.

The increase in the Group's profitability margin, from 3,1% to 3,7% reflects the increased contribution from car hire and financial services. This meant that, even from a revenue stream which declined by 2%, operating profit increased by 15%. Utilization of prior year assessed losses helped reduce the tax charge to 32% of income (2002: 37%). Following the disposal of partly-owned loss-making operations the minority share of income has swung into positive, with the net result that headline earnings increased by 21% to R57,7 million. The Group has traditionally adopted a conservative approach to its valuation of intangible assets and amortised R7,5 million during the year, leaving a balance sheet value of R10,4 million. The Group's earnings and positive cash flow have enabled the directors to recommend a dividend of 64 cents per share payable in June 2003.

Despite an increase of over R100 million in the value of the Group's car hire fleet, the ratio of current assets to current liabilities remained unchanged at 1,4:1. The cash resources component of current assets increased from R123 million to R149 million.

Looking to the medium term future I believe that the Group has scope for organic growth in its car hire and financial services sectors, both of which are fledgeling businesses. On the motor retail side however, the Group needs to secure a number of meaningful acquisitions to maintain its track record of earning growth. At the time of writing last year the Group was actively pursuing the acquisition of a large UK-based motor retail group. However, when the final numbers were unravelled, and in the face of the dramatic collapse in the value of our local currency against British sterling, the Group had no alternative but to withdraw. With the benefit of hindsight, following the resuscitation of the rand, the decision was the correct one in the short term. However, I feel that if a similar opportunity were to present itself in the future, the Group would benefit in the long term if a portion of its earnings were foreign currency denominated. The primary focus for expansion will be in the domestic market. The Group's first Peugeot outlet was opened in Menlyn, Pretoria during December 2002 and a second is planned for the last quarter of this year. A new Honda dealership, also in Menlyn, will be commissioned during May 2003.

On the car hire side, the Group is in the process of securing leases for on-site outlets at the Bloemfontein, Port Elizabeth and George airports and further branches are planned for opening this year. These additions, plus an increased penetration, off a low base, into both the local and foreign tourist markets, should ensure the continued growth of this division.

All things considered, I believe that, given a stable economic environment, the Group has the potential to continue its earnings trend during the year ahead.

APPRECIATION

Good results are not achieved consistently without good management and good people. The Group is fortunate to have both. In line with its policy of encouraging top management to own a stake in the results of their collective effort, the Group issued a further 190 000 option shares to key personnel, bringing the total awarded to 1 010 000 shares. These are earned by the respective managers over a 5-year period of employment.

The Group's board of directors was strengthened in October 2002 by the appointment of JTM (John) Edwards as an independent, non-executive director and chairman of the audit committee. John's involvement with the Group stretches back to 1978 when he was the partner in charge of the Group's external auditors. He is a welcome addition to the top team.

Under the leadership of managing director Jebb McIntosh the management and staff have performed admirably and I thank them for their dedication and loyalty.

Finally, to the Group's suppliers, bankers, insurance and computer specialists, and numerous trading partners, I thank you for your continued support and trust that our ongoing relationship will prove mutually beneficial.

Maldwyn Zimmerman

8 April 2003

Report of the Managing Director on Group Operations

OVERVIEW

I am delighted to report that despite difficult trading conditions caused mainly by the weakening of the rand and higher interest rates, headline earnings increased by 21% during the year under review. This is the sixth consecutive year of increased earnings.

Forward buying of new vehicles, in an attempt to offset the rapidly increasing vehicle prices caused by the declining rand, helped maintain vehicle sales volumes during the first half of the year. Unfortunately, these large price increases caused a decline in dealer vehicle sales volumes. Most affected were vehicle importers who, without the benefit of export sales, did not have foreign currency credits to offset their import bills. Volvo, which forms a large sector of the Group's business, was the worst affected and they were forced to price ahead of their main competitors.

The decrease in new vehicle turnover resulted in the Group not being able to increase its overall turnover during the year. However, by maintaining effective control of costs, the Group's selling and operating costs rose only marginally by 2,7%. This, together with increased profit contributions from used cars (11%), parts (72%) and workshop (96%), together with a substantial improvement from car hire and financial services, enabled the Group to achieve an operating margin of 3,7%. This return on sales ranks amongst the very best in the industry and has improved from 3,1% achieved in the previous financial year.

The Group's sophisticated benchmarking analysis, which was designed to highlight the "gaps" which exist between actual results and the standards which the Group expects, has now been fine-tuned and continued attention will be directed at out-of-line areas in terms of productivity and costs.

Group operating income on shareholders' interest has averaged 45% over the past five years. This translates into an exceptional return at attributable earnings level, even after providing for a conservative write-off of goodwill, and proves that the Group can achieve returns for its shareholders at a level higher than those achieved by the majority of companies on the JSE Securities Exchange. As a consequence, with an internal rate of return of 27.9% over five years, the Group was ranked as the 11th best industrial and commercial company and the 21st overall company in Financial Mail's "Top Company Survey" (June 2002).

The Group employs 1 502 staff members. All are encouraged to grow and develop to the best of their ability. A distinct bias has been placed on developing employment opportunities for previously disadvantaged people. Currently, 61% of the Group's skilled employees are from a previously disadvantaged background.

The Group's annual spend on training is 3,3% of its salary costs. During the year, the Group's employees successfully completed more than 5 000 training modules or courses. The Group has employed its first full-time trainer, and I am pleased to report that, during each year since inception of the Skills Development Act and Equity Bill, the Group has exceeded its training and development targets. I am proud of the manner in which our planned process of competency development has progressed in tandem with the Group's business competitiveness objectives

Despite this progress, it is becoming increasingly difficult to compete in an environment which demands Black Economic Empowerment ("BEE") involvement at equity level. The Group has recognised the need for a suitable partner and is actively seeking a party with whom a meaningful and mutually beneficial relationship can be forged.

The board of directors has, for a number of years, recognised the importance, both for the Group and the country as a whole, of implementing structures and actions to uplift the previously disadvantaged sector of the community. Because of the relatively tight ownership of the Group and the consequent thin share trading levels, it has been difficult to implement an effective BEE plan at equity ownership level. The Group currently has BEE partners in two divisions.

Interaction with customers will continue to receive enormous focus. Constant monitoring of the Group's customer satisfaction index results has enabled the Group to not only retain, but also extend, its customer base.

Mutually beneficial relationships with the major motor manufacturers represented by the Group remain sound. The Group is proud to have added Peugeot to this list with the opening of its first dealership, in Menlyn, during the year under review.

Total industry sales decreased by 5% during calendar 2002 and the Group achieved a 3,5% penetration (excluding government and car hire sales). Contrasting the difficult second half of the year experienced in the new car sales divisions, the used vehicle market, together with the parts and service divisions remained buoyant.

National/Alamo Car Rental and the Group's financial services division produced improved results. National/Alamo continues to provide the Group with an excellent source of one-year-old vehicles.

RETAIL MOTOR

Premier Automotive Group

The Premier Automotive Group ("PAG") represents Ford Motor Company's interest in the luxury brands of Volvo, Jaguar and Land Rover. During the past eighteen months, the Group has consolidated its Volvo operations by closing or selling four dealerships. This, together with an overall loss of market share by Volvo, has reduced this product's contribution to the Group's overall sales and profitability. It is, however, expected that much of Volvo's market share will be regained following the introduction of exciting new models such as the XC90 4X4 in June 2003.

The Group's three Land Rover operations performed satisfactorily. Considerable opportunity for growth exists and should result in these operations achieving the expected level of return on investment.

With the introduction of the new X-type, together with increased support from the distributor, Jaguar has increased its market share. The Group's increased focus on this brand, particularly at Sandton, should produce even better returns during the coming year.

Substantial profit increases from used cars, parts and service were recorded from all the operations in this division and served to offset the dramatic downturn experienced in new car sales.

The Group's new PAG outlet in Umhlanga Rocks, with all three brands marketed from one operation, has been successfully launched. This concept has been fine-tuned and even better results are expected during 2003/4. Construction of a second new PAG outlet, in central Cape Town, has commenced and is expected to open in early 2004.

Ford/Mazda

This franchise continued to lose market share. New management at Ford Motor Company has recognised that their lost share will not be recovered without the introduction of new, competitively-priced vehicles. Consequently, a succession of new Ford and Mazda models will be launched from June 2003.

The Ford and Mazda light commercial range continues to succeed with its impressive market share.

Management at Ford Motor Company has agreed to a rationalisation of franchised outlets in the metro markets where the Group has representation. This will generate further volume and profit opportunities for the Group during the years ahead.

Nissan/Fiat/Alfa

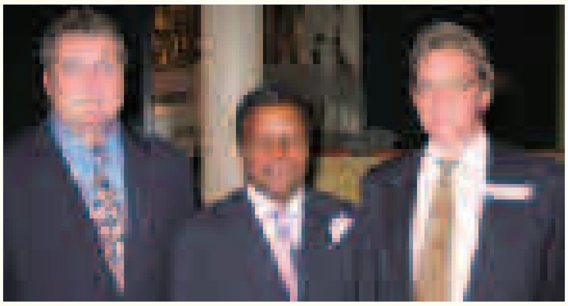
These three franchises are presently marketed through one dealer network. However, the respective manufacturers are planning to implement greater product differentiation practices.

Nissan continued to improve its market share and profitability worldwide and is expediting its development of more stylish vehicles. A very attractive range is scheduled for launch during the latter part of 2003. This will complement sales as Nissan is currently forced to rely heavily on the success of its commercial range to gain market share. The Nissan X-Trail 4X4 has been popular.

The Group's Fiat operations experienced a particularly difficult year. This was caused largely by the knock-on effect of the financial difficulties experienced by the parent company in Italy. These concerns have been largely resolved and I expect improved results in the new year.

During the second half of the year, the Group acquired a Nissan and Fiat operation in Midrand. This operation has been completely restructured under a new management team and is poised to deliver good returns.

Continued improvement is expected from the Group's Nissan, Fiat and Alfa division during the coming year.



Bruce Barritt, Vusi Khanyile (Chairman and CEO of Thebe Investment Corporation) and Jan van Huyssteen (CEO of Thebe Tourism Group)

Nissan Diesel/Volvo Truck and Bus

With the acquisition of the Volvo Truck and Bus franchise to complement the existing Nissan diesel operation in Kwazulu Natal, the Group's heavy truck operation in Westmead has now become fully utilised. Additional sales volumes through the same overhead structure, have enabled this operation to produce outstanding returns.

The Nissan Diesel and Volvo Truck and Bus ranges offer quality products that are highly regarded by truck and long-haul customers.

BMW/Mini

This large successful operation in Menlyn was relocated into a new high profile up-market building during November 2002 and is currently regarded as the flagship of the BMW dealer network. The move has already resulted in improved contributions from used cars, parts and workshop.

The Group was awarded one of the ten Mini Cooper franchises in South Africa and this brand has been incorporated into the same building.

Results recorded during the year under review were outstanding. Discussions have taken place with BMW management with a view to increasing the Group's representation of this prestigious franchise.

Toyota/Lexus

The management teams at Gateway and Alberton have further improved the results of this division. The launches of the immensely popular new Corolla sedan and the 5-door Run X derivative were well received. These models, together with the Tazz, are leaders in terms of market share and another successful year is expected from this division.

Honda

The Group's three Honda operations will be expanded from May this year with the opening of a flagship outlet in Menlyn.

Whilst this division traded satisfactorily, further improvement is expected during the year ahead. Two significant developments will make a meaningful difference. These are the launch of the new Jazz small car (the first car in twenty years to outsell Corolla in Japan), and the opportunity which will arise when Mercedes, partners of Honda until 2002, end their contract to supply aftermarket facilities to Honda customers.

These developments, together with the already launched new Accord, will result in an increased profit contribution to the Group during 2003/4.

Peugeot

In the face of strong competition from rival motor groups, the Group was delighted to be awarded the Peugeot franchises for Pretoria, Centurion and central Cape Town.

The Pretoria outlet which is located in Menlyn has, since December 2002, operated successfully from its very distinctive "blue-box" facility which adjoins the superb property development undertaken by the Group on a prominent corner of this up-market trading area. The remaining dealerships will commence trading during 2003.

In line with the first three months of trading, a successful year is forecast with these stylish European-designed modern products.

Delta – Opel/Isuzu/Suzuki

The Group's stated policy has been to operate in the major metro markets only. Consequently, an offer was accepted for Zululand Delta, the last rural outlet owned by the Group, and operations were terminated during February 2003.

Senior management changes at Roodepoort Delta disrupted this outlet's continuity. Improved results are expected.

CAR RENTAL

National/Alamo car rental

This division recorded an 87% year-on-year increase in sales and now operates out of 18 locations including all the major airports. A R10,9 million improvement in profit was realised.

Car hire sales are generated from two main sources, viz. the local corporate market and the overseas tourist market. The contribution from the local market will receive a boost following the implementation of a joint venture partnership which the Group has concluded with the Thebe Tourism Group. This BEE venture will provide for a two-pronged increase in car hire sales. Firstly, increased penetration into the local corporate and government sectors where BEE ownership is a prerequisite for suppliers and, secondly, an increased share of packaged deals provided to visitors of key tourist destinations such as Cape Point and Chapman's Peak Drive.

The international tourist market has grown significantly as South Africa has developed as a relatively safe and inexpensive destination. National/Alamo has penetrated this market with the support of its overseas franchisors.

One of the dangers of exploiting the foreign tourist market is that negative events, both globally and locally, can cause a rapid fall in demand and a consequent under-utilized rental fleet. In this regard, the Group has the advantage of being able to react quickly and dispose of surplus vehicles through its retail motor outlets.

National/Alamo is managed independently of the Group's motor retail divisions. Whilst its one-year old cars are sold back into the Group at market-related prices, they do provide the Group's used car outlets with realistic profit opportunities.

The market share achieved by National/Alamo is estimated at 7% and the budgeted increase in profit will remain dependent on international events.

DISTRIBUTION AND FRANCHISING

Bonerts

This division, which specialises in the storage and disposal of accident-damaged vehicles, as well as second-hand parts, had another satisfactory trading year.

Sharing a facility occupied by an existing Group outlet, a second branch has been opened in Pretoria. This will result in reduced overhead costs to both operations.

National Workshop Equipment

This division specialises in the supply and installation of equipment for use in motor vehicle workshops, and traded successfully. Its overall contribution to the Group is relatively small.

FINANCE AND INSURANCE

This division has increased its annuity-type profit consistently year-on-year and its contribution is expected to grow again during 2003/4.

The Group employs its own finance and insurance consultants who are responsible for managing the add-on components of each new and used vehicle sale. By ensuring adherence to Group policies and procedures, these consultants protect the Group against the potential areas of loss.

Commission is earned by the Group on finance and insurance business placed by its consultants with various banks and underwriters. This contribution is significant and the Group's finance and insurance team is considered among the best when measured against the motor industry's benchmarks.

Revenue derived from the joint ventures entered into with Wesbank and Bankfin has now exceeded the start-up costs and the ventures will make a profit contribution during the years ahead.

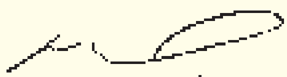
The income earned from the Guardrisk Insurance Cell has increased and will continue to grow as the number of policies sold increases. A shortfall insurance cell has been formed with the Group's partners, Wesbank and Hollard Insurance, but is not expected to contribute to Group profit before 2004.

PROSPECTS FOR THE YEAR AHEAD

The new and used car markets are forecast to remain at the levels recorded in calendar 2002 with new car prices increasing at a lower rate. The first six months of trading will be particularly difficult. However, it is anticipated that interest rates will reduce during the second half of the year and this will ease trading conditions.

The Group will continue to focus on its core business of motor retail and related finance and insurance. Even greater emphasis will be placed on the used car, parts and service operations, as well as the Group's customer relationships.

I would like to add my thanks to those of our Chairman, to our franchisors and banking partners, as well as to the Group's directorate, management and staff who are the driving force behind its success.



Jebb McIntosh

8 April 2003

Corporate Governance and Approval of the Financial Statements

The board of directors is committed to maintaining high standards of corporate governance in line with the recommendations of the King Report on Corporate Governance and subscribes fully to the principles of transparency, integrity and accountability.

Whilst not yet in full compliance with a number of the King Report requirements, the Group has made progress in this regard during the year under review and will strive to make further progress during the period ahead.

BOARD OF DIRECTORS

The Combined Motor Holdings' board comprises two non-executive and six executive directors. The full board meets on a quarterly basis whilst the executive board meets monthly.

During November 2002 an audit committee was formed under the chairmanship of JTM Edwards. The first meeting was held in December 2002 and was attended, by invitation, by the financial director and members of the Group's internal audit team and external auditors. The committee's terms of reference are to:

- ☐ oversee the Group's approach to internal control risk management;
- ☐ review the Group's financial statements prior to their publication;
- ☐ make recommendations to the board of directors concerning the re-appointment of external auditors and their fees; and
- ☐ review the activities of both internal and external auditors, receive their reports and address all control weaknesses identified.

A remuneration committee under the chairmanship of A Rogoff will commence duties during the forthcoming year. It is expected to meet at least twice each year. The committee's terms of reference include making recommendations to the board concerning the appointment of directors and the determination of their remuneration.

Separate management boards have been established for each business division within the Group. Reporting to the responsible main board director, the management boards meet six times each year and are responsible for executive control over their division and ensuring compliance with main board policy.

The board of directors reports as follows with reference to both the Company and the Group:

- ☐ the board of directors is responsible for the preparation, integrity and objectivity of the financial statements and other information contained in this report;
- ☐ the auditors are responsible for reporting on the fair presentation of the financial statements;
- ☐ adequate accounting records have been maintained;
- ☐ suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the financial statements;
- ☐ the financial statements comply with all applicable Statements of South African Generally Accepted Accounting Practice;
- ☐ an effective system of internal control has been maintained;
- ☐ there is no reason to believe that the Company or its subsidiaries will not be going concerns during the year ahead; and
- ☐ the financial statements fairly present the state of the Company and the Group.

Segment Information

	Total				Retail motor			
	2003		2002		**2003**		2002	
	R'000	**%**	R'000	%	**R'000**	**%**	R'000	%
Revenue	**2 591 397**	**100**	2 647 535	100	**2 480 151**	**95**	2 556 074	97
Operating income before finance costs	**95 347**	**100**	83 216	100	**91 270**	**95**	96 989	116
Finance costs	**(10 097)**	**100**	(12 636)	100	**(18 630)**	**(184)**	(17 818)	(141)
Operating income before taxation	**85 250**	**100**	70 580	100	**72 640**	**85**	79 171	112
Total assets	**725 264**	**100**	543 098	100	**381 754**	**52**	299 820	55
Total liabilities	**499 764**	**100**	353 901	100	**285 352**	**57**	240 359	68

Corporate Governance and Approval of the Financial Statements

CONTINUED

Jimmy Carter Housing project

EMPLOYMENT EQUITY

Employment equity policies have been implemented within the Group to create an environment in which employees from "designated groups" are trained, motivated, promoted and rewarded according to their ability and work ethic. The Group has complied with the requirements of the Employment Equity Act and Skills Development Act. The Group has timeously submitted the reports required in terms of Section 21 of the Employment Equity Act.

SOCIAL AND ENVIRONMENTAL INVOLVEMENT

The board of directors acknowledges that the achievement of environment, health and safety standards is an important feature of the Group's social responsibility. Of particular concern to the board is the maintenance of safety and environmental standards in the Group's workshops. Regular inspections are performed to ensure that safety measures, particularly with regard to vehicle-lifting equipment and oil dispensing systems, comply with rigid policies and procedures.

Acutely aware of the possible impact of AIDS on society in general and on the Group's workforce, the board of directors has instituted AIDS awareness seminars at all business locations in the country. The seminars have been outsourced to a Merseta-accredited training provider and, to date, 950 employees have benefited.

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

JD McIntosh *Managing Director*

M Zimmerman *Chairman*

Durban

8 April 2003

Car hire				Financial services				Corporate services/other			
2003		2002		**2003**		2002		**2003**		2002	
R'000	**%**	R'000	%	**R'000**	**%**	R'000	%	**R'000**	**%**	R'000	%
68 862	**3**	36 780	1	**19 568**	**1**	23 970	1	**22 816**	**1**	30 711	1
8 156	**9**	(3 330)	(4)	**5 412**	**6**	(388)	(0)	**(9 491)**	**(10)**	(10 055)	(12)
0	**0**	0	0	**3 066**	**30**	2 388	19	**5 467**	**54**	2 794	22
8 156	**10**	(3 330)	(5)	**8 478**	**10**	2 000	3	**(4 024)**	**(5)**	(7 261)	(10)
180 390	**25**	78 897	15	**36 120**	**5**	32 126	6	**127 000**	**18**	132 255	24
179 384	**36**	78 932	23	**18 186**	**4**	15 409	4	**16 842**	**3**	19 201	5

Report of the Independent Auditors

CMH GROUP

TO THE MEMBERS OF COMBINED MOTOR HOLDINGS LIMITED

We have audited the annual financial statements and group annual financial statements of Combined Motor Holdings Limited set out on pages 20 to 34 for the year ended 28 February 2003. These financial statements are the responsibility of the directors of the Company. Our responsibility is to express an opinion thereon based on our audit.

SCOPE

We conducted our audit in accordance with South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

AUDIT OPINION

In our opinion the financial statements fairly present, in all material respects, the financial position of the Company and the Group at 28 February 2003 and the results of their operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act in South Africa.

Chartered Accountants (SA)
Registered Accountants and Auditors

Durban

8 April 2003

Report of the Directors

Your directors have pleasure in submitting their report on the affairs of the Company and the Group during the year ended 28 February 2003.

NATURE OF BUSINESS

The Company's business remained that of an investment holding company for the Group, providing centralised control over the strategic planning, finance and administration of its subsidiaries.

Through its subsidiaries the Group has significant interests in the retail motor sector, holding franchises for the sale of Alfa Romeo, BMW, Fiat, Ford, Honda, Isuzu, Jaguar, Land Rover, Lexus, Mazda, Nissan, Peugeot, Opel, Toyota and Volvo products. The Group also offers financial services, including full maintenance leasing and insurance on vehicles sold. The Group operates the National/ Alamo car rental franchise from 18 outlets around the country. Through Bonerts, the Group operates a specialist outlet for the sale of accident-damaged vehicles.

The Company is listed in the "Automobiles and Parts" sector of the JSE Securities Exchange.

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 9 to the attached financial statements. There was no change in the authorised or issued share capital during the year.

DIVIDENDS

The following dividends were declared by the directors during the year under review:

	2003 R'000	2002 R'000
Ordinary		
Dividend no 30: 54,0 cents, declared 10 April 2002	**11 008**	9 581
Dividend no 31: 14,0 cents, declared 8 October 2002	**2 854**	2 447
	13 862	12 028

SHARE TRUST

Details of the Combined Motor Holdings Limited Share Trust are set out in note 3 to the attached financial statements.

SPECIAL RESOLUTIONS

No special resolutions were passed during the year under review.

DIRECTORS AND SECRETARY

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

M Zimmerman *(Chairman)*

JD McIntosh *(Managing)*

MPD Conway

JTM Edwards *(Non-executive)*

SK Jackson

RTAC Nethercott

CL Odendaal

A Rogoff *(Non-executive)*

In accordance with the Articles of Association, Messrs JTM Edwards, SK Jackson and CL Odendaal retire by rotation at the forthcoming annual general meeting but, being eligible, offer themselves for re-election.

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

Business	**Postal**
1st Floor	PO Box 1052
CMH Building	Durban
206 West Street	4000
Durban 4001	

DIRECTORS' SHAREHOLDINGS

Details of the directors' direct and indirect shareholdings in the Company are reflected on page 34.

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 33.

The results of the subsidiaries, so far as concerns the Company, comprise aggregate income and losses for the year, after taxation, of R58 446 000 (2002: R59 264 000) and R2 830 000 (2002: R11 839 000) respectively.

SUBSEQUENT EVENTS

No fact or circumstance material to an appreciation of these financial statements has occurred between the financial year-end and the date of this report.

Durban

8 April 2003

Balance Sheets

AT 28 FEBRUARY 2003

	NOTE	GROUP 2003 R'000	GROUP 2002 R'000	COMPANY 2003 R'000	COMPANY 2002 R'000
ASSETS					
Long-term assets					
Fixed assets	2	**18 266**	18 551	**357**	157
Amount owing by share trust	3	**2 834**	3 184	**2 834**	3 184
Intangible assets	4	**10 391**	15 609	**–**	–
Deferred taxation	5	**4 876**	5 360	**457**	1 005
Investment in subsidiaries	6	**–**	–	**45 707**	39 521
		36 367	42 704	**49 355**	43 867
Current assets					
Stock	7	**450 948**	291 647	**–**	–
Accounts receivable	8	**88 778**	85 795	**2 324**	1 019
Cash and cash equivalents		**149 171**	122 952	**106 207**	82 063
		688 897	500 394	**108 531**	83 082
Total assets		**725 264**	543 098	**157 886**	126 949
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	9	**10 020**	10 020	**10 020**	10 020
Non-distributable reserve	10	**5 896**	5 896	**5 896**	5 896
Retained earnings		**209 584**	173 281	**126 573**	96 210
Total share capital and reserves		**225 500**	189 197	**142 489**	112 126
Minority shareholders' interest	11	**437**	240	**–**	–
Current liabilities					
Short-term loans	12	**12 532**	9 375	**12 532**	9 375
Trade and other payables	13	**471 635**	335 068	**3 730**	5 851
Current tax liabilities		**15 160**	9 218	**(865)**	(403)
		499 327	353 661	**15 397**	14 823
Total equity and liabilities		**725 264**	543 098	**157 886**	126 949

Income Statements

FOR THE YEAR ENDED 28 FEBRUARY 2003

	NOTE	GROUP 2003 R'000	GROUP 2002 R'000	COMPANY 2003 R'000	COMPANY 2002 R'000
REVENUE	14	**2 591 397**	2 647 535	**61 391**	61 984
Cost of sales		**(2 082 791)**	(2 162 622)	**–**	–
Gross profit		**508 606**	484 913	**61 391**	61 984
Selling and operating expenses		**(413 259)**	(401 697)	**(20 934)**	(34 145)
Operating income	15	**95 347**	83 216	**40 457**	27 839
Finance costs	16	**(10 097)**	(12 636)	**5 901**	3 008
Operating income before taxation		**85 250**	70 580	**46 358**	30 847
Taxation	17	**(27 588)**	(26 335)	**(2 133)**	(1 254)
		57 662	44 245	**44 225**	29 593
Minority shareholders' share of income		**(11)**	3 338	**–**	–
Headline earnings		**57 651**	47 583	**44 225**	29 593
Intangible assets written off, less minority share		**(7 486)**	(9 715)	**–**	–
Capital profit, less minority share		**–**	3 500	**–**	–
Attributable earnings		**50 165**	41 368	**44 225**	29 593
Headline earnings per ordinary share (cents)	18	**282,8**	233,4		
Earnings per ordinary share (cents)	18	**246,1**	202,9		

Statements of Changes in Equity

FOR THE YEAR ENDED 28 FEBRUARY 2003

	NOTE	GROUP 2003 R'000	GROUP 2002 R'000	COMPANY 2003 R'000	COMPANY 2002 R'000
Retained earnings					
At beginning of year		**173 281**	143 941	**96 210**	78 645
Attributable earnings for year		**50 165**	41 368	**44 225**	29 593
Dividends paid	19	**(13 862)**	(12 028)	**(13 862)**	(12 028)
At end of year		**209 584**	173 281	**126 573**	96 210
Dividends per ordinary share (cents)		**68,0**	59,0		

Cash Flow Statements

FOR THE YEAR ENDED 28 FEBRUARY 2003

CMH GROUP

	NOTE	GROUP 2003 R'000	GROUP 2002 R'000	COMPANY 2003 R'000	COMPANY 2002 R'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers		**2 590 872**	2 635 823	**61 391**	61 984
Cash paid to suppliers and employees		**(2 511 570)**	(2 484 693)	**(29 761)**	(16 055)
Cash generated from operations	20	**79 302**	151 130	**31 630**	45 929
Finance costs	16	**(10 097)**	(12 636)	**5 901**	3 008
Dividends paid	19	**(13 862)**	(12 028)	**(13 862)**	(12 028)
Taxation paid	21	**(21 162)**	(29 701)	**(2 047)**	(1 388)
Net cash inflow from operating activities		**34 181**	96 765	**21 622**	35 520
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of dealership – net of cash acquired	24	**(6 203)**	(35 848)	**–**	(7 143)
Purchase of intangible assets		**(439)**	(4 370)	**–**	–
Purchase of fixed assets		**(11 535)**	(11 453)	**(284)**	(165)
Proceeds on disposal of fixed assets		**6 521**	1 797	**29**	–
Advance from minority shareholders		**187**	2 879	**–**	–
Proceeds on disposal of business		**–**	3 500	**–**	–
Repayment of advance to share trust		**350**	200	**350**	200
Movement in investment in subsidiaries		**–**	–	**(730)**	5 499
Net cash movement from investing activities		**(11 119)**	(43 295)	**(635)**	(1 609)
CASH FLOWS FROM FINANCING ACTIVITIES					
Movement in short-term loans		**3 157**	(2 627)	**3 157**	1 863
Net cash movement from financing activities		**3 157**	(2 627)	**3 157**	1 863
Net movement in cash and cash equivalents		**26 219**	50 843	**24 144**	35 774
Cash and cash equivalents at beginning of year		**122 952**	72 109	**82 063**	46 289
Cash and cash equivalents at end of year		**149 171**	122 952	**106 207**	82 063

1. ACCOUNTING POLICIES

The financial statements have been prepared using the historical cost basis and incorporate the following principal accounting policies which have been applied on a basis consistent with the previous year:

1.1 Basis of preparation of group financial statements

The financial statements of all subsidiaries are consolidated and inter-group transactions eliminated. Results of subsidiaries are included from the date of acquisition and up to the date of disposal.

1.2 Fixed assets

Fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on the straight line method at such rates as will reduce the cost of the fixed assets to estimated net residual value over the period of their useful lives, as follows:

Plant and machinery – 5 years
Furniture and office equipment – 5 years
Motor vehicles – 5 years

Leasehold improvements are capitalised and written off as depreciation over the period of the respective leases. Accumulated depreciation provisions reflected in financial statements of newly acquired subsidiaries at acquisition are retained.

1.3 Investments (including investment in subsidiaries)

Investments are stated at the lower of cost and market value or directors' valuation where appropriate.

Dividends on share investments are accounted for when received, and interest receivable is accounted for on the accrual basis.

Provision is made by the Company where there is considered to be a permanent diminution in value of the Company's investments.

1.4 Stock

Stock is stated at the lower of cost and estimated net realisable value, cost being determined on the following basis:

New, used and demonstration vehicles, and vehicles for rental – actual cost

Parts and accessories – average cost

Vehicles for rental are written off on a straight line basis to their estimated residual value over their useful life. The vehicles are used for periods of less than twelve months and are therefore disclosed as current assets.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

Due provision is made for obsolescence where applicable.

1.5 Deferred taxation

Deferred taxation is provided using the comprehensive liability method to the extent that taxation allowances differ materially from the related items in the income statement. Currently enacted tax rates are used to determine deferred income tax.

1.6 Financial instruments

Financial assets reflected in the balance sheet include cash resources, investments, accounts receivable and amounts owing by the share trust. All are reflected at the lower of cost and anticipated net realisable value. An estimate is made of doubtful receivables based on a review of all amounts outstanding at year-end. Bad debts are written off in the year in which they are identified.

Financial liabilities reflected on the balance sheet include short-term loans and trade and other payables. These are reflected at the anticipated settlement amount.

1.7 Foreign currency transactions

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Such balances are translated at year-end exchange rates.

Foreign exchange contracts are entered into to manage exposures to fluctuations in foreign currency exchange rates. Exchange gains and losses and hedging costs arising on these contracts are deferred until the date of such transactions, at which time they are included in the determination of such revenue and expenses.

1.8 Intangible assets

Intangible assets comprise goodwill. Goodwill represents the excess of the purchase price over the value of net assets acquired. Goodwill is written off as a charge in the income statement over the period of its estimated useful life or five years, whichever is the lesser.

1.9 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise deposits held at call with banks, net of bank overdrafts, plus balances held by insurance companies. Cash deposits are placed with large financial institutions.

1.10 Revenue recognition

Sales are recognised upon delivery of products and customer acceptance, if any, or performance of services, net of Value Added Tax and discounts.

		GROUP		COMPANY	
		2003	2002	**2003**	2002
		R'000	R'000	**R'000**	R'000
2.	**FIXED ASSETS**				
2.1	The accounting policy for fixed assets is stated in note 1.2.				
2.2	Details of fixed assets are:				
	Plant and machinery				
	– at cost	**12 893**	19 352	**–**	–
	– accumulated depreciation	**(7 048)**	(11 051)	**–**	–
		5 845	8 301	**–**	–
	Furniture and office equipment				
	– at cost	**22 997**	19 718	**517**	798
	– accumulated depreciation	**(12 378)**	(10 654)	**(413)**	(740)
		10 619	9 064	**104**	58
	Motor vehicles				
	– at cost	**3 227**	2 862	**305**	119
	– accumulated depreciation	**(1 425)**	(1 676)	**(52)**	(20)
		1 802	1 186	**253**	99
	Total cost	**39 117**	41 932	**822**	917
	Total accumulated depreciation	**(20 851)**	(23 381)	**(465)**	(760)
		18 266	18 551	**357**	157
2.3	Reconciliation				
	Net book value at beginning of year	**18 551**	17 317	**157**	125
	Additions	**12 117**	12 722	**284**	165
	Disposals	**(6 845)**	(1 918)	**(26)**	–
	Depreciation charge	**(5 557)**	(9 570)	**(58)**	(133)
	Net book value at end of year	**18 266**	18 551	**357**	157
3.	**AMOUNT OWING BY SHARE TRUST**				
3.1	Combined Motor Holdings Limited Share Trust	**2 834**	3 184	**2 834**	3 184
3.2	This amount earns interest at 8% (2002: 8%) per annum. The advance is repayable in accordance with the terms and conditions of the Combined Motor Holdings Limited Share Trust ("Share Trust").				
3.3	No shares were reserved for the Share Trust and remained unissued at 28 February 2003.				

		GROUP 2003 R'000	GROUP 2002 R'000	COMPANY 2003 R'000	COMPANY 2002 R'000
3.4	Total number of shares which, at beginning of year were subject to the terms and conditions of the Share Trust ('000 shares)	**856**	865	**856**	865
	Add: Number of shares issued to and reserved for employees during the year	**–**	–	**–**	–
		856	865	**856**	865
	Less: Number of shares purchased outright by employees during the year	**(36)**	(9)	**(36)**	(9)
	Total number of shares which, at end of year, remained subject to the terms and conditions of the Share Trust	**820**	856	**820**	856
4.	**INTANGIBLE ASSETS**				
4.1	Gross amounts paid	**33 873**	30 934	**–**	–
	Accumulated amortisation	**(23 482)**	(15 325)	**–**	–
		10 391	15 609	**–**	–
4.2	Net book value at beginning of year	**15 609**	11 510	**–**	–
	Amounts paid during the year	**2 939**	14 054	**–**	–
	Amounts amortised during the year				
	– group portion	**(7 486)**	(9 715)	**–**	–
	– minority shareholders' portion	**(671)**	(240)	**–**	–
	Net book value at end of year	**10 391**	15 609	**–**	–
5.	**DEFERRED TAXATION**				
5.1	Balance at beginning of year	**5 360**	7 466	**1 005**	595
	Movements during the year:				
	Temporary differences	**(484)**	(2 106)	**(548)**	410
	Balance at end of year	**4 876**	5 360	**457**	1 005
5.2	The balance at end of year comprises:				
	Taxation allowances	**(556)**	(935)	**–**	–
	Accounting provisions	**5 432**	6 760	**457**	1 005
	Calculated tax loss	**–**	(465)	**–**	–
		4 876	5 360	**457**	1 005

		GROUP		COMPANY	
		2003	2002	**2003**	2002
		R'000	R'000	**R'000**	R'000
6.	**INVESTMENT IN SUBSIDIARIES**				
6.1	Shares, at cost less amounts written off			**17 823**	17 823
	Amounts owing:				
	– by subsidiaries			**30 580**	39 001
	– to subsidiaries			**(2 696)**	(17 303)
				27 884	21 698
				45 707	39 521
6.2	Financial information in respect of subsidiaries is stated on page 33.				
7.	**STOCK**				
7.1	Stock has been valued as stated in note 1.4 and comprises:				
	– new vehicles	**138 874**	111 654	**–**	–
	– used and demonstration vehicles	**125 135**	86 238	**–**	–
	– rental vehicles	**162 384**	67 780	**–**	–
	– parts and accessories	**22 613**	21 100	**–**	–
	– other	**1 942**	4 875	**–**	–
		450 948	291 647	**–**	–
7.2	Stock of new and rental vehicles valued at R298 856 000 (2002: R177 146 000) forms security for trade payables aggregating R352 916 000 (2002: R225 082 000).				
8.	**ACCOUNTS RECEIVABLE**				
8.1	Trade debtors	**74 491**	73 966	**–**	–
	Doubtful debts provision	**(8 543)**	(6 538)	**–**	–
		65 948	67 428	**–**	–
	Other receivables	**22 830**	18 367	**2 324**	1 019
		88 778	85 795	**2 324**	1 019
8.2	Trade debtors are primarily in respect of vehicles, parts and workshop sales. These amounts are subject to the Group's standard credit terms and are due within a maximum of 30 days after year-end. No interest is charged on these accounts and there are no significant concentrations of credit risk. The amounts reflected represent the maximum credit risk exposure.				

	GROUP 2003 R'000	GROUP 2002 R'000	COMPANY 2003 R'000	COMPANY 2002 R'000
9. SHARE CAPITAL				
9.1 Preference share capital				
Authorised				
1 032 400 7,5% "C" redeemable cumulative preference shares of R1 each				
Issued				
Nil shares				
9.2 Ordinary share capital				
Authorised				
58 748 400 ordinary shares of no par value				
Issued				
20 386 000 shares	**10 020**	10 020	**10 020**	10 020
9.3 The unissued shares are under the control of the directors until the forthcoming annual general meeting in terms of section 221 of the Companies Act.				
9.4 During 2001 shareholders approved the introduction of an employee share incentive scheme. In terms of the scheme 20% of the Company's issued shares, less those shares that are subject to the terms and conditions of the Combined Motor Holdings Limited Share Trust were made available to issue to employees as option shares.				
Share options which have been granted to date, and which are exercisable in tranches over a five-year period of employment, net of options which have matured and being exercised, are as follows: ('000 shares)				
– June 2000 at R5,52 per share	**585**	600	**585**	600
– May 2001 at R9,20 per share	**225**	225	**225**	225
– February 2002 at R10,00 per share	**10**	10	**10**	10
– July 2002 at R10,50 per share	**140**	–	**140**	–
– October 2002 at R10,30 per share	**50**	–	**50**	–
	1 010	835	**1 010**	835
10. NON-DISTRIBUTABLE RESERVE				
Capital redemption reserve	**5 896**	5 896	**5 896**	5 896
11. MINORITY SHAREHOLDERS' INTEREST IN SUBSIDIARIES				
Shareholders' loans	**200**	760		
Share of income/(loss) in subsidiaries	**237**	(520)		
	437	240		
12. SHORT-TERM LOANS				
These loans are unsecured, have no fixed repayment date and bear interest at rates varying between 15,0% and 17,0% per annum.				

	GROUP		COMPANY	
	2003	2002	**2003**	2002
	R'000	R'000	**R'000**	R'000
13. TRADE AND OTHER PAYABLES				
13.1 Trade creditors	**410 177**	275 026	**–**	–
Accrued expenses	**61 458**	60 042	**3 730**	5 851
	471 635	335 068	**3 730**	5 851

13.2 Trade and other payables comprise primarily trade payables in respect of the purchase of vehicles and parts. They are due within periods varying between 30 and 180 days. All payables are interest free except those in respect of vehicle purchases and rental vehicles which bear interest at rates varying between 15,0% and 17,0% per annum for the period they are outstanding in excess of an initial interest free period.

14. REVENUE

Group revenue comprises net sales of vehicles, parts, workshop services, car hire, finance discounts, insurance commission and earned finance charges. Inter-group revenue has been eliminated.

15. OPERATING INCOME

Operating income before finance costs is arrived at after charging or (crediting):

	GROUP 2003 R'000	GROUP 2002 R'000	COMPANY 2003 R'000	COMPANY 2002 R'000
Income from subsidiaries:				
– dividends	**–**	–	**(40 080)**	(44 121)
– administration and service fees	**–**	–	**(8 000)**	(4 430)
Depreciation of fixed assets	**5 557**	9 570	**58**	133
Revaluation of investment in subsidiaries	**–**	–	**(17 355)**	14 884
Loss on sale of investment in subsidiaries	**–**	–	**11 899**	–
Employee costs	**160 772**	142 426	**13 583**	6 494
Loss/(profit) on disposal of fixed assets	**324**	121	**(3)**	1
Auditors' remuneration:				
– fees for audit	**1 136**	1 126	**163**	163
– fees for special services	**39**	69	**39**	69
Operating lease charges:				
– properties	**38 104**	31 159	**–**	–
– motor vehicles/other	**7 418**	6 855	**378**	260
Foreign exchange losses/(gains)	**33**	(282)	**–**	–

16. FINANCE COSTS

		GROUP 2003 R'000	GROUP 2002 R'000	COMPANY 2003 R'000	COMPANY 2002 R'000
Interest paid	– external	**17 673**	14 768	**2 534**	3 601
	– subsidiaries	**–**	–	**537**	1 212
		17 673	14 768	**3 071**	4 813
Interest received	– external	**7 576**	2 132	**4 853**	950
	– subsidiaries	**–**	–	**4 119**	6 871
		7 576	2 132	**8 972**	7 821
		10 097	12 636	**(5 901)**	(3 008)

	GROUP 2003 R'000	GROUP 2002 R'000	COMPANY 2003 R'000	COMPANY 2002 R'000
17. TAXATION				
17.1 South African normal taxation:				
– current year	**25 109**	22 664	**4**	555
– prior year adjustment	**252**	300	**(12)**	–
– deferred – current year	**484**	2 106	**548**	(410)
Secondary taxation on companies	**1 743**	1 265	**1 593**	1 109
	27 588	26 335	**2 133**	1 254
	%	%	**%**	%
17.2 Reconciliation of rate of taxation				
Statutory rate	**30,0**	30,0	**30,0**	30,0
Adjusted for:				
Disallowable expenditure	**2,4**	1,4	**0,6**	14,5
Exempt income and allowances	**(0,5)**	(0,3)	**(29,4)**	(42,9)
Secondary tax on companies	**2,0**	1,8	**3,4**	3,6
Assessed losses	**(1,8)**	4,0	**–**	(1,1)
Prior year adjustment	**0,3**	0,4	**–**	–
Effective rate	**32,4**	37,3	**4,6**	4,1

17.3 At 28 February 2003 Group companies had assessable losses of approximately R2 587 000 (2002: R10 786 000), of which R2 421 000 (2002: R9 384 000) is attributable to the Group. The utilisation of the losses is dependent upon future taxable income being earned by the companies.

18. HEADLINE EARNINGS PER ORDINARY SHARE

18.1 Headline earnings per ordinary share and earnings per ordinary share are based on headline earnings and attributable earnings respectively and calculated using the weighted average of 20 386 000 (2002: 20 386 000) shares in issue during the year.

18.2 On the assumption that all of the share options referred to in note 9.4 are taken up by employees, the earnings and headline earnings per share will be diluted.

The number of shares used to calculate the diluted earnings and headline earnings per share is determined by adding to the existing 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 average market value during the year of the existing shares. No adjustment is made to headline earnings or attributable earnings.

	GROUP 2003 R'000	GROUP 2002 R'000
Weighted average number of shares in issue during the year ('000 shares)	**20 386**	20 386
Adjustment for option shares	**339**	294
Weighted average number of shares for dilution calculation	**20 725**	20 680
Diluted headline earnings per share (cents)	**278,2**	230,1
Diluted earnings per share (cents)	**242,1**	200,0

	GROUP 2003 R'000	GROUP 2002 R'000	COMPANY 2003 R'000	COMPANY 2002 R'000
19. DIVIDENDS PAID				
Ordinary dividends				
Dividend No 30	**11 008**	9 581	**11 008**	9 581
Dividend No 31	**2 854**	2 447	**2 854**	2 447
	13 862	12 028	**13 862**	12 028

CMH GROUP

	GROUP 2003 R'000	GROUP 2002 R'000	COMPANY 2003 R'000	COMPANY 2002 R'000
20. CASH GENERATED FROM OPERATIONS				
Operating income	**95 347**	83 216	**40 457**	27 839
Adjustments for:				
Depreciation	**5 557**	9 570	**58**	133
Write-off of intangible assets	**670**	240	**–**	–
Loss/(profit) on sale of fixed assets	**324**	121	**(3)**	1
Revaluation of investments	**–**		**(17 355)**	14 884
Loss on sale of subsidiary	**–**	–	**11 899**	–
	101 898	93 147	**35 056**	42 857
Working capital changes, excluding the effects of acquisitions				
Stock	**(152 789)**	14 204	**–**	–
Accounts receivable	**(2 983)**	(5 148)	**(1 305)**	(21)
Trade and other payables	**133 176**	48 927	**(2 121)**	3 093
	(22 596)	57 983	**(3 426)**	3 072
Cash generated from operations	**79 302**	151 130	**31 630**	45 929
21. TAXATION PAID				
Taxation paid is reconciled to the amounts disclosed in the income statement as follows:				
Amounts unpaid at beginning of year	**(9 218)**	(14 690)	**403**	679
Amounts charged to the income statement	**(27 104)**	(24 229)	**(1 585)**	(1 664)
Amounts unpaid at end of year	**15 160**	9 218	**(865)**	(403)
	(21 162)	(29 701)	**(2 047)**	(1 388)
22. RELATED PARTY TRANSACTIONS				
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:	**16 750**	13 975	**–**	–
The directors are of the opinion that the terms and conditions of the rental agreements align with those available in the open market.				
23. COMMITMENTS				
Operating lease commitments				
The future minimum lease payments under non-cancellable operating leases are as follows:				
Next 12 months	**40 113**	34 460	**–**	–
Years 2 – 5	**164 974**	136 924	**–**	–
Years 6+	**53 609**	32 376	**–**	–
	258 696	203 760	**–**	–

	GROUP		COMPANY	
	2003	2002	**2003**	2002
	R'000	R'000	**R'000**	R'000

24. PURCHASE OF DEALERSHIP

24.1 With effect from 1 August 2002 the Group acquired a 100% interest in Midrand Nissan, a Nissan franchise dealer in Gauteng.

	GROUP 2003 R'000	GROUP 2002 R'000	COMPANY 2003 R'000	COMPANY 2002 R'000
24.2 Details of the net assets acquired and goodwill are as follows:				
Purchase consideration for 100%	**6 203**	27 217		
Net assets acquired	**(3 703)**	(17 533)		
Goodwill	**2 500**	9 684		
Goodwill attributable to the Group at 100% (2002: 100%)	**2 500**	9 684		
24.3 The assets and liabilities arising from the acquisition are as follows:				
Fixed assets	**582**	1 269		
Stock	**6 512**	31 760		
Accounts receivable	**–**	10 207		
Cash and cash equivalents	**–**	13		
Trade and other payables	**(3 391)**	(17 069)		
Bank overdraft	**–**	(8 647)		
	3 703	17 533		
Goodwill	**2 500**	9 684		
Purchase consideration paid in cash	**6 203**	27 217		

24.4 The comparative figures above relate to the purchase of a 100% interest in CMH Luxury Motors (Proprietary) Limited.

25. RETIREMENT BENEFIT INFORMATION

25.1 Membership of motor related union pension funds is compulsory for certain artisan 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.

25.2 During the year under review the Combined Motor Holdings Pension Fund operated as a defined benefit plan governed by the Pension Funds Act, retirement benefits being determinable with reference to both pensionable remuneration and years of service. With effect from 1 March 2003 the trustees approved the conversion of the Fund to a defined contribution plan.

25.3 Retirement benefit costs are expensed in the income statement as and when incurred. During 1996 the Fund's actuary reported that the Fund enjoyed an excess of assets over actuarial liabilities. Consequently, the Group discontinued its premium contribution until the amendment of pension fund legislation with effect from December 2001, thereby reducing its expense in the comparative year by R4 124 000.

25.4 The Fund is actuarily valued every three years. The most recent actuarial valuation, performed according to the projected unit credit method, was conducted at 29 February 2000 and, in the opinion of the actuary, the Fund was in a sound financial position with a surplus of R21 218 000. The current valuation, at 28 February 2003, has not yet been completed. However, the directors are of the opinion that the current level of premium contributions will ensure that the Fund will be in a sound financial position at the date of its conversion.

25.5 The Fund's actuary will shortly be preparing for the Register of Pension Funds the valuation and scheme documents required in terms of the Pension Funds Second Amendment Act, 39 of 2001, relating to the proposed apportionment of any actuarial surplus which may exist at the valuation date. The trustees are of the opinion that the market value of the Fund's assets and the actuarial liabilities will both approximate R63 000 000, and hence no significant surplus or deficit will exist.

Subsidiaries

NAME OF COMPANY	ORDINARY ISSUED SHARE CAPITAL	EFFECTIVE HOLDING DIRECT OR (INDIRECT)		SHARES AT COST LESS AMOUNTS WRITTEN OFF		INDEBTEDNESS BY/ (TO) SUBSIDIARIES	
		2003	2002	**2003**	2002	**2003**	2002
	R	**%**	%	**R'000**	R'000	**R'000**	R'000
Auto Renovators	2	**(100)**	(100)	**–**	–	**–**	–
Bonerts	20	**90**	90	**7 958**	7 958	**350**	(2 734)
C.M.H. Car Hire	100	**100**	100	**–**	–	**1 671**	900
CMH Luxury Motors	3 000 000	**100**	100	**6 557**	6 557	**(1 021)**	7 632
Combined Motor Finance	2	**100**	100	**–**	–	**(1 180)**	(3 814)
Comcar Motors	67 000	**100**	70	**1**	1	**3 551**	2 022
Datcentre Motors	250 000	**100**	100	**1 214**	1 214	**13 356**	6 373
Dotcom Trading 510	1 000	**100**	50	**1**	1	**(475)**	669
Kempster Sedgwick	1 720 000	**100**	100	**2 035**	2 035	**4 381**	(8 458)
Pipemakers	100	**90**	90	**57**	57	**1 972**	2 321
Power Financial Services (KZN)	100	**75**	75	**–**	–	**2 983**	9 355
Stronga Exhausts International	100	**100**	100	**–**	–	**–**	7 355
Swedish Car Distributors	1	**100**	100	**–**	–	**460**	2 374
Ute Developments	10	**100**	100	**–**	–	**(20)**	–
Whitehouse Motors	2	**100**	100	**–**	–	**1 856**	(2 297)
				17 823	17 823	**27 884**	21 698

Notes

1. All subsidiaries are (Proprietary) Limited companies incorporated in South Africa.

	Total R'000	MPD Conway* R'000	JTM Edwards** R'000	SK Jackson R'000	JD McIntosh R'000	RTA Nethercott* R'000	CL Odendaal* R'000	A Rogoff** R'000	M Zimmerman R'000
2003									
Fees	50	–	25	–	–	–	–	25	–
Salary	7 092	974	–	1 221	1 300	1 015	1 202	–	1 380
Performance-related payments	2 550	400	–	400	500	400	350	–	500
Fringe benefits	593	95	–	95	95	93	95	25	95
Contributions to pension and medical aid funds	513	88	–	97	102	84	97	–	45
Other	102	43	–	7	23	8	21	–	–
	10 900	1 600	25	1 820	2 020	1 600	1 765	50	2 020
2002	9 067	1 175	–	1 550	1 750	1 250	1 550	42	1 750
Beneficial shareholding, (direct) and indirect ('000 shares)	15 631	(1)	(1)	1 000	5 079	–	(243)	(24)	9 283
Shares held subject to the terms and conditions of the Combined Motor Holdings Limited Share Trust ('000 shares)	451	251	–	–	–	–	200	–	–
Options held subject to the terms and conditions of the Combined Motor Holdings Limited Employee Share Incentive Scheme ('000 shares)									
– at R5,52 per share	450	150	–	–	–	150	150	–	–
– at R9,20 per share	50	–	–	–	–	–	50	–	–
– at R10,30 per share	50	25	–	–	–	25	–	–	–
	550	175	–	–	–	175	200	–	–

**Remuneration paid by a subsidiary company.*

***Non-executive*

Analysis of Ordinary Shareholders

	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES HELD (000'S)	PERCENTAGE OF SHARES HELD
Individuals	328	1 814	8,9
Nominee companies	5	1 216	6,0
Other corporate bodies	58	17 356	85,1
	391	20 386	100,0
Holdings			
1 – 2 500	275	171	0,8
2 501 – 5 000	42	147	0,7
5 001 – 10 000	28	205	1,0
Over – 10 000	46	19 863	97,5
	391	20 386	100,0
Public shareholders	368	2 886	14,2
Non-public shareholders			
– directors of Company	7	15 631	76,7
– trustees of employee share trust	13	820	4,0
– associates of directors of Company	3	1 049	5,1
	391	20 386	100,0

Notes

1. So far as is known only 1 shareholder other than a director is directly or indirectly beneficially interested in 5% or more of the ordinary issued share capital. Old Mutual Life holds 5,3%.
2. A copy of the detailed share register as at 28 February 2003 is available on written request to the Company Secretary.

Stock Exchange Performance

			2003	2002
Closing price	28 February 2003	(cents)	**1 100**	1 130
Volume of shares traded		('000 shares)	**174**	235
Lowest price	11 December 2002	(cents)	**1 050**	900
Highest price	13 April 2002	(cents)	**1 400**	1 650
Earnings yield	28 February 2003	(%)	**25,7**	20,7
Dividend yield	28 February 2003	(%)	**6,2**	5,2

Certification by the Company Secretary

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

SK Jackson *Company Secretary*

8 April 2003

Administration

REGISTRATION NUMBER
1965/000270/06

SECRETARY
SK Jackson

DIRECTORS
MPD Conway, BCom, CA(SA)
JTM Edwards, CA(SA) *(Non-executive)*
(Appointed 18 October 2002)
SK Jackson, BCom (Hons) (Tax Law), CA(SA)
JD McIntosh, CA(SA)
RTAC Nethercott
CL Odendaal
A Rogoff, CA(SA) *(Non-executive)*
M Zimmerman

AUDITORS
PricewaterhouseCoopers Inc.

BANKERS
First National Bank of Southern Africa

TRANSFER SECRETARIES
Computershare Investor Services Limited
P0 Box 61051
Marshalltown
2107

BUSINESS ADDRESS & REGISTERED OFFICE
1st Floor, CMH Building
206 West Street
Durban
4001

POSTAL ADDRESS
P0 Box 1052
Durban
4000

SPONSORS
PricewaterhouseCoopers Corporate Finance
(Proprietary) Limited
Private Bag X36
Sunninghill
2157

Shareholders' Diary

FINANCIAL YEAR-END February

AGM May

REPORTS
Interim – October
Annual financial statements – May

DIVIDENDS
Interim, declared October
Interim, paid December
Final, declared April
Final, paid June

Notice of Meeting

Notice is hereby given that the sixteenth Annual General Meeting of members of Combined Motor Holdings Limited will be held in the boardroom at the CMH Dealership located at 6 Sunset Close, Gateway, Umhlanga Rocks, on Thursday, 29 May 2003 commencing at 15h30 for the following purposes:

1. To receive and adopt the annual financial statements for the year ended 28 February 2003.
2. To elect directors in place of Messrs JTM Edwards, SK Jackson and CL Odendaal who retire at the annual general meeting. Messrs JTM Edwards, SK Jackson and CL Odendaal, who retire by rotation in terms of the Articles of Association, offer themselves for re-election.
3. To determine and confirm the remuneration of the directors for their services.
4. To consider and, if deemed fit, to pass with or without modification, the following resolution which will be passed as an ordinary resolution:

   "That 38 362 400 unissued ordinary shares of no par value be placed under the control of the directors who may, subject to section 221 of the Companies Act, issue them at their discretion as and when they deem fit."
5. To transact such other business as may be transacted at an annual general meeting of members.

A member who is entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his stead. The person so appointed need not be a member. Proxy forms should be forwarded to reach the registered office of the Company by not later than 16h00 on 28 May 2003.

By order of the board of directors

SK Jackson
Group Secretary
8 April 2003

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