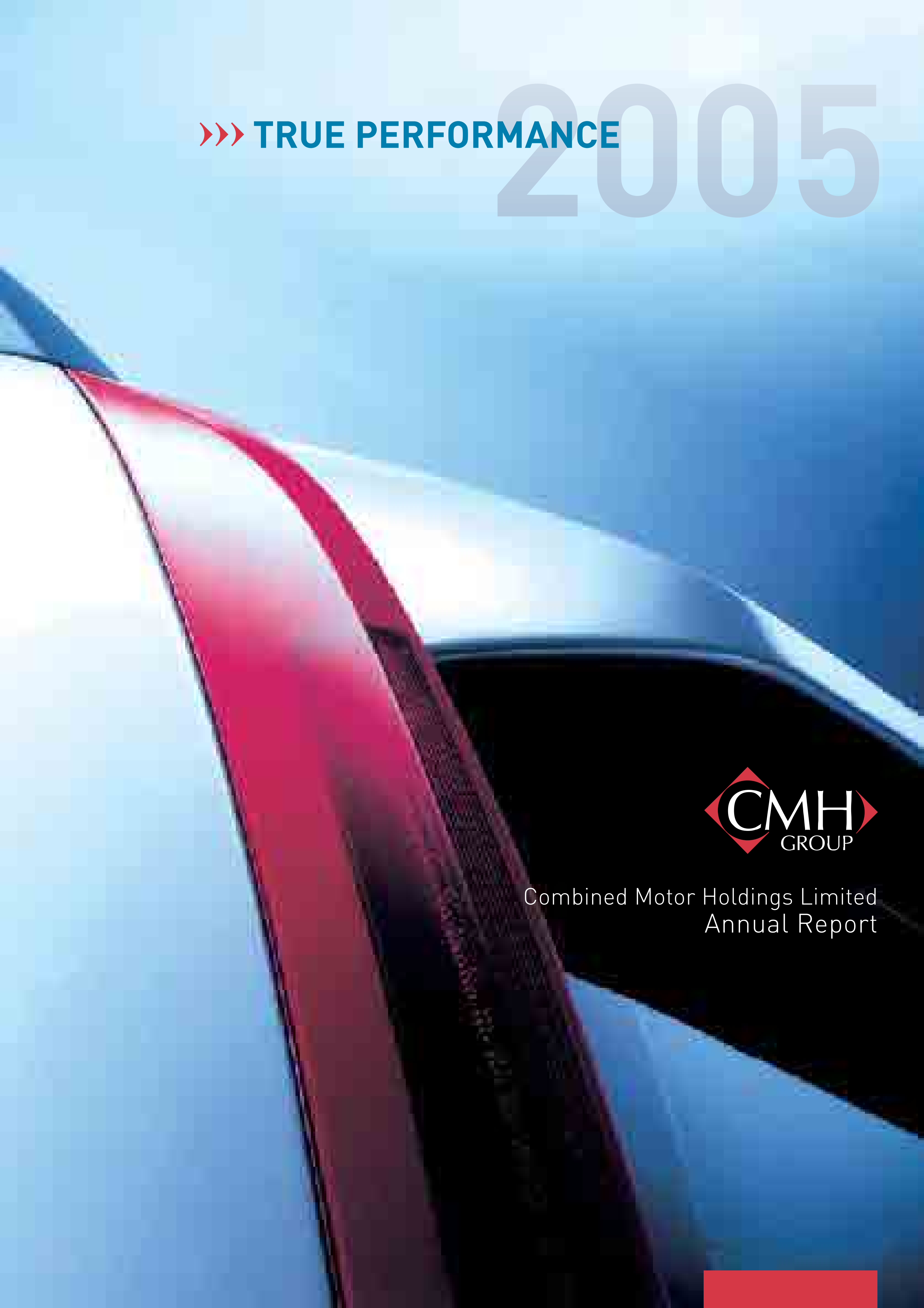


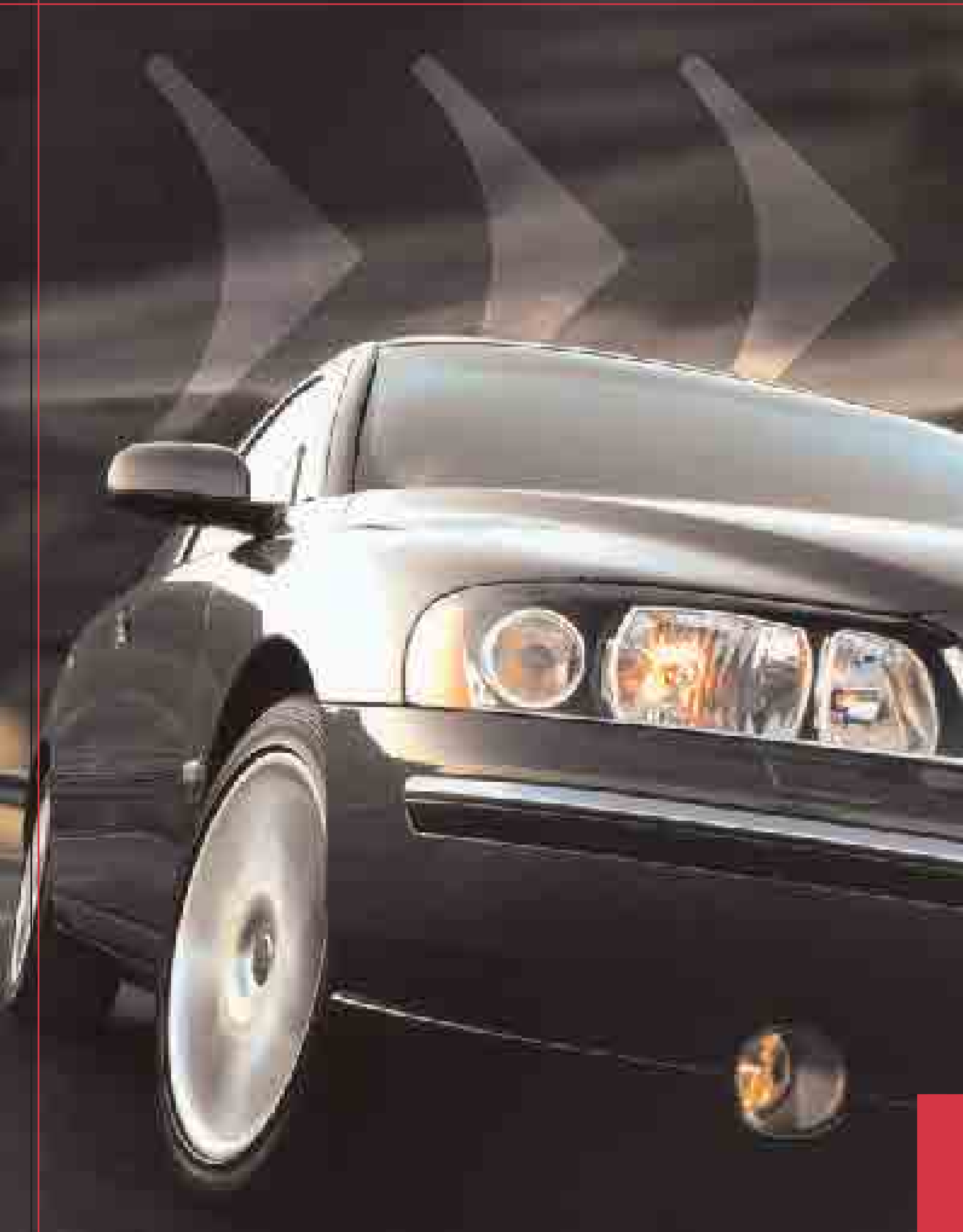
TRUE PERFORMANCE

2005

CMH GROUP

Combined Motor Holdings Limited
Annual Report

A YEAR OF TRUE PERFORMANCE

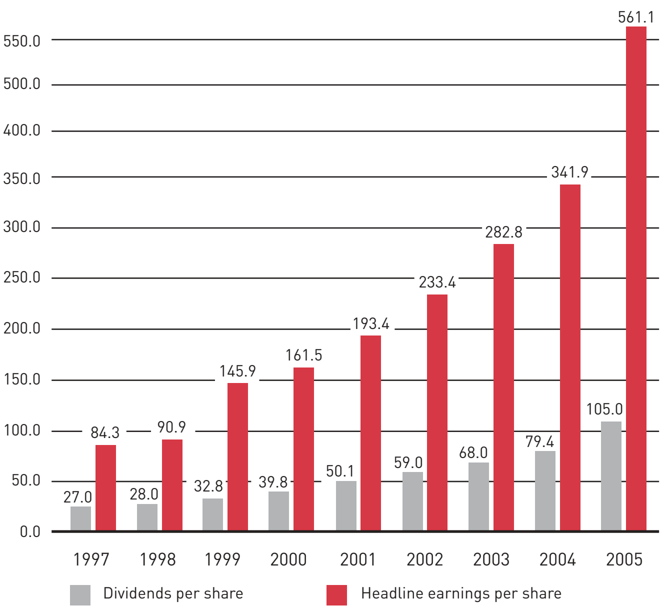


COMBINED MOTOR HOLDINGS LIMITED

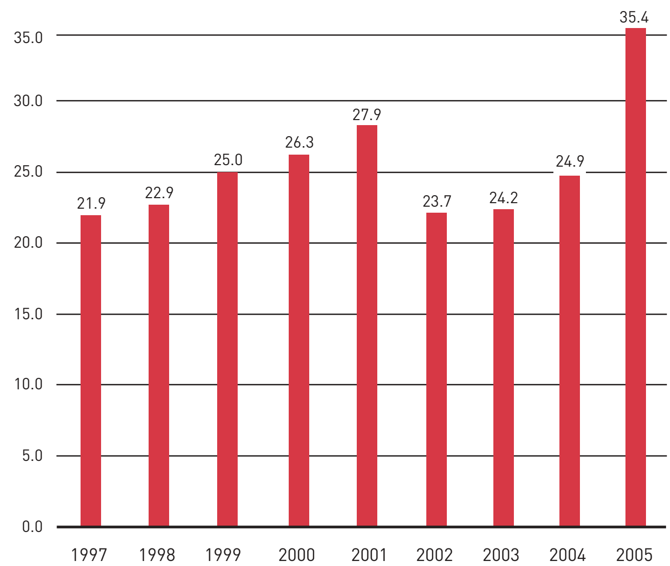
GROUP FINANCIAL HIGHLIGHTS

		2005	2004	% Change
Total assets	(R'000)	**1 140 834**	857 484	+33,0
Net asset value per share	(cents)	**1 754**	1 323	+32,6
Revenue	(R'000)	**4 454 213**	3 220 632	+38,3
Operating profit before finance costs	(R'000)	**172 450**	108 739	+58,6
Headline earnings	(R'000)	**115 868**	69 747	+66,1
Net profit	(R'000)	**112 757**	61 865	+82,3
Return on shareholders' funds	(%)	**35,4**	24,9	+42,2
Earnings per share	(cents)	**546,1**	303,2	+80,1
Headline earnings per share	(cents)	**561,1**	341,9	+64,1
Dividends per share	(cents)	**105,0**	79,4	+32,2

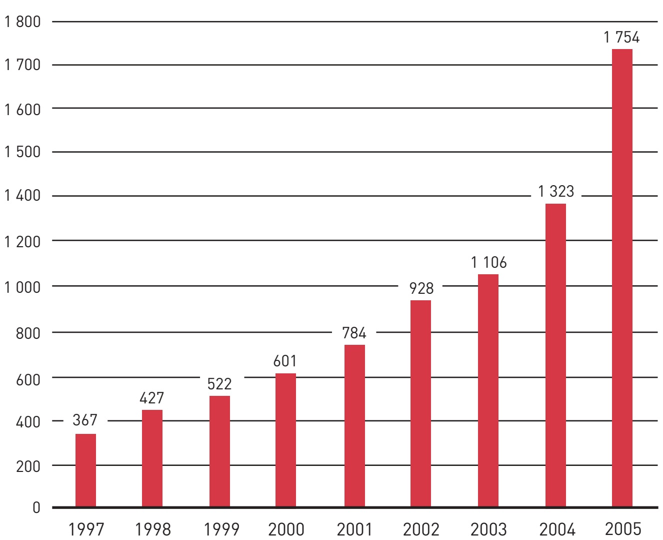
HEADLINE EARNINGS AND DIVIDENDS PER SHARE (CENTS)



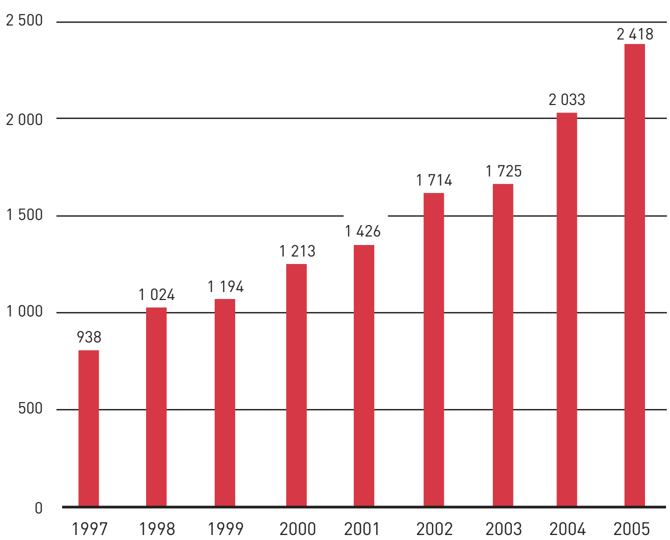
RETURN ON SHAREHOLDERS' FUNDS (%)



NET ASSET VALUE PER SHARE (CENTS)



REVENUE PER EMPLOYEE (R'000)



CONTENTS

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.

BOARD OF DIRECTORS

1 **MALDWYN ZIMMERMAN**
Executive chairman
Age: 70
Appointed to the board in 1976

2 **JEBB McINTOSH**
CA(SA)
Chief executive officer
Age: 59
Appointed to the board in 1976

3 **STUART JACKSON**
BCom(Hons) (Tax Law), CA(SA)
Financial director
Age: 52
Appointed to the board in 1986

4 **STOFFEL ODENDAAL**
Franchise director for Volvo, Jaguar, Land Rover.
Age: 53
Appointed to the board in 1994

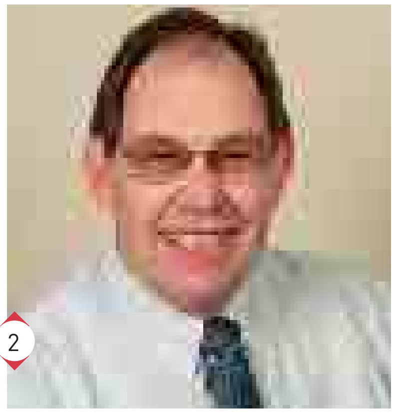
5 **MARK CONWAY**
BCom, CA(SA)
Franchise director for Nissan, Fiat, Alfa, Honda, General Motors.
Age: 49
Appointed to the board in 2000

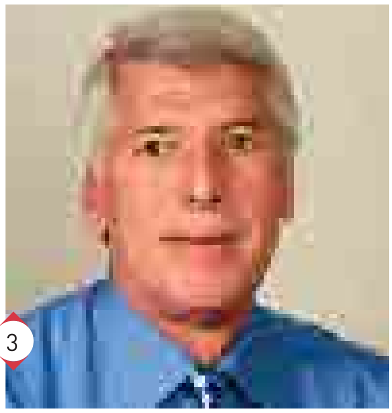
6 **RAY NETHERCOTT**
Franchise director for Ford, Mazda, BMW, Peugeot, Mini.
Age: 55
Appointed to the board in 2001

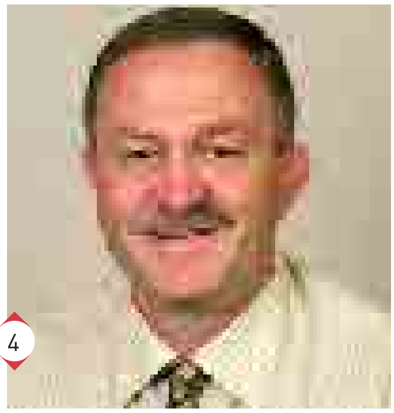
7 **ALEC ROGOFF**
CA(SA)
Independent, chairman of remuneration committee, member of audit committee.
Age: 73
Appointed to the board in 1994
Director of The House of Busby Limited

8 **JOHN EDWARDS**
CA(SA)
Independent, chairman of audit committee, member of remuneration committee.
Age: 69
Appointed to the board in 2002

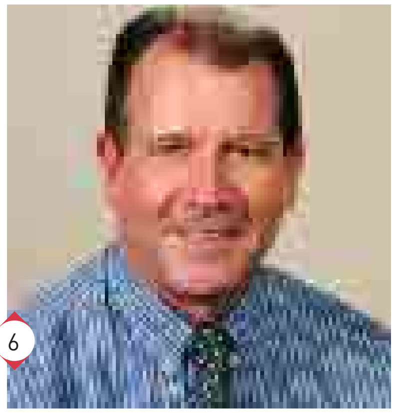

1


2

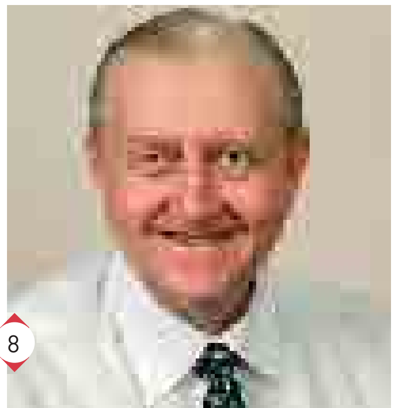

3


4


5


6


7


8

FRANCHISED DEALERSHIPS

VOLVO 100%
SWEDOCAR
Cape Town, Pretoria, Menlyn, Umhlanga Rocks

AUTO NORDIC
Bryanston, Northcliff, Sandton

FORD/MAZDA 100%
KEMPSTER AUTO
Durban, Bluff, Umhlanga Rocks

STEYNS AUTO
Pretoria

RAND AUTO
Randburg

METRO AUTO
Gezina

HATFIELD AUTO
Hatfield

NISSAN 100%
DATCENTRE NISSAN
Durban, Pietermaritzburg, Hillcrest, Pinetown

CMH NISSAN
Cape Town, Midrand

FIAT/ALFA ROMEO 100%
CMH DURBAN
CMH PIETERMARITZBURG
CMH PINETOWN

GENERAL MOTORS – OPEL, ISUZU, SUZUKI, CHEVROLET 100%
EAST RAND GM
Boksburg

WEST RAND GM
Constantia

TOYOTA 100%
MIDWAY TOYOTA
Alberton

GATEWAY TOYOTA/LEXUS
Umhlanga Rocks

JAGUAR 100%
DURBAN JAGUAR
CAPE TOWN JAGUAR

HONDA 100%
HONDA DURBAN
HONDA HATFIELD
HONDA MENLYN
HONDA PIETERMARITZBURG
HONDA PINETOWN

NISSAN DIESEL 100%
CMH COMMERCIAL
Westmead

LAND ROVER 100%
LAND ROVER CAPE TOWN
LAND ROVER PRETORIA
LAND ROVER UMHLANGA ROCKS

BMW / MINI 100%
MENLYN AUTO
UMHLANGA AUTO

PEUGEOT 100%
MENLYN PEUGEOT
CENTURION PEUGEOT
CAPE TOWN PEUGEOT
DURBAN PEUGEOT

CAR HIRE

NATIONAL / ALAMO CAR HIRE 100%
Johannesburg, Bloemfontein, Port Elizabeth, Kimberley, East London, Nelspruit, George, Durban and Cape Town International Airports, Durban, Sea Point, Kempton Park, Sandton, Randburg, Pretoria, Windhoek, Richards Bay, Plettenberg Bay, Pietermaritzburg, Saldanha, Polokwane, Kimberley, Sasolburg, Uppington, Braamfontein, Rustenburg, Stellenbosch

DISTRIBUTION AND FRANCHISING

BONERTS 90%
Johannesburg

NATIONAL WORKSHOP EQUIPMENT 60%
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%
CMH CARSHOP 100%

Acid-test ratio	Current assets less inventory divided by total current liabilities including short-term loans.
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 Securities Exchange SA.
Earnings per share	Net profit divided by the weighted average number of shares in issue.
Earnings yield	Net profit divided by the year-end share price on the JSE Securities Exchange SA.
Headline earnings	Net profit after excluding the impact of goodwill assets written off and profit/losses on disposal of investments, divided by the weighted average number of shares in issue.
Net interest cover	Operating profit before finance costs divided by finance costs.
Net asset value per share	Total share capital and reserves divided by the number of shares in issue at balance sheet date.
Return on shareholders' funds	Net profit divided by the average share capital and reserves during the year.
Revenue per employee	Revenue divided by the number of employees in service at year-end.
Weighted average number of shares in issue	The number of shares in issue at the beginning of the year increased by shares issued during the year weighted on a time basis for the period during which they were issued.

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
BALANCE SHEET										
ASSETS										
Plant and equipment	**25 856**	19 481	18 266	18 551	17 317	11 648	5 902	6 384	7 721	8 727
Investments	**488**	1 242	2 834	3 184	3 384	3 762	4 020	1 129	975	1 024
Deferred taxation	**7 324**	7 159	4 876	5 360	7 466	6 964	6 465	3 007	501	(1 308)
Goodwill	**24 500**	7 450	10 391	15 609	11 510	6 000	2 071	–	–	1 800
Current assets	**1 082 666**	822 152	688 897	500 394	416 640	307 841	203 334	202 117	161 358	179 528
Total assets	**1 140 834**	857 484	725 264	543 098	456 317	336 215	221 792	212 637	170 555	189 771
EQUITY AND LIABILITIES										
Share capital and reserves	**364 653**	272 302	225 500	189 197	159 857	122 584	102 720	84 074	72 290	62 994
Minority shareholders' interest	**928**	627	437	240	696	917	836	764	796	2 154
Interest-bearing debt	**2 434**	3 784	12 532	9 375	12 002	9 600	5 548	3 945	1 989	2 886
Life assurance funds	**21 987**	16 829	10 893	–	–	–	–	–	–	–
Other current liabilities	**750 832**	563 942	475 902	344 286	283 762	203 114	112 688	123 854	95 480	121 737
	1 140 834	857 484	725 264	543 098	456 317	336 215	221 792	212 637	170 555	189 771
INCOME STATEMENT										
Revenue	**4 454 213**	3 220 632	2 591 397	2 647 535	2 050 755	1 489 016	1 277 412	1 103 941	1 051 945	1 217 715
Operating profit to revenue (%)	**3,9**	3,4	3,7	3,1	3,0	3,3	3,6	3,0	3,0	3,8
Operating profit before finance costs	**172 450**	108 739	95 347	83 216	61 677	49 093	45 593	33 076	31 708	46 203
Finance costs	**(2 902)**	(6 372)	(10 097)	(12 636)	(3 873)	(24)	(1 424)	(3 327)	(6 486)	(11 247)
Operating profit	**169 548**	102 367	85 250	70 580	57 804	49 069	44 169	29 749	25 222	34 956
Non-trading items	**(2 950)**	(7 882)	(7 486)	(6 215)	–	(3 279)	(6 205)	–	(1 800)	(3 700)
Taxation	**(53 547)**	(32 376)	(27 588)	(26 335)	(19 615)	(16 380)	(15 651)	(11 894)	(9 815)	(13 682)
Profit after taxation	**113 051**	62 109	50 176	38 030	38 189	29 410	22 313	17 855	13 607	17 574
Minority shareholders' share of profits	**(294)**	(244)	(11)	3 338	1 245	239	1 035	32	1 201	2 003
Net profit	**112 757**	61 865	50 165	41 368	39 434	29 649	23 348	17 887	14 808	19 577
Dividends	**(21 657)**	(16 186)	(13 862)	(12 028)	(2 161)	(9 785)	(7 747)	(6 103)	(5 512)	(5 404)
Retained earnings	**91 100**	45 679	36 303	29 340	37 273	19 864	15 601	11 784	9 296	14 173

GROUP TEN-YEAR STATISTICAL REVIEW

		2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
BALANCE SHEET											
Interest-bearing debt to total assets	(%)	**0,2**	0,4	1,7	1,7	2,6	2,9	2,5	1,9	1,2	1,5
Interest-bearing debt to total share capital and reserves	(%)	**0,7**	1,4	5,6	5,0	7,5	7,8	5,4	4,7	2,8	4,6
Current ratio	(ratio)	**1,4**	1,4	1,4	1,4	1,4	1,4	1,7	1,6	1,7	1,4
Acid-test ratio	(ratio)	**0,5**	0,5	0,5	0,6	0,5	0,6	0,7	0,7	0,6	0,4
Net asset value per share	(cents)	**1 754**	1 323	1 106	928	784	601	522	427	367	328
Total assets per employee	(R'000)	**619**	541	483	352	317	274	207	197	152	148
INCOME STATEMENT											
Weighted average number of shares in issue	('000)	**20 649**	20 402	20 386	20 386	20 386	20 242	19 686	19 686	19 686	19 200
Headline earnings per share	(cents)	**561,1**	341,9	282,8	233,4	193,4	161,5	145,9	90,9	84,3	118,2
Earnings per share	(cents)	**546,1**	303,2	246,1	202,9	193,4	145,4	115,3	90,9	75,2	99,4
Dividends per share	(cents)	**105,0**	79,4	68,0	59,0	50,1	39,8	32,8	28,0	27,0	24,0
Dividend cover	(times)	**5,3**	4,3	4,2	4,0	3,9	4,1	4,5	3,2	3,1	4,9
Net interest cover	(times)	**59,4**	17,1	9,4	6,6	15,9	N/A	32,0	9,9	4,9	4,1
Number of employees		**1 842**	1 584	1 502	1 545	1 438	1 227	1 070	1 078	1 122	1 283
Revenue per employee	(R'000)	**2 418**	2 033	1 725	1 714	1 426	1 213	1 194	1 024	938	949
Operating profit on average shareholders' funds	(%)	**54,1**	43,7	46,0	47,7	43,7	43,6	48,8	42,3	46,9	85,9
Return on shareholders' funds	(%)	**35,4**	24,9	24,2	23,7	27,9	26,3	25,0	22,9	21,9	36,4

	2005 R'000	2005 %	2004 R'000	2004 %
Revenue	4 454 213		3 220 632	
Cost of goods and services	(4 049 000)		2 935 984	
Value added	405 213		284 648	
Applied as follows:				
To employees – remuneration and benefits	228 070	56	176 980	62
To lenders – net finance costs on borrowings	2 902	1	6 372	2
To government – taxation	53 547	13	32 376	11
To shareholders – dividends	21 657	5	16 186	6
Retained for reinvestment in the Group				
– depreciation	7 937	2	7 055	3
– retained earnings	91 100	23	45 679	16
	405 213	100	284 648	100

FRANCHISE — **Jaguar**

Operating locations Umhlanga Rocks, Cape Town

Staff employed 17

www.jaguar.cmh.co.za

FRANCHISE — **Land Rover**

Operating locations Umhlanga Rocks, Cape Town, Pretoria

Staff employed 82

www.landrover.cmh.co.za

VOLVO

FRANCHISE Volvo

Operating locations Cape Town, Pretoria, Northcliff, Bryanston, Umhlanga Rocks, Menlyn, Sandton
Staff employed 225
Premier Automotive Group senior management (Volvo/Jaguar/Land Rover)
S Atkinson, P Bell, A Bonthuys, W Edgar, J Kimber, M MacPherson, C Rohland, P van Staden

www.volvo.cmh.co.za

FRANCHISE Honda

Operating locations Hatfield, Durban, Menlyn, Pinetown, Pietermaritzburg
Staff employed 89
Senior management D Beekman, B Nicholson, K. Ramnath, F Rawson, A Tidbury

www.honda.cmh.co.za

FRANCHISE Nissan

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

Senior management C Fagg, G Gray, M Hoekstra, C Massey-Hicks, G Schiermeier, S Singleton, J van der Linde, C Walters

Staff employed 218

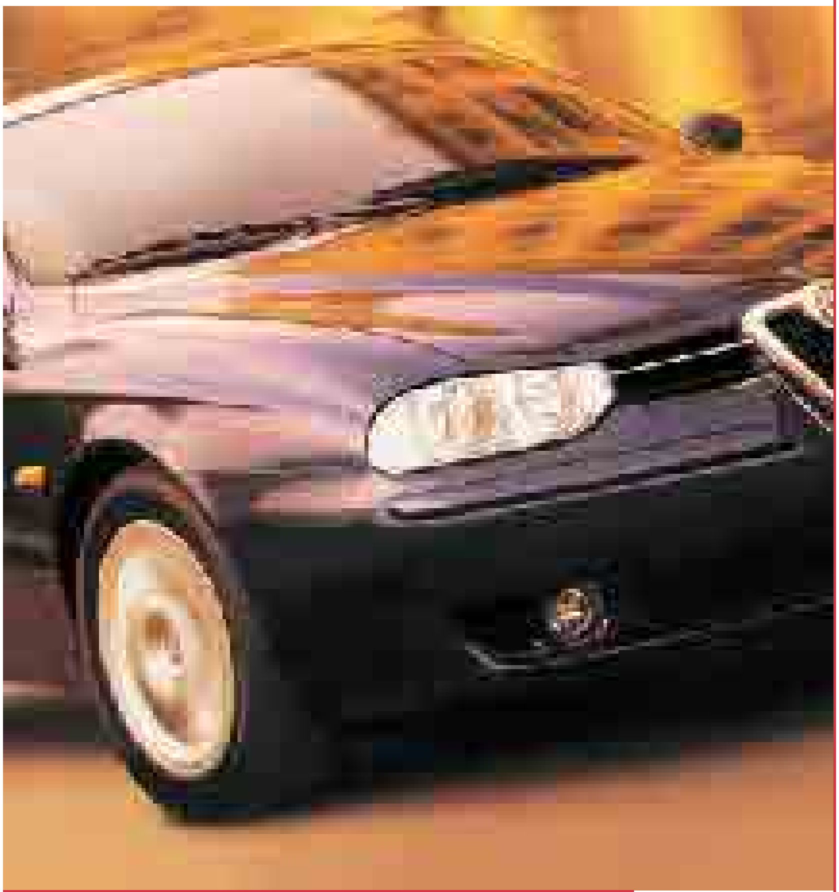
www.nissan.cmh.co.za

FRANCHISE Nissan Diesel

Operating location Westmead

Staff employed 69

Senior management M Buckner, L Cronje



FRANCHISE	Fiat, Alfa
Operating locations	Durban, Pinetown, Pietermaritzburg
Staff employed	60
Senior management	C Massey-Hicks, S Singleton, C Walters

FRANCHISE	Toyota, Lexus
Operating locations	Alberton, Umhlanga Rocks
Staff employed	88
Senior management	A de Kock, C Webber

www.toyota.cmh.co.za

FRANCHISE General Motors – Opel, Isuzu, Chevrolet, Suzuki

Operating locations	Boksburg, Constantia – West Rand
Staff employed	97
Senior management	F Petzer, S Singleton

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

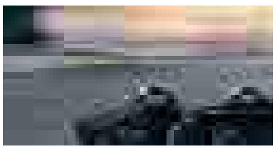
FRANCHISE Peugeot

Operating locations	Menlyn, Centurion, Cape Town, Durban
Staff employed	94
Senior management	J Graham, F Moller, Z van Greuning, K Venter

www.peugeot.cmh.co.za

FRANCHISE **Ford, Mazda**

Operating locations	Durban, Bluff, Umhlanga Rocks, Pretoria, Gezina, Hatfield, Randburg
Staff employed	349
Senior management	V Beck, R Botha, A Diaz, M Dovey, J Hean, K Kruger, J Mangan, S Ussuph, E Vorster
www.ford.cmh.co.za	www.mazda.cmh.co.za



FRANCHISE **BMW, Mini**

Operating locations	Menlyn, Umhlanga Rocks
Staff employed	161
Senior management	T Morey, B Willis

www.autoumhlanga.co.za

www.menlynauto.co.za

FRANCHISE	**Bonerts, National Workshop Equipment**
Operating locations	Bonerts, Johannesburg National Workshop Equipment, Durban
Staff employed	70
Senior management	S Cumming, R Margach, G Thomas, M Vieira

www.bonerts.cmh.co.za www.nwe.co.za

FRANCHISE	**CMH Finance, CMH Insurance, CMH Carshop**
Staff employed	42
Senior management	JP de Bruyn, A Jithoo, R Manthey, R Minnaar, D Roode, G Stergianos, J Young

www.cmh.co.za
www.cmhcarshop.co.za

FRANCHISE

National Car Rental, Alamo

Operating locations (International Airports)
Johannesburg, Durban, Port Elizabeth, East London, Cape Town, George, Bloemfontein, Nelspruit, Kimberley

Operating locations
Durban, Sea Point, Kempton Park, Randburg, Richards Bay, Sandton, Pretoria, Windhoek, Plettenberg Bay, Pietermaritzburg, Saldanha, Polokwane, Kimberley, Sasolburg, Uppington, Braamfontein, Rustenburg, Stellenbosch

Staff employed 181

Senior management
B Barritt (Managing Director),
A Burke (Director), U Crouse, K Domingo,
S Duriex, L Hall, K Holmes, R McKay,
C McWilliams, M Nortje, C Reid,
C Terbruggen, B Troeberg, K Werth
www.nationalcar.cmh.co.za

National Alamo Car Rental

A strong and dedicated management team and staff, supported by a buoyant economy, have combined to produce financial results which have broken previous records in every department. For the eighth successive year the Group has achieved growth well in excess of the local rate of inflation, this year recording a remarkable 64% increase in headline earnings.

THE SOUTH AFRICAN ECONOMY

Relatively low inflation and interest rates, high levels of consumer confidence, and a stable currency exchange rate together produced economic growth not experienced in South Africa in the last decade. There is consensus that the fundamentals of the economy are sound and, not having been artificially stimulated by fiscal manipulation, are sustainable in the medium term.

THE MOTOR INDUSTRY

Driven by positive economic factors, the motor industry experienced a record year. Over the past two years real new car prices (after taking inflation into account) have fallen after the rand's strong recovery. Used vehicle prices have decreased in sympathy, with the result that both markets have become more affordable. A decade ago, for every two pre-owned vehicles sold, one new vehicle was sold. Today the ratio is approaching one to one, and there are now many South Africans entering the market who were previously excluded because of affordability. It is estimated that only 11% of South Africans currently own a motor vehicle. If the economy continues to grow at between 4% and 5% for the next few years, the numbers of first-time owners will increase exponentially.

REVIEW OF GROUP RESULTS

Off a 38% increase in revenue the Group achieved R82 million growth in gross profit. Despite the surge in revenue, selling and operating costs were contained at 4% above the previous year thus enabling a 59% increase in profit from operations. The Group's positive cash flow reduced finance costs from R6,3 million to R2,9 million, and non-trading costs were 63% lower at R2,9 million. The net result, after taxation and minority interests, was an 82% increase in net profit and 64% growth in headline earnings per share.

The Group's segment report details pleasing growth in all sectors. Whilst the retail motor sector once again dominated both revenue and operating profit, it is notable that car hire achieved a 103% increase in operating profit and financial services improved 35%. Both of these are relative newcomers to the Group and it is gratifying to see that they are making a meaningful contribution.

Cash flow has always been an area of intense focus, and the cash flow statement for the year reflects the success which the Group has achieved. Positive cash flows from operating activities increased by 106%, to R137 million. Of this, R39 million was invested in the acquisition of new dealerships and R13 million in the replacement and refurbishment of plant and equipment. The Group ended the year with cash resources of R283 million, up from R192 million last year, and is thus well positioned to take advantage of further acquisition opportunities that may arise. The Group's balance sheet reflects a strong cash position, no long term borrowings, share capital and reserves at 32% of total assets, and a healthy current assets: liabilities ratio.

The increase in earnings, combined with positive cash flows has enabled the directors to propose a dividend of 145 cents per share. This is 77% above that proposed and paid at the end of last year.

SHARE PRICE AND TRADING VOLUMES

I have, for a number of years, expressed my concern that the relatively low level of trading in the Company's shares was inhibiting its ability to attain its true value. During the past two years a concerted effort has been made to market the Company, particularly to the small and medium-sized institutional investors, and the results tabled below are a measure of the success of those efforts.

		2005	2004	2003	2002
Volume of shares traded	('000 shares)	**2 023**	1 282	174	235
Value of shares traded	(R'000)	**51 292**	20 310	2 188	2 359
Year-end market price	(cents)	**4 000**	1 850	1 100	1 130
Market capitalisation	(R mil)	**832**	381	224	230
Year-end price: earnings	(ratio)	**7.1**	5.4	3.9	4.8

The year-end price:earnings ('PE') ratio of 7.1 reflects the factual position incorporating the most recent results which were not known to the market at the time. During the last six months of the financial year, and based on the publicly released interim results, the Company traded at a PE ratio in excess of 10. I believe that the Company's business is closely aligned with that of the retail sector, where a PE ratio of 12 appears to be the norm. On that basis it would appear that a PE ratio of 10 for the Company is not out of line.

Continued attention will be paid to this important feature of the Company's overall return to its shareholders. Finance Week – Review of Business Achievement 2005 describes the internal rate of return as its 'flagship' measure in its Top 200 survey.

It is "the best measure of growth for investors by incorporatin 'pocket returns' (ie. dividends) with 'paper returns' (ie. share price movements)". In respect of the 5-year period to end-December 2004, the Company was ranked 40th of all the JSE-listed companies, with a return of 42%.

TRADING PARTNERS

Sustainable business success is dependent on sound, professional relationships with all trading partners. Over the years the Group has strived to maintain, at the highest level, the relationships it has with motor manufacturers, motor finance houses, bankers and all its other suppliers.

Without customers we have no business. The Group continues to focus on delivering customer service at a superior level. It is pleasing to record that independent surveys record favourable trends in the achievement of the Group's delivery in this area.

I express my thanks to all the Group's trading partners for their loyal and professional support.

BLACK ECONOMIC EMPOWERMENT ("BEE") INITIATIVES

Whilst a BEE charter for the motor industry has not yet been developed, the Government, through the trade and industry department's BEE Act, has set guidelines for the achievement of a broad-based empowerment scorecard. I am pleased that the scorecard is not dominated by ownership criteria. Rather, it is measured through a balanced weighting of seven pillars, viz. ownership, senior management, employment equity, skills development, affirmative procurement, enterprise development, and social investment.

The Group has made meaningful progress in a number of these areas, and currently has BEE partners in National Workship Equipment and a joint venture arrangement in its car hire division. Employment equity and skills development issues are discussed in the Report of the Chief Executive Officer, and the Group's initiatives in social investments are covered under the heading of Corporate Governance.

The Group has once again delivered results which have exceeded expectations. I congratulate and thank all CMH employees, management and directors for returns of which I am very proud.

M ZIMMERMAN

Chairman

12 April 2005

It gives me great pleasure to report on the activities of the Group during the year ended 28 February 2005. The Group returned excellent results, with a 64% increase in headline earnings, record profits from each segment, a sound balance sheet, and cash resources at year end in excess of R280 million. The Board has proposed the payment of a dividend of 145 cents per share, 77% above that paid at the end of last year.

The efforts of management and staff were assisted by buoyant economic conditions and a consumer confidence level more favourable than any experienced for many years. Relatively low interest rates, coupled with strong and stable currency exchange rates and low inflation, fuelled this confidence and boosted spending.

RETAIL MOTOR

Within the retail motor industry, the economic factors, together with negligible price increases and the introduction of numerous new models, propelled total industry sales up 22% to a level of 449,660 units. A most encouraging feature of the improved volumes was the number of black consumers who have entered the vehicle market (new and used) for the first time. With new car prices having remained stagnant for almost three years, and used car values having depreciated at a faster rate, the entry level has reduced considerably in real terms and vehicle ownership has become a possibility for a greater portion of our population. It is estimated that only 11% of South Africans currently own a motor vehicle. On this basis the potential for continued growth is significant.

The new car market was characterised by a higher volume of units sold, but at a lower mark-up. Many new models were introduced and this had the effect of stimulating competition and demand. The net impact of increased gross profit but at a lower mark-up, was more than compensated for by the increased throughput. Group costs were well contained at a 4% increase with the result that new vehicle profits substantially exceeded those of the previous year. The Group represents 12 manufacturers with no manufacturer contributing more than 20% nor less than 5% of total revenue. The range is well balanced in terms of its mix of luxury and volume models.

Used vehicle sales showed growth, but at a lesser rate. The market has gradually adjusted to the reality of vehicles depreciating at a faster rate than was evident during the periods of high inflation. The Group has focused on turning inventory over at a quicker rate and thereby minimising the impact of diminution in value. Although this has sometimes meant accepting lower margins, the increased volumes have adequately compensated.

The Group's workshops and parts departments performed well. These departments are less affected by fluctuations in economic conditions and provide a solid and dependable source of revenue to cover dealership overheads.

Accounting disciplines and regular measurement of results remains a high priority. Monthly inter-dealership analysis of results, and comparison with the "best in class", enables management to quickly identify sub-performers and institute remedial action.

The emphasis which has been placed on skills training over the past 3 years has developed a new layer of young professionals currently understudying and preparing to move into senior positions. Many of these employees are from historically disadvantaged backgrounds and it is gratifying to see the progress which the Group has made in fast-tracking their development. 60 additional black apprentices were appointed during the year, and a further 40 are to be started within the next 9 months. It is estimated that the Group spend on training and development approximates 3.5% of total staff costs.

Cash flow management is an essential feature of a successful retail operation. The Group monitors the level of each dealership's assets under management against predetermined budget levels on a daily basis. Excess usage is penalised and, conversely, savings in asset levels are rewarded. The success and progress of the Group's cash flow focus is evident from the following table. It indicates the portion of the Group's net profit that is retained in cash, after allowing for the growth in working capital assets, and deducting taxation and dividends paid.

	2005	2004	2003
	R'000	R'000	R'000
Net profit before taxation	**166 598**	94 485	77 764
Cash generated from operating activities	**137 365**	66 645	34 181
% of net profit retained as cash	**82**	71	44

Positive cash flow provides resources for expansion, and a number of acquisitions and new developments have been undertaken this year. During September 2004 the Group acquired its second BMW dealership, in Umhlanga Rocks, together with an adjoining BMW-approved accident repair centre. This outlet is anticipated to make a meaningful contribution to Group results in the years ahead. A new Honda branch was acquired in Pietermaritzburg, and the existing Gateway branch was relocated to larger premises in Pinetown. The two dealerships have franchise rights for the Honda range of motor cycles in addition to motor vehicles. In Cape Town, a new state-of-the-art development houses 4 Group dealerships, and allows sharing of overheads whilst protecting individual product identity. A new Peugeot dealership, the Group's fourth, was opened in Durban during December 2004 and, subsequent to year-end, an additional Nissan branch and a Renault branch in Gauteng were acquired.

CAR HIRE

The national car hire industry has come through a tough year. Lower used vehicle resale values, increased damage and theft costs, and lower revenue per hire day have offset the estimated 7% upward adjustment in revenue rates. This is a highly competitive market and, unless there is a substantial rates hike during the new year, the margin squeeze will continue to undermine returns.

Despite the national trend, the Group's division, National/Alamo, continued its 4-year trend of growth in both revenue and operating profit. The division has deliberately refrained from competing with the major players on pricing policies, and has concentrated on niche markets where lower volumes are compensated for by higher margins. National/Alamo has a joint venture partnership with BEE company, Thebe Tourism, and their assistance in securing Government, parastatal and major corporate business has been invaluable. The division has reached a "critical mass" level at the majority of its 27 outlets, and further volume increases will have a significant impact on operating profit. On the downside, the residual value risk in the division's hire fleet has, to date, been substantially shielded by buy-back agreements entered into with vehicle manufacturers. Such arrangements may not be as readily negotiable in the new year. It is estimated that National/Alamo has approximately 8,5% market share.

FINANCIAL SERVICES

This division recorded a 35% growth in operating profit. In buoyant trading periods the contribution from financial services is overwhelmed by that of the retail motor sector. However, the division does produce sustainable, longer-term income and its contribution is important to the stability of the Group's performance. Partnerships have been established with Wesbank, ABSA, Guardrisk and Hollard Insurance, and these have the potential for continued growth.

PROSPECTS

The consensus opinion is that the motor industry will grow by at least 15% during calendar 2005 and, underpinned by a growing economy and the potentially explosive expansion of the black middle class, has the potential to double within the next 5 – 6 years. I acknowledge that the Group's achievement this year has been exceptional. However, I believe that, in the absence of any material adverse change in trading conditions, the Group has the resources to continue its growth, albeit at a more modest rate, in the year ahead.

APPRECIATION

At the beginning of the year, by no stretch of my imagination did I believe that the Group would achieve a 64% increase in headline earnings. However, the executive team, supported by its management and staff, have applied themselves diligently and taken full advantage of the "following wind" that economic conditions have provided. They deserve the success they have achieved. To them, and those who have partnered the Group through the year, I extend my thanks and congratulations.

JD McINTOSH

Chief executive officer

12 April 2005

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

BOARD OF DIRECTORS

The board comprises two independent, non-executive directors and six executive directors. The roles of chairman and chief executive officer do not vest in the same person. At least one-third of the directors are required to retire from office by rotation each year at the annual general meeting, with the result that all directors will have submitted themselves for re-election every three years. The two independent, non-executive directors bring with them diversity of experience, insight and independent judgement on issues of strategy, performance, resources and standards of conduct.

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

The board is responsible for:

- overall Group strategy;
- acquisition and divestment policy;
- approval of major contracts;
- consideration of financing matters;
- monitoring of operational performance against budget and key performance indicators;
- effective, timeous and transparent communication with stakeholders; and
- the appointment of sub-committees of the board and the delegation of authority and responsibility to such sub-committees.

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

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

Attendance at meetings during the year under review was as follows:

Director	Full board	Audit/risk committee	Remuneration committee	Executive
MPD Conway	3			8
JTM Edwards	3	2	2	
SK Jackson	3	2*	3*	8
JD McIntosh	3	2*	3*	8
RTAC Nethercott	2			8
CL Odendaal	3			8
A Rogoff	3	2	3	
M Zimmerman	2		1*	

* by invitation

AUDIT AND RISK ASSESSMENT COMMITTEE

The audit and risk assessment committee comprises Messrs JTM Edwards (chairman) and A Rogoff, and meetings were attended, by invitation, by the chief executive officer and financial director.

The function of the committee is to assist the board of directors in discharging its responsibilities. In this regard its terms of reference are to:

- ensure that the Group complies with applicable legislation and the requirements of regulatory authorities.

- 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 reappointment 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.

Committee members have unrestricted access to all information required in the performance of their duties. The committee operates in close liaison with the Group's external and internal auditors.

The audit and risk assessment committee regularly evaluates the Group's exposure to potentially significant risks, and reviews the appropriateness and adequacy of the systems of internal and operational control designed to minimise such risks.

REMUNERATION COMMITTEE

The remuneration committee comprises Messrs A Rogoff (chairman) and JTM Edwards, and meetings were attended, by invitation, by the chairman, chief executive officer and financial director.

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

INTERNAL AUDIT

The board of directors is responsible for the Group's systems of internal control and for reviewing their effectiveness. These systems, which are designed to manage rather than eliminate the risk of failure to achieve business objectives, provide reasonable, but not absolute, assurance against material misstatement or loss. Within these systems is an ongoing process to identify, evaluate and manage the significant risk areas faced by the Group during the year under review.

In conjunction with the Group's external auditors, a detailed operational checklist has been compiled. Comprehensive compliance testing is conducted at regular intervals. Written reports on areas of non-compliance are prepared for the audit and risk assessment committee and operational managers, and follow-up testing scheduled.

EXTERNAL AUDITORS

The Group's external auditors, PricewaterhouseCoopers, provide an independent opinion on the financial statements. The external auditors review the work done by the internal auditors and complement this with their own reviews. The external audit provides reasonable, but not absolute, assurance of the fair presentation of the financial statements.

GOING CONCERN

After making diligent enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason the financial statements have been prepared on the "going concern" basis.

CODE OF ETHICS

The Group strives to conduct its business in a manner which conforms to the highest standards of ethical and moral behaviour, and in compliance with all laws and regulations. These values are regularly communicated to employees and they are aware that failure to comply will result in disciplinary action. Personnel with access to confidential financial information are prohibited from disclosing this to outsiders. Directors are prohibited from trading in Combined Motor Holdings' shares during the closed period which starts on the half year-end and year-end dates and extends until the interim or final results are published. The Group subscribes to "Whistle Blowers", which encourages all employees to report suspicious behaviour within the Group on a confidential basis.

EMPLOYMENT EQUITY

Employment equity policies have been implemented within the Group to create an environment in which employees from previously disadvantaged backgrounds are trained, instructed, promoted and rewarded according to their initiative, loyalty and work ethic. The Group has, during each year since the inception of the Skills Development Act and Employment Equity Act, exceeded its training and development targets. Full compliance with the requirements of these Acts has been achieved and the Group has timeously submitted the report in terms of Section 21 of the Employment Equity Act. As a result, the Group has, over the past 2 years, recouped in full its costs in respect of the Skills Development Levy.

The Group continues to move towards an organisational structure which reflects the diverse mix of the population. During the year under review employees of the Group attended almost 2 600 training modules and courses. Presently, 66% of the Group's skilled employees are from a previously disadvantaged background.

ENVIRONMENTAL AND SOCIAL

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

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

- "Reach for a Dream";
- Training and Resources in Early Education ('TREE'). This is an organisation which promotes early childhood development primarily in rural areas, and provides education on parenting, childcare, HIV / Aids and self-help schemes;
- Habitat for Humanity – a grassroots project in terms of which the Group, in partnership with labourers, helps to build houses and thereby reduce the sub-standard accommodation of the less privileged; and
- Kenneth Kaunda Work Project – the Group's involvement was to help build 25 homes in Mamelodi, Pretoria for families in need.

During October 2004, National Alamo Car Rental was proud to announce the award of its first agency to a BEE partner, Mrs Peggy Scheshe. The agreement entitles Mrs Scheshe to operate a full-fledged branch, complete with its own vehicle fleet and an office, in Braamfontein.

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

BLACK ECONOMIC EMPOWERMENT ("BEE")

The directors believe that their commitment to the development of BEE initiatives will generate long-term benefits for both the Group and the country as a whole. The Group has made significant progress in a number of the "seven pillars" identified in the BEE Act as the most important features of a broad-based empowerment plan. These are discussed above and in the Reports of the Chairman and the Chief executive officer. In terms of equity ownership, the Group is seeking a partner with whom a meaningful and mutually beneficial relationship can be established.

DIRECTORS' RESPONSIBILITY

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

- the directors are responsible for the preparation, integrity, and fair presentation of the financial statements. The financial statements presented on pages 28 to 49. have been prepared in accordance with Statements of Generally Accepted Accounting Practice (GAAP) in South Africa, and include amounts based on judgements and estimates made by management.
- the directors consider that in preparing the financial statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all Statements of GAAP that they consider to be applicable have been followed.
- the directors are satisfied that the information contained in the financial statements fairly presents the results of operations for the year and the financial position of the Company and Group at year end. The directors also prepared the other information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements.
- the directors have responsibility for ensuring that accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the Companies to enable the directors to ensure that the financial statements comply with the relevant legislation.
- the Company and the Group operated in a well-established control environment, which is well documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the business are being controlled.
- the going-concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the Group or any Company within the Group will not be going concerns in the foreseeable future, based on forecasts and available cash resources. These financial statements support the viability of the Company and the Group.
- the Code of Corporate Practices and Conduct has been adhered to.
- the Group's external auditors, PricewaterhouseCoopers Incorporated, audited the financial statements, and their report is presented on page 27.

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

JD McINTOSH	M ZIMMERMAN
Chief executive officer	Chairman

12 April 2005

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 28 to 49 for the year ended 28 February 2005. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with statements of 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 2005 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.

PricewaterhouseCoopers

Chartered Accountants (SA)
Registered Accountants and Auditors

Durban

12 April 2005

	TOTAL				RETAIL MOTOR				CAR HIRE			
	2005		2004		2005		2004		2005		2004	
	R'000	%	R'000	%	R'000	%	R'000	%	R'000	%	R'000	%
Revenue	4 454 213	100	3 220 632	100	4 283 883	96	3 096 676	96	125 739	3	90 871	3
Operating profit before finance costs	172 450	100	108 739	100	139 962	81	97 934	90	15 877	9	8 445	8
Finance costs	(2 902)	100	(6 372)	100	(19 500)	672	(16 522)	259	(2 620)	90	(1 928)	30
Operating profit before taxation and non-trading items	169 548	100	102 367	100	120 462	71	81 412	80	13 257	8	6 517	6
Total assets	1 140 834	100	857 484	100	533 393	47	428 015	50	319 811	28	228 416	27
Total liabilities	776 181	100	585 182	100	398 579	51	325 204	56	333 382	43	225 946	39
Number of employees	1 842	100	1 584	100	1 606	87	1 377	87	181	10	154	10
Expenditure on plant and equipment	15 804	100	9 551	100	14 144	90	8 122	85	1 301	8	843	9

	FINANCIAL SERVICES				CORPORATE SERVICES/OTHER			
	2005		2004		2005		2004	
	R'000	%	R'000	%	R'000	%	R'000	%
Revenue	20 120	–	19 806	1	24 471	1	13 279	–
Operating profit before finance costs	15 195	9	9 262	8	1 416	1	(6 902)	(6)
Finance costs	1 755	(60)	3 320	(52)	17 463	(602)	8 758	(137)
Operating profit before taxation and non-trading items	16 950	10	12 582	12	18 879	11	1 856	2
Total assets	33 632	3	32 131	3	253 998	22	168 922	20
Total liabilities	24 698	3	21 711	3	19 522	3	12 321	2
Number of employees	3	–	3	–	52	3	50	3
Expenditure on plant and equipment	–	–	–	–	359	2	586	6

Your directors have pleasure in submitting their report on the affairs of the Company and the Group during the year ended 28 February 2005.

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, Chevrolet, Fiat, Ford, Honda, Isuzu, Jaguar, Land Rover, Lexus, Mazda, Mini, 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 hire franchise from 27 outlets around the country. Through Bonerts, the Group operates a specialist outlet for the sale of accident-damaged vehicles, and National Workshop Equipment supplies lubrication and lifting equipment.

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

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 11 to the attached financial statements.

DIVIDENDS

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

	2005 R'000	2004 R'000
Ordinary		
Dividend no 34: 82,0 cents, declared 21 April 2004	**16 876**	13 047
Dividend no 35: 23,0 cents, declared 4 October 2004	**4 781**	3 139
	21 657	16 186

SHARE TRUST

Details of the Combined Motor Holdings Limited Share Trust are set out in note 6 to the attached financial statements.

SPECIAL RESOLUTIONS

No special resolutions were passed by the Company or its subsidiaries during the year under review.

DIRECTORS AND SECRETARY

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

M Zimmerman (Chairman)
JD McIntosh (Chief executive officer)
MPD Conway
JTM Edwards (Independent)
SK Jackson
RTAC Nethercott
CL Odendaal
A Rogoff (Independent)

The executive directors represent the senior management of the Company and the Group.

In accordance with the articles of association, Messrs JD McIntosh, RTAC Nethercott and M Zimmerman retire by rotation at the forthcoming annual general meeting but, being eligible, offer themselves for re-election. A brief curriculum vitae of these directors appears in the Notice of Meeting.

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 49.

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 48.

The results of the subsidiaries, so far as concerns the Company, comprise aggregate income and losses for the year, after taxation, of R96 971 000 (2004: R61 002 000) and R174 000 (2004: R453 000) respectively.

SUBSEQUENT EVENTS

Other than that recorded in note 31 to the attached financial statements, no fact or circumstance material to an appreciation of these financial statements has occurred between the financial year-end and the date of this report.

Durban

12 April 2005

BALANCE SHEETS at 28 February 2005

	Note	GROUP 2005 R'000	GROUP 2004 R'000	COMPANY 2005 R'000	COMPANY 2004 R'000
ASSETS					
Non-current assets					
Plant and equipment	2	**25 856**	19 481	**302**	557
Goodwill	3	**24 500**	7 450	**–**	–
Investment in associate company	4	**488**	–	**–**	–
Deferred taxation	5	**7 324**	7 159	**328**	228
Amount owing by share trust	6	**–**	1 242	**–**	1 242
Investment in subsidiaries	7	**–**	–	**53 406**	125 407
		58 168	35 332	**54 036**	127 434
Current assets					
Inventory	8	**679 421**	518 357	**–**	–
Amount owing by share trust	6	**430**	–	**430**	–
Trade and other receivables	9	**119 924**	112 169	**89**	516
Cash and cash equivalents	10	**282 891**	191 626	**249 155**	62 743
		1 082 666	822 152	**249 674**	63 259
Total assets		**1 140 834**	857 484	**303 710**	190 693
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	11	**12 394**	11 143	**12 394**	11 143
Non-distributable reserve	12	**5 896**	5 896	**5 896**	5 896
Retained earnings		**346 363**	255 263	**267 409**	162 640
Total share capital and reserves		**364 653**	272 302	**285 699**	179 679
Minority shareholders' interest	13	**928**	627	**–**	–
Total equity		**365 581**	272 929	**285 699**	179 679
Life assurance funds	14	**21 987**	16 829	**–**	–
Current liabilities					
Advance from associate company	4	**1 395**	–	**–**	–
Short-term loan	15	**2 434**	3 784	**2 434**	3 784
Trade and other payables	16	**719 452**	553 500	**6 441**	4 251
Current tax liabilities		**29 985**	10 442	**9 136**	2 979
		753 266	567 726	**18 011**	11 014
Total equity and liabilities		**1 140 834**	857 484	**303 710**	190 693

	Note	GROUP 2005 R'000	GROUP 2004 R'000	COMPANY 2005 R'000	COMPANY 2004 R'000
REVENUE		4 454 213	3 220 632	131 306	76 668
Cost of sales		(3 829 886)	(2 678 637)	–	–
Gross profit		624 327	541 995	131 306	76 668
Selling and operating expenses		(452 574)	(433 256)	(13 268)	(28 500)
Share of results of associate company, before taxation		697	–	–	–
Profit from operations	17	172 450	108 739	118 038	48 168
Finance costs	18	(2 902)	(6 372)	17 548	8 903
Operating profit before taxation and non-trading items		169 548	102 367	135 586	57 071
Non-trading items	19	(2 950)	(7 882)	–	–
Profit before taxation		166 598	94 485	135 586	57 071
Taxation	20	(53 547)	(32 376)	(9 160)	(4 818)
Profit after taxation		113 051	62 109	126 426	52 253
Minority shareholders' share of profit		(294)	(244)	–	–
Net profit		112 757	61 865	126 426	52 253

RECONCILIATION OF HEADLINE EARNINGS

	Note	GROUP 2005 R'000	GROUP 2004 R'000
Net profit		112 757	61 865
Non-trading items			
– capital profit on sale of branch		(2 500)	–
less: capital gains taxation		161	–
		(2 339)	–
– amortisation of goodwill		5 450	7 882
Headline earnings		115 868	69 747
Earnings per share (cents)	21	546,1	303,2
Diluted earnings per share (cents)	21	526,4	296,2
Headline earnings per share (cents)	21	561,1	341,9
Diluted headline earnings per share (cents)	21	540,9	334,0

STATEMENTS OF CHANGES IN EQUITY
for the year ended 28 February 2005

	Total R'000	Share capital R'000	Non-distributable reserve R'000	Retained earnings R'000
GROUP				
Balance at 28 February 2003	225 500	10 020	5 896	209 584
Issue of shares	1 123	1 123	–	–
Net profit for year	61 865	–	–	61 865
Dividends paid	(16 186)	–	–	(16 186)
Balance at 29 February 2004	272 302	11 143	5 896	255 263
Issue of shares	1 251	1 251	–	–
Net profit for year	112 757	–	–	112 757
Dividends paid	(21 657)	–	–	(21 657)
Balance at 28 February 2005	**364 653**	**12 394**	**5 896**	**346 363**
COMPANY				
Balance at 28 February 2003	142 489	10 020	5 896	126 573
Issue of shares	1 123	1 123	–	–
Net profit for year	52 253	–	–	52 253
Dividends paid	(16 186)	–	–	(16 186)
Balance at 29 February 2004	179 679	11 143	5 896	162 640
Issue of shares	1 251	1 251	–	–
Net profit for year	126 426	–	–	126 426
Dividends paid	(21 657)	–	–	(21 657)
Balance at 28 February 2005	**285 699**	**12 394**	**5 896**	**267 409**

	Note	GROUP 2005 R'000	GROUP 2004 R'000	COMPANY 2005 R'000	COMPANY 2004 R'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers		4 452 789	3 196 157	131 306	76 668
Cash paid to suppliers and employees		(4 256 696)	(3 067 577)	(14 607)	(27 913)
Cash generated from operations	22	196 093	128 580	116 699	48 755
Finance costs	18	(2 902)	(6 372)	17 548	8 903
Dividends paid	23	(21 657)	(16 186)	(21 657)	(16 186)
Taxation paid	24	(34 169)	(39 377)	(3 103)	(746)
Net cash movement from operating activities		137 365	66 645	109 487	40 726
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of dealerships	25	(38 802)	(10 203)	–	–
Purchase of intangible assets		–	(741)	–	–
Purchase of plant and equipment		(12 652)	(8 439)	(209)	(550)
Proceeds on disposal of plant and equipment		1 227	1 226	322	208
Investment in associate company		(488)	–	–	–
Proceeds of disposal of dealership	26	2 500	–	–	–
Advance from minority shareholders		7	–	–	–
Repayment of advance to share trust		812	1 592	812	1 592
Movement in investment in subsidiaries		–	–	76 099	(77 815)
Net cash movement from investing activities		(47 396)	(16 565)	77 024	(76 565)
CASH FLOWS FROM FINANCING ACTIVITIES					
Advance from associate company		1 395	–	–	–
Proceeds of issue of shares		1 251	1 123	1 251	1 123
Movement in short-term loans		(1 350)	(8 748)	(1 350)	(8 748)
Net cash movement from financing activities		1 296	(7 625)	(99)	(7 625)
Net movement in cash and cash equivalents		91 265	42 455	186 412	(43 464)
Cash and cash equivalents at beginning of year		191 626	149 171	62 743	106 207
Cash and cash equivalents at end of year		282 891	191 626	249 155	62 743

1. ACCOUNTING POLICIES

The annual financial statements are prepared in accordance with and comply with South African Statements of Generally Accepted Accounting Practice. The annual financial statements are prepared in terms of the historical cost basis and the policies adopted are, except as recorded in note 1.8 in respect of the treatment of goodwill arising on business combinations on or after 31 March 2004, consistent in all material respects with those used in previous years.

1.1 Plant and equipment

Plant and equipment is recorded at historical cost less accumulated depreciation. Depreciation is provided on the straight-line method to write off the cost of the assets to their residual values over their estimated useful lives as follows:

– plant and machinery	4 – 5 years
– furniture and office equipment	5 – 7 years
– motor vehicles	4 – 5 years

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in operating profit.

Repairs and maintenance are charged to the income statement during the period in which they are incurred.

1.2 Investments in subsidiaries

Subsidiaries are those entities in which the Group has an interest of more than one-half of the voting rights or has the power to govern the financial and operating policies.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are included until the date on which control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition, plus costs directly attributable to the acquisition. Identifiable assets acquired, and liabilities and contingent liabilities assumed, in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

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

All significant inter-group transactions and balances are eliminated.

Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with policies adopted by the Group.

1.3 Investments in associate companies

Associate companies are entities over which the Group has between 20% and 50% of the voting rights, or over which the Group has significant influence, but which it does not control. Investments in associate companies are accounted for by the equity method of accounting and are initially recognised at cost. Under this method, the Company's share of the post-acquisition profits or losses of associate companies is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Unrealised gains on transactions between the Group and its associate companies are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The Group's investment in associate companies includes goodwill (net of accumulated amortisation) on acquisition. When the Group's share of losses in an associate company equals or exceeds its interest in the associate, the Group does not recognise further losses unless the Group has incurred obligations, issued guarantees, or made payments on behalf of the associate companies.

1.4 Inventory

Inventories are stated at the lower of cost and net realisable value, due recognition having been made for obsolescence and redundancy. Cost is determined on the following basis:

New vehicles	– actual cost
Used and demonstration vehicles	– the lower of actual cost and market value
Car hire fleet vehicles	– the lower of actual cost and market value
Parts and accessories	– the lower of weighted average cost and market value
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.

Car hire fleet vehicles are generally used for periods of less than twelve months and, as such, are included in current assets.

1.5 Deferred taxation

Deferred income tax 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. Currently enacted tax rates are used in the determination of deferred income tax.

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

1.6 Financial instruments

Financial instruments are initially measured at cost, which includes directly attributable transaction costs. Subsequent to initial recognition these instruments are measured as follows:

- Investments and amounts owing by the share trust are reflected at the lower of cost and anticipated realisable value;
- Trade and other receivables are held at their original invoice value as reduced by appropriate allowances for estimated irrecoverable amounts. Such allowances are established when there is evidence that the Group will not be able to collect the full original amount owing. The allowance is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest for similar borrowers. Bad debts are written off in the year during which they are identified; and
- Financial liabilities, which include trade and other payables and short-term loans, are held at their anticipated settlement value.

Gains and losses on subsequent measurement of financial instruments are reflected in the income statement.

1.7 Foreign currency transactions

Foreign currency transactions are translated at the rates of exchange ruling at the dates of the transactions. Foreign exchange 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 during the year in which they arise. Such balances are translated at year-end exchange rates.

1.8 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the identifiable net assets in the business combination at the date of acquisition.

Goodwill arising on business combinations prior to 31 March 2004 is carried at cost, less accumulated amortisation and impairment provisions. Goodwill is amortised on a straight-line basis over its estimated useful life, generally between five and ten years. The Group assesses the carrying value of goodwill at each balance sheet date. An impairment provision is made if the carrying value exceeds the estimated recoverable amount.

Goodwill arising on business combinations on or after 31 March 2004 is initially reflected at its original cost and is not amortised. At each balance sheet date the value is tested for impairment. To the extent that the estimated recoverable value of the goodwill is less than its carrying amount, an impairment write-down is made.

Negative goodwill is taken to income during the year in which it arises.

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

1.9 Cash and cash equivalents

Cash and cash equivalents comprise deposits held at call with banks, net of bank overdrafts, and balances held by insurance companies. These are reflected in the balance sheet and cash flow statement at cost. Bank overdrafts are reflected under current liabilities except where they are held at the same bank and branch as favourable balances and there is a legal right of set-off.

1.10 Revenue recognition

Group revenue comprises revenue from trading activities after deducting value-added tax, rebates and discounts, and after eliminating sales within the Group. The retail motor division eliminates revenue arising from the sale of pre-owned vehicles to the wholesale motor trade. A breakdown of revenue into the various activities of the Group is reflected in the Segment Information on page 28.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership are transferred to the customer. Due to the short time frame of contracts, generally two days, revenue from the rendering of services is not recognised until the contract has been completed.

Full maintenance and leasing revenue is brought to account in the income statement over the period of the contracts on a basis which aligns the release of income with the anticipated timing of the related expenditure.

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.

1.11 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.

1.12 Dividends paid

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

1.13 Segment reporting

The various business segments of the Group are each subject to risks and returns that are different from other business segments. The principal business segments identified within the Group are retail motor, car hire, and financial services. The corporate services segment provides management support and expertise for the business segments.

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

No secondary segment information on a geographical basis is provided as the Group operates only in the Republic of South Africa.

1.14 Comparative figures

Where necessary, comparative figures have been reclassified or restated to conform with changes in accounting policies or presentation in the current year. All such reclassifications and restatements are reflected in the financial statements on a line-by-line basis.

1.15 Leased assets

Finance leases are those where substantially all the risks and rewards of ownership are transferred to the lessee. Group assets acquired in terms of finance leases are capitalised at the lower of fair value and the present value of the minimum lease payments at inception of the lease, and are depreciated over the estimated useful life of the asset. The capital element of the future obligation is included as a liability in the balance sheet. Lease payments are allocated using the effective interest rate method to determine the finance lease cost, which is charged against income over the period of the lease, and the capital repayment, which reduces the liability to the lessor.

Operating leases are those where substantially all the risks and reward of ownership are retained by the lessor. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

1.16 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 separate 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.

Payments to the retirement contribution plans are charged to the income statement 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 income statement as incurred. The Group has no post-retirement obligations to employees.

Remuneration

The cost of all short-term employee remuneration is recognised during the year in which the employee renders the related service. Provision is made for employee entitlement to salary, bonuses, profit share and leave pay based on contractual obligations at current rates of remuneration.

Equity compensation plans

Share options are granted to key employees. Options are granted at a discount varying between 0% and 20% of the market price of the shares on the date of the grant and are exercisable at that price. The options have a contractual service term of five years and may be exercised in tranches over the period. When the options are taken up the proceeds are credited to share capital. Costs incurred in administering the scheme are expensed as incurred. No compensation cost is recognised in the financial statements for options granted to employees in terms of the scheme.

1.17 Insurance

Underwriting results are determined on an annual basis in accordance with generally accepted practice for short-term insurers. The principle applied is that the costs of incurred claims, commission and related expenditure are applied against the earned proportion of premiums received, as follows:

- claims incurred comprise claims and related expenditure paid in the year and changes in the provision for outstanding claims incurred but not reported;
- commission paid is expensed in the year during which it is incurred;
- premiums written relate to business written during the year, together with premiums written in prior years and not yet taken to income;
- unearned premiums represent that portion of the premiums that relates to unexpired terms of the insurance policy, calculated on a time proportionate basis.

2. PLANT AND EQUIPMENT

2.1 The accounting policy for plant and equipment is stated in note 1.1.

2.2 Details of plant and equipment are:

	Total R'000	Plant and machinery R'000	Furniture and office equipment R'000	Motor vehicles R'000
GROUP				
At 28 February 2005				
Cost	54 696	16 923	33 926	3 847
Accumulated depreciation	(28 840)	(9 360)	(17 389)	(2 091)
Net book value	25 856	7 563	16 537	1 756
At 29 February 2004				
Cost	44 140	14 269	26 336	3 535
Accumulated depreciation	(24 659)	(8 171)	(14 743)	(1 745)
Net book value	19 481	6 098	11 593	1 790
COMPANY				
At 28 February 2005				
Cost	587	–	289	298
Accumulated depreciation	(285)	–	(208)	(77)
Net book value	302	–	81	221
At 29 February 2004				
Cost	1 106	–	533	573
Accumulated depreciation	(549)	–	(464)	(85)
Net book value	557	–	69	488

2.3 Reconciliation

	Total R'000	Plant and machinery R'000	Furniture and office equipment R'000	Motor vehicles R'000
GROUP				
Net book value – 28 February 2003	18 266	5 845	10 618	1 803
Additions	9 551	2 539	6 115	897
Disposals	(1 281)	(208)	(666)	(407)
Depreciation charge	(7 055)	(2 078)	(4 474)	(503)
Net book value – 29 February 2004	19 481	6 098	11 593	1 790
Additions	15 804	4 038	10 673	1 093
Disposals	(1 492)	(171)	(760)	(561)
Depreciation charge	(7 937)	(2 402)	(4 969)	(566)
Net book value – 28 February 2005	25 856	7 563	16 537	1 756
COMPANY				
Net book value – 28 February 2003	357	–	104	253
Additions	550	–	17	533
Disposals	(226)	–	–	(226)
Depreciation charge	(124)	–	(52)	(72)
Net book value – 29 February 2004	557	–	69	488
Additions	209	–	55	154
Disposals	(322)	–	–	(322)
Depreciation charge	(142)	–	(43)	(99)
Net book value – 28 February 2005	302	–	81	221

	GROUP 2005 R'000	GROUP 2004 R'000	COMPANY 2005 R'000	COMPANY 2004 R'000
2. PLANT AND EQUIPMENT (continued)				
2.4 The insurance replacement value of plant and equipment excluding motor vehicles is R69 200 000 (2004: R64 033 000).				
2.5 R7 500 000 (2004: R10 000 000) has been budgeted for capital expenditure in respect of the replacement of plant and equipment. This amount will be financed from existing cash resources.				
3. GOODWILL				
3.1 Cost	61 314	38 814	–	–
Accumulated amortisation	(36 814)	(31 364)	–	–
Net book value	24 500	7 450	–	–
3.2 Net book value at beginning of year	7 450	10 391	–	–
Amounts paid during the year	22 500	4 941	–	–
Amounts amortised during the year	(5 450)	(7 882)	–	–
Net book value at end of year	24 500	7 450	–	–
3.3 The amounts amortised during the year are included in non-trading items in the income statements.				
4. INVESTMENT IN ASSOCIATE COMPANY				
4.1 Share of equity of associate company				
At beginning of year	–	–	–	–
Share of results before taxation	697	–	–	–
Share of taxation	(209)	–	–	–
Share of results after taxation	488	–	–	–
At end of year	488	–	–	–
4.2 Advance from associate company	1 395	–	–	–
The advance from associate company bears no interest and is repayable within 90 days after the balance sheet date.				
4.3 The investment in associate company represents a 49,5% share in Thebe-National Car Rental (Proprietary) Limited, a company incorporated in the Republic of South Africa.				
4.4 Directors' valuation of investment in associate company – R488 000.				
4.5 Summarised financial information in respect of the associate company is as follows:				
Assets	1 395	–	–	–
Liabilities	419	–	–	–
Revenue	1 395	–	–	–
Net profit after taxation	976	–	–	–
There is no contingent liability relating to the Group's interest in the associate company.				

	GROUP 2005 R'000	GROUP 2004 R'000	COMPANY 2005 R'000	COMPANY 2004 R'000
5. DEFERRED TAXATION				
5.1 Balance at beginning of year	**7 159**	4 876	**228**	457
Movements during the year:				
Temporary differences				
– income taxation	**1 665**	189	**100**	(229)
– secondary taxation on companies	**(1 500)**	2 094	**–**	–
Balance at end of year	**7 324**	7 159	**328**	228
5.2 Balance at end of year comprises:				
Current assets	**991**	1 258	**–**	–
Current liabilities	**5 739**	3 807	**328**	228
Secondary taxation paid in advance	**594**	2 094	**–**	–
	7 324	7 159	**328**	228
6. AMOUNT OWING BY SHARE TRUST				
6.1 Amount owing by debtors of the Combined Motor Holdings Limited Share Trust ("Share Trust")	**430**	1 242	**430**	1 242
Less: portion repayable within 12 months transferred to current assets	**(430)**	–	**(430)**	–
	–	1 242	**–**	1 242

6.2 The amount owing to the Group is in respect of shares purchased but not yet taken up. The average price owing by the employees represents R1,18 (2004: R2,18) per share purchased, and compares favourably with the year-end market price of R40,00 (2004: R18,50) per share. The amount earns interest at 8% (2004: 8%) per annum and is repayable in accordance with the terms and conditions of the Share Trust.

6.3 No shares were reserved for the Share Trust and remained unissued at 28 February 2005.

	GROUP 2005	GROUP 2004	COMPANY 2005	COMPANY 2004
6.4 Total number of shares which, at beginning of year were subject to the terms and conditions of the Share Trust ('000 shares)	**569**	820	**569**	820
Less: Number of shares purchased outright by employees during the year	**(206)**	(251)	**(206)**	(251)
Total number of shares which, at end of year, remained subject to the terms and conditions of the Share Trust	**363**	569	**363**	569

	GROUP		COMPANY	
	2005	2004	**2005**	2004
	R'000	R'000	**R'000**	R'000
7. INVESTMENT IN SUBSIDIARIES				
7.1 Shares, at cost less amounts written off			**17 823**	17 823
Amounts owing:				
– by subsidiaries			**44 348**	107 872
– to subsidiaries			**(8 765)**	(288)
			35 583	107 584
			53 406	125 407

7.2 Financial information in respect of subsidiaries is stated on page 48.

7.3 The amounts owing by subsidiaries are unsecured, bear interest at a maximum of 12% (2004 : 12%) per annum and have no fixed repayment terms.

8. INVENTORY

	GROUP 2005 R'000	GROUP 2004 R'000	COMPANY 2005 R'000	COMPANY 2004 R'000
8.1 Inventory has been valued as stated in note 1.4 and comprises:				
– new vehicles	**188 183**	144 185	**–**	–
– used and demonstration vehicles	**163 793**	140 821	**–**	–
– car hire fleet vehicles	**301 003**	208 645	**–**	–
– parts and accessories	**23 994**	22 319	**–**	–
– other	**2 448**	2 387	**–**	–
	679 421	518 357	**–**	–

8.2 Inventory of new and car hire fleet vehicles valued at R500 538 000 (2004: R351 331 000) forms security for trade payables aggregating R571 414 000 (2004: R399 296 000).

9. TRADE AND OTHER RECEIVABLES

	GROUP 2005 R'000	GROUP 2004 R'000	COMPANY 2005 R'000	COMPANY 2004 R'000
9.1 Trade receivables	**100 390**	98 966	**–**	–
Provision for impairment	**(4 970)**	(6 613)	**–**	–
	95 420	92 353	**–**	–
Other receivables	**24 504**	19 816	**89**	516
	119 924	112 169	**89**	516

9.2 Trade receivables 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.

10. CASH AND CASH EQUIVALENTS

	GROUP 2005 R'000	GROUP 2004 R'000	COMPANY 2005 R'000	COMPANY 2004 R'000
Short-term fixed deposit with banks	**250 000**	130 000	**250 000**	130 000
Bank balances, net of overdrafts	**893**	33 986	**(845)**	(67 257)
Held by insurance companies in short-term money market instruments	**31 998**	27 640	**–**	–
	282 891	191 626	**249 155**	62 743

	GROUP 2005 R'000	GROUP 2004 R'000	COMPANY 2005 R'000	COMPANY 2004 R'000
11. SHARE CAPITAL				
11.1 Preference share capital				
Authorised				
1 032 400 7,5% "C" redeemable cumulative preference shares of R1 each				
Issued				
Nil shares				
11.2 Ordinary share capital				
Authorised				
58 748 400 ordinary shares of no par value				
Issued				
At beginning of year				
20 579 800 shares	**11 143**	10 020	**11 143**	10 020
During the year				
207 700 (2004: 193 800) shares	**1 251**	1 123	**1 251**	1 123
At end of year				
20 787 500 shares	**12 394**	11 143	**12 394**	11 143

11.3 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.

11.4 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 been exercised, are as follows: ('000 shares).

	GROUP 2005	GROUP 2004
– June 2000 at R5,52 per share	**240**	420
– May 2001 at R9,20 per share	**179**	205
– February 2002 at R10,00 per share	**10**	10
– July 2002 at R10,50 per share	**133**	135
– October 2002 at R10,30 per share	**48**	48
– October 2004 at R25,60 per share	**795**	–
	1 405	818

11.5 The details of the share options are:

	GROUP 2005	GROUP 2004
Granted at beginning of year	**818**	1 012
Granted during the year	**795**	–
Forfeited during the year	**–**	–
Taken up during the year	**(208)**	(194)
Granted at end of year	**1 405**	818

	GROUP 2005 R'000	GROUP 2004 R'000	COMPANY 2005 R'000	COMPANY 2004 R'000
12. NON-DISTRIBUTABLE RESERVE				
Capital redemption reserve	**5 896**	5 896	**5 896**	5 896
13. MINORITY SHAREHOLDERS' INTEREST				
Shareholders' loans	**625**	618		
Share of income in subsidiaries	**303**	9		
	928	627		

14. LIFE ASSURANCE FUNDS

An independent, actuarial valuation of the funds is conducted annually.

15. SHORT-TERM LOAN

This loan is unsecured and bears interest at 10% per annum.

16. TRADE AND OTHER PAYABLES

	GROUP 2005 R'000	GROUP 2004 R'000	COMPANY 2005 R'000	COMPANY 2004 R'000
16.1 Trade payables	**642 250**	481 964	**–**	–
Accrued expenses	**77 202**	71 536	**6 441**	4 251
	719 452	553 500	**6 441**	4 251

16.2 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 car hire fleet vehicles which bear interest at rates varying between 10,0% and 11,5% per annum for the period they are outstanding in excess of an initial interest-free period.

17. PROFIT FROM OPERATIONS

Profit from operations is arrived at after charging or (crediting):	GROUP 2005 R'000	GROUP 2004 R'000	COMPANY 2005 R'000	COMPANY 2004 R'000
Income from subsidiaries:				
– dividends	**–**	–	**(102 869)**	(47 119)
– administration and service fees	**–**	–	**(12 046)**	(9 270)
Depreciation of plant and equipment	**7 937**	7 055	**142**	124
Revaluation of investment in subsidiaries	**–**	–	**(4 098)**	(1 884)
Employee costs	**228 070**	176 980	**15 079**	12 865
– including – pension fund contributions	**11 796**	9 829	**608**	715
– medical aid contributions	**8 370**	6 703	**313**	495
Loss on disposal of plant and equipment	**265**	55	**–**	18
Auditors' remuneration:				
– fees for audit	**1 430**	1 298	**375**	270
– fees for sponsorship services	**36**	30	**36**	30
– prior year adjustment	**129**	(8)	**74**	58
Operating lease charges:				
– properties	**54 094**	45 144	**–**	–
– motor vehicles/other	**5 096**	7 431	**316**	405
Trade and other receivables				
– impairment charge for bad and doubtful debts	**5 217**	6 236	**–**	913

	GROUP 2005 R'000	GROUP 2004 R'000	COMPANY 2005 R'000	COMPANY 2004 R'000
18. FINANCE COSTS				
Interest paid – external	12 533	15 417	582	2 882
– subsidiaries	–	–	–	24
	12 533	15 417	582	2 906
Interest received – external	9 631	9 045	7 875	5 534
– subsidiaries	–	–	10 255	6 275
	9 631	9 045	18 130	11 809
	2 902	6 372	(17 548)	(8 903)
19. NON-TRADING ITEMS				
Amortisation of goodwill	5 450	7 882	–	–
Capital profit on sale of dealership	(2 500)	–	–	–
	2 950	7 882	–	–
20. TAXATION				
20.1 South African normal taxation:				
– current year	52 152	30 574	8 693	2 564
– prior year adjustment	(2)	51	–	137
– deferred – current year	(1 665)	(189)	(100)	229
Secondary taxation on companies	2 692	1 940	567	1 888
Capital gains taxation	161	–	–	–
Share of taxation of associate company	209	–	–	–
	53 547	32 376	9 160	4 818
20.2 Reconciliation of rate of taxation	%	%	%	%
Statutory rate	30,0	30,0	30,0	30,0
Adjusted for:				
Disallowable expenditure	1,0	2,9	–	0,6
Exempt income and allowances	(0,4)	(0,3)	(23,6)	(25,6)
Secondary taxation on companies	1,6	2,1	0,4	3,3
Assessed losses	(0,1)	(0,5)	–	(0,1)
Prior year adjustment	–	0,1	–	0,2
Effective rate	32,1	34,3	6,8	8,4

20.3 At 28 February 2005 Group companies had assessable losses of approximately R662 000 (2004: R752 000), all of which is attributable to the Group. The utilisation of the losses is dependent upon future taxable income being earned by the companies.

21. EARNINGS PER SHARE

21.1 Earnings per share and headline earnings per share are based on net profit and headline earnings respectively and calculated using the weighted average of 20 649 000 (2004: 20 402 000) shares in issue during the year.

21.2 On the assumption that all of the share options referred to in note 11.4 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 year-end value of the existing shares. No adjustment is made to net profit or headline earnings.

	GROUP 2005 R'000	GROUP 2004 R'000	COMPANY 2005 R'000	COMPANY 2004 R'000
21. EARNINGS PER SHARE (continued)				
Weighted average number of shares in issue during the year ('000 shares)	**20 649**	20 402		
Adjustment for option shares	**772**	483		
Weighted average number of shares for dilution calculation	**21 421**	20 885		
22. CASH GENERATED FROM OPERATIONS				
Profit from operations	**172 450**	108 739	**118 038**	48 168
Adjustments for non-cash items:				
Depreciation	**7 937**	7 055	**142**	124
Loss on sale of plant and equipment	**265**	55	**–**	18
Revaluation of investments	**–**	–	**(4 098)**	(1 884)
Profit on sale of shares in subsidiary	**–**	(54)	**–**	–
Life assurance funds movement	**5 158**	5 936	**–**	–
	185 810	121 731	**114 082**	46 426
Working capital changes, excluding the effects of acquisitions:				
Inventory	**(147 566)**	(62 561)	**–**	–
Trade and other receivables	**(7 755)**	(23 280)	**427**	1 808
Trade and other payables	**165 604**	92 690	**2 190**	521
	10 283	6 849	**2 617**	2 329
Cash generated from operations	**196 093**	128 580	**116 699**	48 755
23. DIVIDENDS PAID				
Ordinary dividends				
Dividend No 34	**16 876**	13 047	**16 876**	13 047
Dividend No 35	**4 781**	3 139	**4 781**	3 139
	21 657	16 186	**21 657**	16 186
24. TAXATION PAID				
Taxation paid is reconciled to the amounts disclosed in the income statement as follows:				
Amounts unpaid at beginning of year	**(10 442)**	(15 160)	**(2 979)**	865
Amounts charged to the income statement	**(55 212)**	(32 565)	**(9 260)**	(4 590)
STC paid in advance				
– current year	**(594)**	(2 094)	–	–
– prior year	**2 094**	–	–	–
Amounts unpaid at end of year	**29 985**	10 442	**9 136**	2 979
	(34 169)	(39 377)	**(3 103)**	(746)

25. PURCHASE OF DEALERSHIP

25.1 During the year the Group acquired a 100% interest in a number of dealerships.

25.2 Details of the net assets acquired and goodwill are as follows:

	GROUP 2005 R'000	GROUP 2004 R'000
Purchase consideration for 100%	**38 802**	10 203
Net assets acquired	**(16 302)**	(6 003)
Goodwill	**22 500**	4 200

	GROUP 2005 R'000	GROUP 2004 R'000	COMPANY 2005 R'000	COMPANY 2004 R'000
25. PURCHASE OF DEALERSHIP (continued)				
25.3 The assets and liabilities arising from the acquisitions are as follows:				
Plant and equipment	**3 152**	1 112		
Inventory	**13 498**	4 848		
Trade and other receivables	**–**	111		
Trade and other payables	**(348)**	(68)		
	16 302	6 003		
Goodwill	**22 500**	4 200		
Purchase consideration paid in cash	**38 802**	10 203		

25.4 The dealerships acquired were Umhlanga Auto-BMW, with effect from 1 September 2004, and Honda Pietermaritzburg, with effect from 1 December 2004.

25.5 The goodwill is attributable to the high profitability of the dealerships acquired and the synergies which are expected to benefit the Group after acquisition. Because of the short-term termination conditions recorded in the franchise agreement the value of any intangible assets cannot be reliably measured.

25.6 The Group is not aware of the sellers' carrying amounts of the assets and liabilities acquired.

25.7 The acquired dealerships contributed R350 000 to Group operating profit before taxation during the year under review.

26. PROCEEDS OF DISPOSAL OF DEALERSHIP

The proceeds of R2 500 000 represent the value of capital profit received. No assets or liabilities were disposed of as a consequence of the sale transaction.

27. 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.

	GROUP 2005 R'000	GROUP 2004 R'000	COMPANY 2005 R'000	COMPANY 2004 R'000
Rentals paid during the year amounted to:	**20 332**	18 070	**–**	–

The directors are of the opinion that the terms and conditions of the rental agreements align with those available in the open market.

28. COMMITMENTS

Operating lease commitments.
The future minimum lease payments under non-cancellable operating leases are as follows:

	GROUP 2005 R'000	GROUP 2004 R'000	COMPANY 2005 R'000	COMPANY 2004 R'000
Next 12 months	**60 261**	50 022	**–**	–
Years 2 – 5	**239 140**	195 228	**–**	–
Years 6+	**182 841**	134 986	**–**	–
	482 242	380 236	**–**	–

	GROUP		COMPANY	
	2005	2004	**2005**	2004
	R'000	R'000	**R'000**	R'000

29. EMPLOYEE BENEFIT INFORMATION

29.1 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.

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

29.3 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.

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

30. FINANCIAL RISK MANAGEMENT

30.1 Treasury risk

Interest rate exposures are reviewed regularly. With the exception of a short-term loan of R2 434 000 on which interest payable is fixed at 10% per annum, all borrowing facilities are linked to the prime overdraft rate.
Cash deposits are placed with major financial institutions only.

30.2 Foreign currency risk

The Group has no significant foreign currency risk. The liability arising on material transactions denominated in foreign currencies is immediately hedged through the use of forward exchange contracts.

30.3 Credit risk

The Group's credit risk lies principally in its trade receivables. These comprise a large, wide-spread customer base and regular credit assessments of customers are conducted. All amounts receivable are subject to the Group's standard credit terms and are due within a maximum of 30 days after sale. There are no significant concentrations of credit risk.

30.4 Market risk

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

30.5 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:

	2005	2004
Cash resources, excluding those held by insurance companies	**250 893**	163 986
Unutilised banking facilities	**65 000**	65 000
Total available resources	**315 893**	228 986

In terms of its articles of association the Company has unlimited borrowing powers.

31. SUBSEQUENT EVENT

On 12 April 2005 the directors declared a dividend of 145,0 cents per share payable on 20 June 2005. The total value payable is R30 142 000.

NAME OF COMPANY	Issued share capital R	Activity	Effective holding 2005 %	Effective holding 2004 %	Shares at cost less amounts written off 2005 R'000	Shares at cost less amounts written off 2004 R'000	Indebtedness by/(to) subsidiaries 2005 R'000	Indebtedness by/(to) subsidiaries 2004 R'000
Bonerts	20	1	**90**	90	**7 958**	7 958	**3 021**	2 525
CMH Car Hire	100	3	**100**	100	**–**	–	**(8 698)**	33 878
CMH Luxury Motors	3 000 000	1	**100**	100	**6 557**	6 557	**16 203**	431
Combined Motor Finance	2	2	**100**	100	**–**	–	**346**	197
Comcar Motors	67 000	4	**100**	100	**1**	1	**(67)**	8 229
Datcentre Motors	250 000	1	**100**	100	**1 214**	1 214	**9 956**	3 045
Kempster Sedgwick	1 720 000	1	**100**	100	**2 035**	2 035	**11 306**	51 527
Pipemakers	100	5	**60**	60	**57**	57	**746**	1 868
Power Financial Services (KZN)	100	2	**100**	100	**–**	–	**90**	813
Swedish Car Distributors	1	4	**100**	100	**–**	–	**–**	(288)
The Extra Mile Service and Fitment Centres	1 000	4	**100**	100	**1**	1	**–**	–
Ute Developments	10	1	**100**	100	**–**	–	**–**	–
Whitehouse Motors	2	1	**100**	100	**–**	–	**2 680**	5 359
					17 823	17 823	**35 583**	107 584

Notes:

1. All subsidiaries are (Proprietary) Limited companies incorporated in South Africa.
2. Activity index
   - 1 – retail motor
   - 2 – financial services
   - 3 – car hire
   - 4 – dormant
   - 5 – corporate services/other

	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
EMOLUMENTS									
2005									
Fees	200	–	100	–	–	–	–	100	–
Salary	9 692	1 370	–	1 650	1 925	1 370	1 452	–	1 925
Performance-related payments	6 025	633	–	1 065	1 165	977	1 020	–	1 165
Fringe benefits	787	126	–	126	126	126	126	31	126
Contributions to pension and medical aid funds	700	117	–	135	155	118	118	–	57
Other	39	–	–	–	10	–	–	–	29
	17 443	2 246	100	2 976	3 381	2 591	2 716	131	3 302
2004									
Fees	120	–	60	–	–	–	–	60	–
Salary	8 720	1 200	–	1 500	1 750	1 200	1 320	–	1 750
Performance-related payments	3 253	674	–	400	600	350	629	–	600
Fringe benefits	754	121	–	121	121	121	121	28	121
Contributions to pension and medical aid funds	646	101	–	124	135	127	103	–	56
Other	67	–	–	–	60	–	–	–	7
	13 560	2 096	60	2 145	2 666	1 798	2 173	88	2 534
SHAREHOLDING									
('000 shares)									
Beneficial shareholding at 29 February 2004									
– direct	57	32	1	–	–	–	–	24	–
– indirect	15 362	–	–	1 000	5 079	–	–	–	9 283
	15 419	32	1	1 000	5 079	–	–	24	9 283
Shares acquired during the year									
– ex CMH Share Trust									
– direct	85	–	–	–	–	–	85	–	–
– indirect	–	–	–	–	–	–	–	–	–
– option shares ex CMH Share Incentive Scheme									
– direct	145	45	–	–	–	45	55	–	–
– indirect	–	–	–	–	–	–	–	–	–
	230	45	–	–	–	45	140	–	–
Shares disposed of during the year									
– direct	262	77	–	–	–	45	140	–	–
– indirect	150	–	–	–	–	–	–	–	150
	412	77	–	–	–	45	140	–	150
Beneficial shareholding at 28 February 2005									
– direct	25	–	1	–	–	–	–	24	–
– indirect	15 212	–	–	1 000	5 079	–	–	–	9 133
	15 237	–	1	1 000	5 079	–	–	24	9 133
Shares held subject to the terms and conditions of the Combined Motor Holdings Limited Share Trust	336	251	–	–	–	–	85	–	–
Options held subject to the terms and conditions of the Combined Motor Holdings Limited Employee Share Incentive Scheme									
– at R5,52 per share	180	60	–	–	–	60	60	–	–
– at R9,20 per share	35	–	–	–	–	–	35	–	–
– at R10,30 per share	48	23	–	–	–	25	–	–	–
– at R25,60 per share	625	75	–	175	225	75	75	–	–
	888	158	–	175	225	160	170	–	–

* Remuneration paid by a subsidiary company
** Independent

ANALYSIS OF ORDINARY SHAREHOLDERS

	Number of shareholders 2005	2004	Number of shares held (000's) 2005	2004	Percentage of shares held 2005	2004
Individuals	**403**	397	**1 084**	995	**5,2**	4,9
Nominee companies and trusts	**55**	48	**1 269**	1 039	**6,1**	5,0
Other corporate bodies	**96**	84	**18 435**	18 546	**88,7**	90,1
	554	529	**20 788**	20 580	**100,0**	100,0
Holdings						
1 – 2 500	**418**	387	**273**	268	**1,3**	1,3
2 501 – 5 000	**42**	53	**149**	190	**0,7**	0,9
5 001 – 10 000	**36**	40	**260**	301	**1,3**	1,5
Over 10 000	**58**	49	**20 106**	19 821	**96,7**	96,3
	554	529	**20 788**	20 580	**100,0**	100,0
Public shareholders	**543**	517	**4 521**	3 752	**21,7**	18,2
Non-public shareholders						
– directors of Company	**6**	6	**15 275**	15 419	**73,5**	74,9
– trustees of employee share trust	**2**	3	**363**	569	**1,8**	2,8
– associates of directors of Company	**3**	3	**629**	840	**3,0**	4,1
	554	529	**20 788**	20 580	**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 Life Assurance Company SA Limited holds 5,2%.

2. A copy of the detailed share register as at 28 February 2005 is available on written request to the Company Secretary.

			2005	2004
Closing price	28 February 2005	(cents)	**4 000**	1 850
Volume of shares traded		('000 shares)	**2 023**	1 282
Value of shares traded		(R'000)	**51 292**	20 310
Number of transactions			**177**	123
Volume of shares traded as percentage of total issued shares		(%)	**9,7**	6,2
JSE automobiles and parts index			**1 852**	1 222
JSE cyclical consumer goods index			**7 199**	6 568
Lowest price	11 March 2004	(cents)	**1 725**	1 080
Highest price	28 February 2005	(cents)	**4 000**	1 880
Earnings yield	28 February 2005	(%)	**14,0**	18,5
Dividend yield	28 February 2005	(%)	**2,6**	4,3

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

12 April 2005

REGISTRATION NUMBER
1965/000270/06

DIRECTORS
MPD Conway, BCom, CA(SA)
JTM Edwards, CA(SA) (Independent)
SK Jackson, BCom (Hons) (Tax Law), CA(SA)
JD McIntosh, CA(SA)
RTAC Nethercott
CL Odendaal
A Rogoff, CA(SA) (Independent)
M Zimmerman

SECRETARY
SK Jackson

AUDITORS
PricewaterhouseCoopers Inc.

BANKERS
First National Bank of Southern Africa

TRANSFER SECRETARIES
Computershare Limited
PO Box 61051
Marshalltown
2107

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

POSTAL ADDRESS
PO 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
– paid December
Final – declared April
– paid June

Notice is hereby given that the seventeenth 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, 26 May 2005 commencing at 15h30 for the following purposes:

1. To receive and adopt the annual financial statements for the year ended 28 February 2005.
2. To elect directors in place of Messrs JD McIntosh, RTAC Nethercott and M Zimmerman who retire at the annual general meeting. Messrs JD McIntosh, RTAC Nethercott and M Zimmerman, 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 37 960 900 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 25 May 2005.

By order of the board of directors

SK JACKSON
Secretary

12 April 2005

CURRICULUM VITAE

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

JD (Jebb) McIntosh CA(SA) is a founder director of the Company and has played a pivotal role in its development since 1976. In addition to his involvement in overall strategy and direction, he is responsible for the day-to-day business activities, performance and resources of the Group. He is also directly in charge of the Group's Toyota franchise dealerships. Jebb was appointed chief executive officer during 2001 and was last re-elected to office in 2003.

RTAC (Ray) Nethercott joined the Group in 2000 after a long career with McCarthy Motors, the last 14 years of which he served as an executive director. He is responsible for the Group's Ford, Mazda, BMW and Peugeot franchise outlets and oversees Bonerts, the accident-damaged vehicle sales centre. Ray was appointed to the board of directors in 2001 and his appointment was confirmed at the 2002 annual general meeting. He is the current chairman of the National Automobile Dealers' Association, a position he also held during 1992 – 1995.

M (Maldwyn) Zimmerman has been at the helm of the Group since its inception. He is responsible for all issues regarding strategic development, performance, resources and standards of conduct. In addition, he oversees the appointment of sub-committees of the Board and the delegation of authority and responsibility to such sub-committees. Maldwyn was last re-elected to office in 2003.

Designed by motiv
PRINTED BY INCE (PTY) LTD

FORM OF PROXY

COMBINED MOTOR HOLDINGS LIMITED

ANNUAL GENERAL MEETING 26 MAY 2005

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 15h30 on Thursday, 26 May 2005 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:

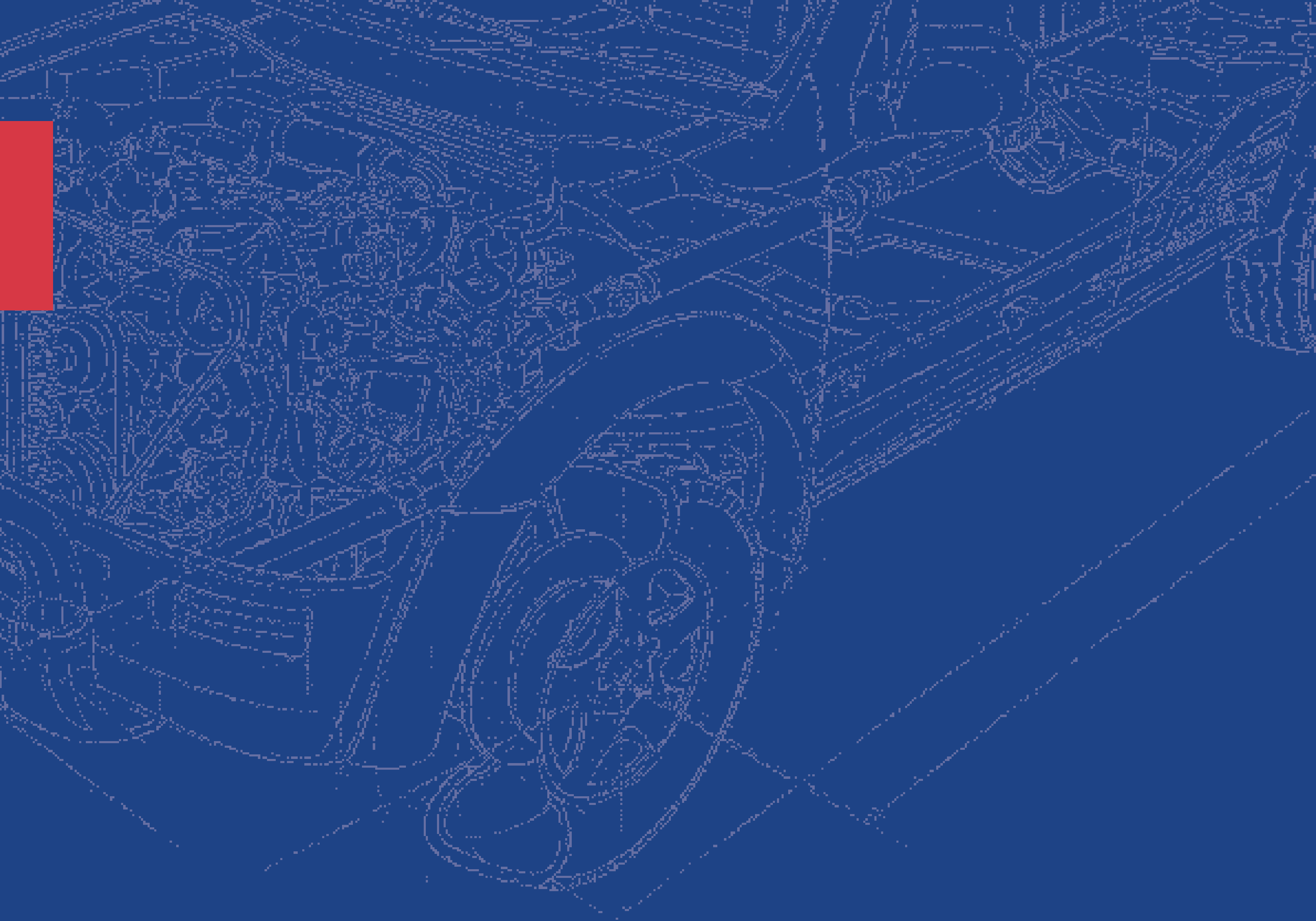
Ordinary Resolution No 1	For	Against	Abstention
Ordinary Resolution No 2	For	Against	Abstention
Ordinary Resolution No 3	For	Against	Abstention
Ordinary Resolution No 4	For	Against	Abstention
Ordinary Resolution No 5	For	Against	Abstention

Notes:

1. A member who is entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his stead. The person so appointed need not be a member.
2. Proxy forms should be signed, dated and forwarded to reach the registered office of the Company, 1st Floor, CMH Building, 206 West Street, Durban 4001, by no later than 16h00 on 25 May 2005.
3. If no direction is given as to how a vote is to be cast, then the proxy holder will be entitled to vote as he/she deems fit.

Registered office
1st Floor, CMH Building
206 West Street
Durban
4001

Postal address
PO Box 1052
Durban
4000



CMH
GROUP

www.cmh.co.za