

## REVIEWED RESULTS FOR THE YEAR ENDED 29 FEBRUARY 2008



### ABRIDGED GROUP INCOME STATEMENT

|  | REVIEWED<br>29 FEBRUARY<br>2008<br>% | AUDITED<br>28 FEBRUARY<br>2007 |
|--|--------------------------------------|--------------------------------|
|  | CHANGE                               | R'000                          |
| Revenue                                    | 8 811 995                            | 9 085 649                      |
| Cost of sales                              | (7 486 603)                          | (7 718 177)                    |
| Gross profit                               | 1 325 392                            | 1 367 472                      |
| Other operating income                     | 12 698                               | -                              |
| Impairment of goodwill                     | (10 400)                             | -                              |
| Selling and administration expenses        | (1 115 453)                          | (1 027 715)                    |
| Operating profit                           | (38) 212 237                         | 339 757                        |
| Investment income                          | 7 218                                | 10 444                         |
| Finance costs                              | (52 690)                             | (42 526)                       |
| Profit before taxation                     | (46) 166 765                         | 307 675                        |
| Taxation                                   | (52) (54 857)                        | (113 997)                      |
| Net profit for the year                    | (42) 111 908                         | 193 678                        |
| Attributable to:                           |                                      |                                |
| Equity holders of the Company              | (47) 98 173                          | 185 683                        |
| Minority shareholders                      | 72 13 735                            | 7 995                          |
|  | (42) 111 908                         | 193 678                        |
| <b>Reconciliation of headline earnings</b> |                                      |                                |
| Net profit for the year                    | 111 908                              | 193 678                        |
| Non-trading items                          |                                      |                                |
| - capital profits                          | (2 750)                              | (1 666)                        |
| less: capital gains tax                    | 109                                  | 193                            |
|  | (2 641)                              | (1 473)                        |
| - impairment of goodwill                   | 10 400                               | -                              |
|  | 10 400                               | -                              |
| Headline earnings                          | (38) 119 667                         | 192 205                        |
| Headline earnings attributable to:         |                                      |                                |
| Equity holders of the Company              | (43) 104 768                         | 184 210                        |
| Minority shareholders                      | 86 14 899                            | 7 995                          |
|  | (38) 119 667                         | 192 205                        |

### ABRIDGED GROUP CASH FLOW STATEMENT

|  | REVIEWED<br>29 FEBRUARY<br>2008<br>R'000 | AUDITED<br>28 FEBRUARY<br>2007<br>R'000 |
|--|--|---|
| Operating profit adjusted for non-cash items   | 240 294                                  | 383 945                                 |
| Working capital changes:                       |  |   |
| Movement in inventory                          | 29 115                                   | (231 528)                               |
| Movement in trade and other receivables        | 8 058                                    | (53 588)                                |
| Movement in trade and other payables           | 54 230                                   | 141 895                                 |
| Cash generated from operations                 | 331 697                                  | 240 724                                 |
| Net finance costs paid                         | (45 472)                                 | (32 082)                                |
| Dividends paid                                 | (215 841)                                | (55 745)                                |
| Taxation paid                                  | (106 709)                                | (92 119)                                |
| Cash flow from operating activities            | (36 325)                                 | 60 778                                  |
| Cash flow from investing activities            | (41 735)                                 | (157 789)                               |
| Cash flow from financing activities            | (28 985)                                 | 293 590                                 |
| Net cash flow for year                         | (107 045)                                | 196 579                                 |
| Cash and cash equivalents at beginning of year | 330 513                                  | 133 934                                 |
| Cash and cash equivalents at end of year       | 223 468                                  | 330 513                                 |

### ABRIDGED GROUP BALANCE SHEET

|                                    | REVIEWED<br>29 FEBRUARY<br>2008<br>R'000 | AUDITED<br>28 FEBRUARY<br>2007<br>R'000 |
|------------------------------------|--|---|
| <b>Assets</b>                      |  |   |
| Non-current assets                 |  |   |
| Plant and equipment                | 71 717                                   | 69 441                                  |
| Goodwill                           | 144 346                                  | 154 574                                 |
| Investments                        | 124 379                                  | 106 001                                 |
| Deferred taxation                  | 36 396                                   | 32 296                                  |
|                                    | 376 838                                  | 362 312                                 |
| Current assets                     | 1 871 007                                | 2 008 853                               |
| Total assets                       | 2 247 845                                | 2 371 165                               |
| <b>Equity and liabilities</b>      |  |   |
| Capital and reserves               |  |   |
| Share capital and reserves         | 472 716                                  | 438 089                                 |
| Minority interest                  | 12 121                                   | 12 217                                  |
| Total equity                       | 484 837                                  | 450 306                                 |
| Non-current liabilities            |  |   |
| Advance from minority shareholders | 252 317                                  | 269 953                                 |
| Interest-bearing borrowings        | 5 314                                    | 7 092                                   |
| Assurance funds                    | 26 217                                   | 37 669                                  |
| Lease liabilities                  | 77 905                                   | 63 491                                  |
|                                    | 361 753                                  | 378 205                                 |
| Current liabilities                | 1 401 255                                | 1 542 654                               |
| Total equity and liabilities       | 2 247 845                                | 2 371 165                               |
| Net asset value per share (cents)  | 451                                      | 421                                     |

### SEGMENT ANALYSIS

|                        | TOTAL     |           | RETAIL MOTOR |           | CAR HIRE |         | MARINE AND LEISURE |         | FINANCIAL SERVICES |        | CORPORATE SERVICES |         |
|------------------------|-----------|-----------|--------------|-----------|----------|---------|--------------------|---------|--------------------|--------|--------------------|---------|
|                        | 2008      | 2007      | 2008         | 2007      | 2008     | 2007    | 2008               | 2007    | 2008               | 2007   | 2008               | 2007    |
|                        | R'000     | R'000     | R'000        | R'000     | R'000    | R'000   | R'000              | R'000   | R'000              | R'000  | R'000              | R'000   |
| Revenue                | 8 811 995 | 9 085 649 | 8 132 421    | 8 364 047 | 219 789  | 208 814 | 388 503            | 433 140 | 23 865             | 32 119 | 47 417             | 47 529  |
| Operating profit       | 212 237   | 339 757   | 163 797      | 270 582   | 9 790    | 20 457  | 10 281             | 25 702  | 24 584             | 22 778 | 3 785              | 238     |
| Net finance costs      | (45 472)  | (32 082)  | (86 274)     | (67 872)  | (1 737)  | (1 784) | (7 913)            | (8 084) | 3 828              | 2 879  | 46 624             | 42 779  |
| Profit before taxation | 166 765   | 307 675   | 77 523       | 202 710   | 8 053    | 18 673  | 2 368              | 17 618  | 28 412             | 25 657 | 50 409             | 43 017  |
| Total assets           | 2 247 845 | 2 371 165 | 1 208 618    | 1 188 583 | 485 786  | 539 090 | 157 356            | 181 391 | 44 847             | 46 148 | 351 238            | 415 953 |
| Total liabilities      | 1 763 008 | 1 920 859 | 848 495      | 788 865   | 513 978  | 522 523 | 80 409             | 96 144  | 33 977             | 42 259 | 286 149            | 471 068 |
| Number of employees    | 2 829     | 3 018     | 2 386        | 2 542     | 278      | 264     | 86                 | 131     | 3                  | 3      | 76                 | 78      |

### GROUP FINANCIAL HIGHLIGHTS

|   |         | %<br>CHANGE | REVIEWED<br>29 FEBRUARY<br>2008 | AUDITED<br>28 FEBRUARY<br>2007 |
|---|---------|-------------|---------------------------------|--------------------------------|
| Revenue   | (R'000) | (3)         | 8 811 995                       | 9 085 649                      |
| Operating profit                                  | (R'000) | (38)        | 212 237                         | 339 757                        |
| Weighted average number of shares in issue ('000) |         | 1           | 107 195                         | 105 867                        |
| Number of shares for dilution calculation ('000)  |         | -           | 109 425                         | 109 104                        |
| Earnings per share                                | (cents) | (48)        | 91,6                            | 175,4                          |
| Diluted earnings per share                        | (cents) | (47)        | 89,7                            | 170,2                          |
| Headline earnings per share                       | (cents) | (44)        | 97,7                            | 174,0                          |
| Diluted headline earnings per share               | (cents) | (46)        | 95,7                            | 176,2                          |
| Final dividend per share                          | (cents) | (45)        | 28,0                            | 51,0                           |
| Total assets                                      | (R'000) | (5)         | 2 247 845                       | 2 371 165                      |

### COMMENTARY ON RESULTS

- After ten years of earnings growth, the Group results for the year under review were disappointing. The change in the economic cycle, brought about by such factors as the eNaTIS debacle, the introduction of the National Credit Act, interest rate hikes and rising fuel prices, has been both profound and sudden.
- All segments of the Group's business have suffered from lower volumes, squeezed margins and higher operating costs. Operating profit declined 38% to R212,2 million and net profit 42% to R111,9 million. Following the sale of a 15% equity share in the Group, in terms of a Black Economic Empowerment deal concluded in December 2006, the portion of net profit allocated to minority shareholders increased, leaving attributable earnings 47% below those of 2007.
- National sales of passenger vehicles fell 12,6% and light commercial vehicles 1,6% during the financial year. Exacerbating those declines has been the fact that a number of franchises represented by the Group showed even higher decreases in sales levels. Dealer sales of passenger vehicles during the second half of the year were 20% below the corresponding period in 2006. Used car sales were similarly affected, with volumes estimated to have declined 20%. The sudden erosion of both new and used vehicle volumes and trading margins will inevitably have a dramatic effect on dealerships with expensive infrastructure and high fixed costs.
- Whilst revenue in the car hire segment (recently re-branded as First Car Rental) increased marginally, the increased cost of financing the fleet, coupled with softer resale values, combined to yield a R5,6 million fall in the gross profit margin. Together with a 14% increase in operating expenses, following the opening of new outlets, this resulted in a 57% fall in profit before taxation.
- The marine and leisure division operates in the sharp end of economic cycles, and the fundamental and sudden deterioration in trading conditions had a significant negative impact on operating results. Long lead times from overseas suppliers led to a build-up of stock levels and, in an attempt to reduce the asset base, product was heavily discounted and margins declined.
- The financial services segment, recognised as a more stable and long-term business and not directly affected by sharp movements in economic cycles, recorded a pleasing 11% increase in profit before taxation. Of medium to longer-term concern, however, has been the reduced level of sales of insurance policies resulting from the NCA provision that prohibits the sale of term products.
- Tough restructuring and cost-cutting measures were implemented during the second half of the year. Sub-performing branches with low prospects of recovery have been terminated and the head count has been reduced. Working capital assets are now in line with the lower trading volumes and the Group's cash position is good.

8. Economic conditions are not anticipated to improve during the year ahead. National vehicle sales are expected to decline between 7% and 10% on average, with the major fall expected in the first six months. Continuing fuel price increases, possible further increase in interest rates, and the recent electricity crisis have reduced business confidence to its lowest level in seven years. Despite this, the directors believe that the Group has "taken its medicine" and, in the absence of further major setbacks in the economic environment, will show a modest, real increase in earnings during the year ahead.

### DIVIDEND

A dividend (dividend number 42) of 28 cents per share will be paid on Tuesday 17 June 2008 to members reflected in the share register of the Company at the close of business on the record date, Friday, 13 June 2008. Last day to trade "cum" dividend is Friday, 6 June 2008. First day to trade "ex" dividend is Monday, 9 June 2008. Share certificates may not be dematerialised or rematerialised from Monday, 9 June 2008 to Friday, 13 June 2008, both days inclusive.

### BASIS OF PREPARATION

The results of the Group for the year ended 29 February 2008 have been prepared in accordance with IAS34: Interim Financial Reporting, International Financial Reporting Standards, the International Financial Reporting Interpretation Committee interpretations adopted by the International Accounting Standards Board, the Listing Requirements of the JSE Limited and Schedule 4 of the Companies Act of South Africa. The accounting policies of the Group have been consistently applied to these results and are the same as those applied to the results at 28 February 2007.

### CORPORATE GOVERNANCE

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

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

By order of the board of directors

**SK JACKSON** BCom (Hons) (Tax Law), CA(SA)  
Company Secretary

16 April 2008

### REGISTERED OFFICE

1 Wilton Crescent, Umhlanga Ridge, 4319

### TRANSFER SECRETARIES

Computershare Investor Services (Proprietary) Limited  
PO Box 61051, Marshalltown, 2107

### SPONSOR

PricewaterhouseCoopers Corporate Finance (Pty) Limited  
Private Bag X36, Sunninghill, 2157

### DIRECTORS

M Zimmerman (Chairman), JD McIntosh (Managing), LCZ Cele MPD Conway, JTM Edwards, L Gadd, SK Jackson, VP Khanyile RTAC Nethercott, CL Odendaal, JW Alderslade (alternate)

### GROUP STATEMENT OF CHANGES IN EQUITY

|                                  | SHARE<br>CAPITAL<br>R'000 | NON-<br>DISTRIBUTABLE<br>RESERVE<br>R'000 | SHARE-BASED<br>PAYMENT<br>RESERVE<br>R'000 | RETAINED<br>EARNINGS<br>R'000 | TOTAL<br>R'000 | MINORITY<br>INTEREST<br>R'000 | TOTAL<br>EQUITY<br>R'000 |
|----------------------------------|---------------------------|---|--|-------------------------------|----------------|-------------------------------|--------------------------|
| At 28 February 2006              | 14 475                    | 5 896                                     | 2 320                                      | 454 450                       | 477 141        | 1 289                         | 478 430                  |
| Issue of shares                  | 4 282                     |   |  |                               | 4 282          |                               | 4 282                    |
| Net profit for year              |                           |   |  | 185 683                       | 185 683        | 7 995                         | 193 678                  |
| Dividend paid - traditional      |                           |   |  | (55 745)                      | (55 745)       | (422)                         | (56 167)                 |
| Dividend paid - special          |                           |   |  | (149 853)                     | (149 853)      |                               | (149 853)                |
| Share-based payment reserve      |                           |   | 2 020                                      |                               | 2 020          |                               | 2 020                    |
| Sale of interest to minority     |                           |   |  | (3 355)                       | (3 355)        | 3 355                         | -                        |
| Loss arising on sale of business |                           |   |  | (22 084)                      | (22 084)       |                               | (22 084)                 |
| At 28 February 2007              | 18 757                    | 5 896                                     | 4 340                                      | 409 096                       | 438 089        | 12 217                        | 450 306                  |
| Issue of shares                  | 1 305                     |   |  |                               | 1 305          |                               | 1 305                    |
| Net profit for year              |                           |   |  | 98 173                        | 98 173         | 13 735                        | 111 908                  |
| Dividend paid                    |                           |   |  | (65 988)                      | (65 988)       | (13 594)                      | (79 582)                 |
| Share-based payment reserve      |                           |   | 1 137                                      |                               | 1 137          |                               | 1 137                    |
| Purchase of minority interest    |                           |   |  |                               |                | (237)                         | (237)                    |
| At 29 February 2008              | 20 062                    | 5 896                                     | 5 477                                      | 441 281                       | 472 716        | 12 121                        | 484 837                  |

bonert's  
USED MOTOR SPARES & REBUILDS

NWE  
NATIONAL WORKSHOP  
EQUIPMENT

CMH  
FINANCE

CMH  
INSURANCE