

The Colonial Motor Company Limited

**PRELIMINARY
RESULT**

**For the year to
30 June 2010**



Dear Shareholder

16 August 2010

Your Directors are pleased to advise the unaudited preliminary results for the year ended 30 June 2010.

Trading Profit after Tax for the year was \$6.130m, compared to \$7.002m for the last financial year to 30 June 2009 and \$2.594m for the six month period to 31 December 2009.

As you will understand from the comments below, the reported "Profit after Tax" (or actually a loss as reported this year) is currently not a relevant measure of profitability. Over the years we have reported the "Trading Profit after Tax" figure as being the ongoing operational profit that excludes non-cash "value adjustments".

In overall terms our trading result saw sales down 11% on the previous year, and slightly below our expected level. Trading Profit after Tax, while down 12% was in line with our expectations. However trading in the last 4-5 months has been tougher than we anticipated.

This year the accounts reflect even more changes to comply with International Financial Reporting Standards (IFRS).

As a company owning property we have been impacted by the outcome of the 2010 Budget. The actual tax cost to the Group of the non-deductibility of building depreciation from 2011 is less than \$0.2m per annum. However an unintended consequence of the budget announcement and accounting rules is that we have been required to book a deferred tax non cash expense of \$6.383m against this year's profit at the new tax rate of 28% on the carrying value of depreciable buildings. This represents the theoretical cost of the tax change effect over the entire lifetime of the buildings.

Over and above this, the way we account for "realised gains on sale of property" i.e. surplus over depreciated cost, has moved from the Income Statement to below the line in the Statement of Comprehensive Income, which was previously part of the Statement of Movements in Equity.

Our property is revalued annually at balance date at "fair value" and this year resulted in an overall reduction in value of \$3.378m or 3.8%. The effect of this is split between profit, \$0.823m and property revaluation reserve in Comprehensive Income, \$2.555m.

The full year's result has a significant level of non-trading, non-cash negative adjustments but the underlying trading profit was satisfactory given the big picture economic circumstances.

The Directors have resolved that a fully imputed final dividend of 9.0 cents per share will be paid on Tuesday 26 October. This takes the full year dividend to 15.0 cents per share compared to the equivalent of 12.8 cents per share in 2009. This will mean total dividends paid to shareholders for the year of \$4.904m compared to \$4.178m last year.

The Company's Annual Report is expected to be mailed by the end of September and the 92nd Annual Meeting will be held at 11:00am on Friday, 5 November 2010 at the Company's offices.

For and on behalf of the Board

John Wylie
CHAIRMAN



INCOME STATEMENT

For the year ended 30 June 2010

	2010 \$'000	2009 \$'000
Revenue		
Products	378,801	429,241
Services	48,745	51,799
Other Income	6,849	6,285
Total Revenue	434,395	487,325
Less Expenses		
Cost of Products Sold	338,386	381,856
Remuneration of Staff	53,120	56,829
Depreciation & Amortisation	3,428	3,416
Interest	2,694	4,904
Other	28,434	30,440
Trading Profit Before Tax	8,333	9,880
Fair Value Revaluation of Property	(823)	(1,825)
Impairment loss	-	(563)
Fair Value Revaluation of Investment	(165)	-
Profit before Tax	7,345	7,492
Less Taxation		
- Current	2,292	2,913
- Deferred	42	(40)
- Deferred (Depreciation Tax Change)	6,383	-
Profit after Tax	(1,372)	4,619
Attributable to:		
- Shareholders	(1,241)	4,614
- Non Controlling Interests	(131)	5
	(1,372)	4,619
Trading Profit after Tax	6,130	7,002
Basic & Diluted Earnings per Share on -		
- Profit after Tax	(3.8c)	14.1c
- Trading Profit after Tax	18.8c	21.4c
Dividend per Share	15.0c	12.8c
Net Tangible Assets per Share	\$3.48	\$3.68

*Comparatives for 2009 calculated using number of shares on issue including bonus issue on 18 January 2010



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2010

	2010 \$'000	2009 \$'000
Profit for the period	(1,372)	4,619
Other comprehensive income		
Realised Gain on Sale of Property	1,617	-
Property revaluation reserve		
Change in fair value	(2,555)	(408)
Deferred tax movement	488	1,750
Transfer realised gain	(1,675)	-
Foreign exchange hedging reserve		
Change in fair value	(170)	(2,486)
Deferred tax movement	51	746
Total comprehensive income	(3,616)	4,221
Attributable to:		
Shareholders	(3,466)	4,216
Non-controlling interests	(150)	5
	(3,616)	4,221

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2010

	2010 \$'000	2009 \$'000
Equity at beginning of year	125,424	126,216
Total comprehensive income	(3,616)	4,221
Dividends paid to Shareholders	(4,468)	(5,013)
Equity at end of year	117,340	125,424



BALANCE SHEET
As at 30 June 2010

	2010 \$'000	2009 \$'000
Assets		
Inventory	52,268	57,883
Credit Contracts	12,913	14,930
Other Current Assets	29,328	25,931
Property Receivable	2,600	-
Total Current Assets	97,109	98,744
Non Current Assets		
Property, Plant & Equipment	90,790	98,709
Credit Contracts	15,880	18,277
Other	3,093	3,330
Deferred Tax	-	1,339
Total Non Current Assets	109,763	121,655
Total Assets	206,872	220,399
Liabilities		
At Call Deposits	10,654	10,366
Bank Borrowings	21,100	30,100
Credit Contracts	12,913	14,930
Other Current Liabilities	24,439	21,302
Total Current Liabilities	69,106	76,698
Non Current Liabilities		
Credit Contracts	15,880	18,277
Deferred Tax	4,546	-
Total Non Current Liabilities	20,426	18,277
Shareholders' Equity	115,828	123,762
Non Controlling Interest	1,512	1,662
Total Equity and Liabilities	206,872	220,399



STATEMENT OF CASH FLOWS
For the year ended 30 June 2010

	2010 \$'000	2009 \$'000
Net Cash Flows from:		
Operating Activities	17,459	16,984
Investing Activities	(1,414)	(11,180)
Financing Activities	(13,089)	(5,873)
Net Increase / (Decrease) in Cash Held	2,956	(69)
Opening Cash Balance	979	1,048
Closing Cash Balance	3,935	979
Cashflow Reconciliation		
Net Profit after Tax attributable to Shareholders	(1,241)	4,614
Adjustment for Non Cash Items	10,022	7,043
Movement in Working Capital Items classified as Investing Activities	9,116	2,466
Items classified as Financing Activities	(58)	-
Items classified as Financing Activities	(380)	2,861
Net Cashflow from Operating Activities	17,459	16,984



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