

GENERAL  
MOTORS-  
HOLDEN'S  
AUTOMOTIVE  
LIMITED

REPORT JUNE TO DECEMBER 1989

# GIMHHA





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## *Chairman's Statement*



It's a pleasure to announce in this half-yearly review that GMHA continued to experience strong profits in the first six months of this reporting year.

We achieved an operating profit of \$91.4 million, after tax and extraordinary items, in the period to December 31, 1989. This compares favourably with \$65.9 million in the previous six months.

Sales revenue for the July-December period was \$1,258 million, compared with \$921 million for January-June.

Commodore continued to be the number one selling nameplate in Australia, and in what was perhaps the highlight of the six-month period, we produced the 100,000th VN Commodore at our Elizabeth plant in South Australia in December.

We are now building 400 vehicles a day at Elizabeth, and since the Commodore's introduction, employment there has increased by some 950 people in order to meet customer demand for the car.

The people at GMHA have demonstrated a real commitment to quality in building cars of which we can all be proud.

As we make further advances in the area of award restructuring, our people will continue to develop and improve their skills, which in turn plays a vital role in our ability to produce quality products efficiently and effectively.

A skilled workforce, together with the introduction of new technology at our manufacturing facilities, has enabled us to increase our production rates, while still ensuring our quality standards are met.

One example of this new technology was the installation and start-up of the \$30 million zinc phosphate and electrocoat prime paint processing plant at Elizabeth at the end of the year.

Known as ELPO, the process provides car bodies with exceptional corrosion protection, and an excellent surface to paint on, and our system is recognised as the best in Australia, and one of the most modern in the world.

We closed the year in second place in the passenger car market overall, with sales of 92,841 units in 1989, representing a 20.91 percent marketshare.

The ongoing success of the Commodore was highlighted when the Commodore V8 won yet another three awards for "Best Family Car", adding to the clean sweep of "Best Car" awards it won the previous year.

In the six-month period, we further strengthened our product range with the release of the new Apollo and Nova models.

With the introduction of the Holden Nova in July and the Holden Apollo in August, and increased supplies of Barina, we are now in a strong position to boost our share of the medium and small car segments of the market, where we had not previously been fully represented for some time.

We also expanded our export interests into the luxury vehicle market in the latter part of the year, with the export of our first stretch limousine, the Holden Royale, to Singapore in October.

From concept through to finished product, the Royale took twelve months to develop, and we are hoping to further expand our export of this luxury limousine to the five-star tourist markets in Malaysia, Hong Kong and other Asia-Pacific countries, in addition to Singapore.

### **Remembering history, with an eye to the future**

To assist in the preservation of the documentary and film heritage of Australia, we donated \$50,000 plus priceless historic records of almost

a century of motor vehicle and related activities to the Mortlock Library of South Australia in September.

Looking to the future of the motor car, in December we were pleased to announce that we will be providing financial and vehicle support to Australian educational institutions participating in the 1990 World Solar Challenge, the trans-continental solar car race from Darwin to Adelaide.

GMHA has been named official vehicle supplier for the race, which already has a full field of 22 international and 12 Australian entrants.

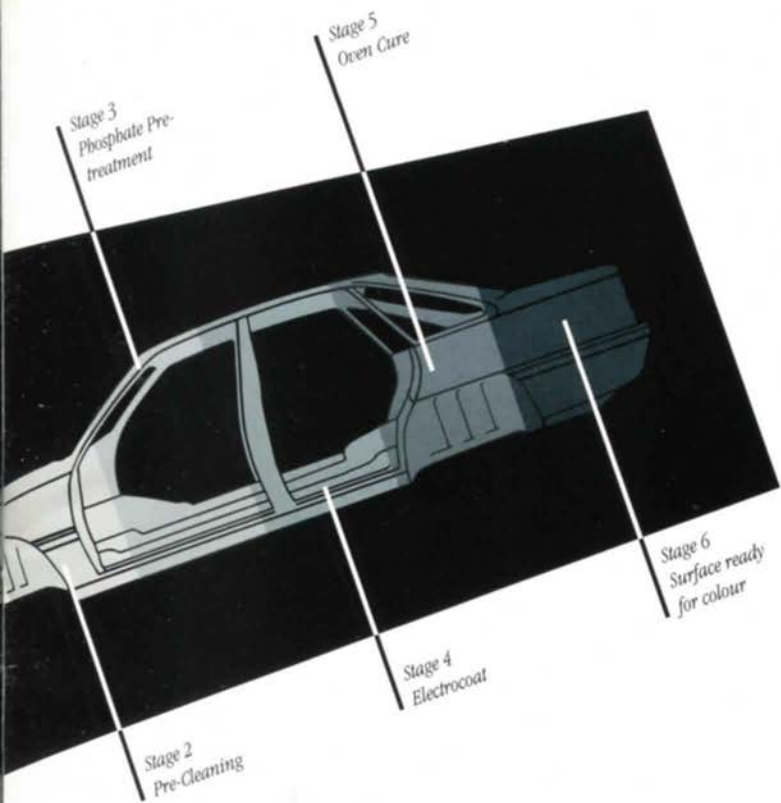
I believe we can look forward with great optimism to the future, particularly the immediate future, with the long awaited release of the V8 Statesman and Caprice, heralding our return to the large luxury car market in 1990, to be followed by the return of the Holden utility later in the year. The introduction of these three models will give us the strongest Holden range ever and a sound base on which to build towards market leadership.



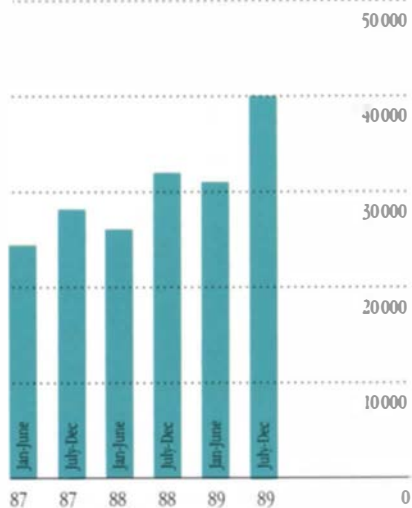
John G. Bagshaw  
*Chairman*



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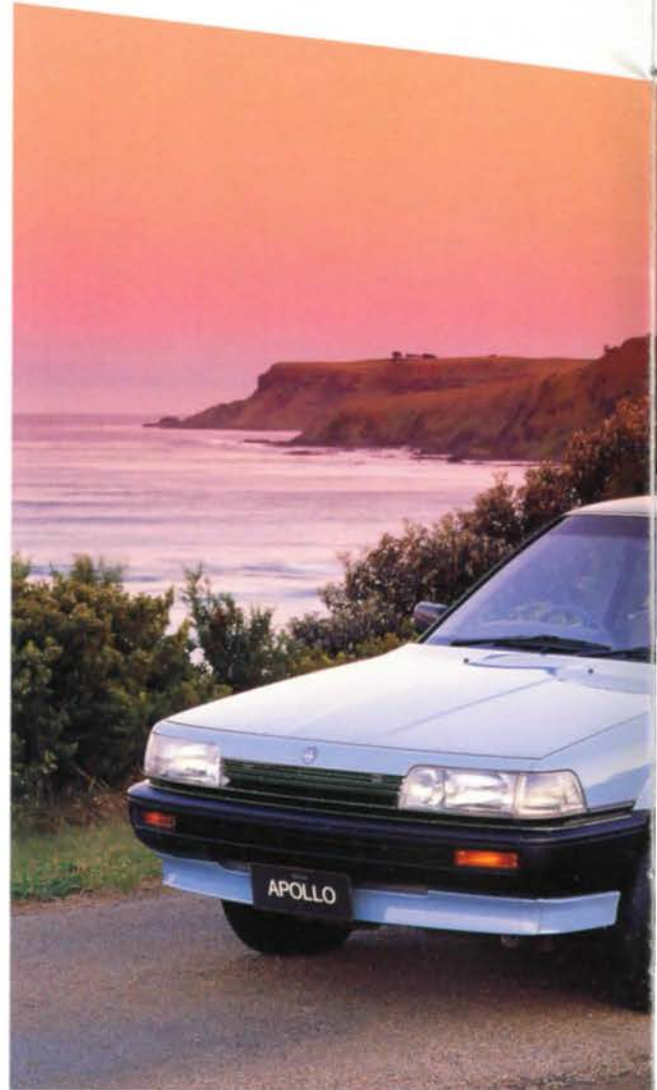
**Commodore registrations  
1987-89**



*Left GMHA's new ELIP process provides car bodies with exceptional corrosion protection and an excellent surface to paint on.*

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## ***Review of Activities***

### **New Additions to the Holden Range**

GMHA completed its four cylinder range with the launch of the Holden Nova in July and the Holden Apollo in August.

The Nova and Apollo are both products of the joint venture between GMHA and Toyota.

#### **Nova**

Nova is the first Holden to have twin camshaft technology. The camshafts operate 16 valves to bring extra power and smoothness, while still retaining excellent economy.

Nova is available in three 5-door hatchback and two 4-door sedan styles, and three levels of luxury: SL, SLX and the top of the range SLE.

The SLE is the first 4-cylinder Holden to offer a four-speed automatic overdrive transmission option.

#### **Apollo**

The 2.0 litre Apollo sedans and wagons come in four luxury levels: SL, SLX, Executive, and SLE.

They all bring the extra power of twin camshaft 16 valve engine technology.

The top-of-the-range SLE has a computer-managed multipoint fuel injection engine, linked to a four-speed overdrive automatic transmission.



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*Right: GMHA Managing Director, John Bagsbaw, accepted his 1989 Pursuit of Excellence Award during a gala ball at Melbourne's Hyatt Hotel on November 29.*



*Far right: The Prime Minister, Bob Hawke, presented Greta Bamford of the Plastics Division with a commendation plaque at a ceremony in Melbourne's Hyatt Hotel in November.*





## **Awards**

GMHA received two national awards in November.

Our plastics plant at Elizabeth, South Australia, was one of five finalists in Enterprise Australia's 1989 Premier Quality Award for Outstanding Achievement in Total Quality Management.

The award recognised the plant's commitment to quality, which was demonstrated in its submission quantifying quality and productivity improvements and reductions in defects and waste.

Also in November, GMHA's managing director, John Bagshaw, won the 1989 Pursuit of Excellence Award for Corporate Management.

The Pursuit of Excellence Awards were created in 1982 for the public recognition of outstanding achievements by individuals in commerce, industry and government.

A principal factor in winning the award was the fact that the automotive industry was seen as a particularly difficult field in which to meet the demanding criteria for such an award.

GMHA's return to profits, the Commodore's success as Australia's top selling car, and innovative employee communications programs were cited as major factors taken into account by the judging panel.

## **GMHA Exports Limousine to Asia**

GMHA began exporting its first stretch limousine, the Holden Royale, to Singapore in October.

Based on the Holden Calais, the Royale features an added five feet (1525 mm) of luxury, and the spacious rear compartment has legroom for six adults.

The Royale boasts a leather interior, television and video, personal computer, telephone and facsimile machine, two bars, a bottle chiller, and ducted heating and air conditioning.

As well as its extra length and quality interior, the Royale has all the engineering advantages of the Holden Calais, including its V6 engine (or an optional V8) and heavy duty suspension.

**General Motors-Holden's Automotive Limited  
and Subsidiary Companies  
Balance Sheet as at 31 December 1989**

	Dec 1989	June 1989
	\$000	\$000
<b>Current Assets</b>		
Cash	5,884	5,313
Receivables	143,284	95,261
Inventories	216,421	193,351
Other	2,583	3,704
<b>Total Current Assets</b>	<b>368,172</b>	<b>297,629</b>
<b>Non Current Assets</b>		
Investments	6,919	6,879
Property, Plant & Equipment	278,041	273,148
Other	12	12
<b>Total Non Current Assets</b>	<b>284,972</b>	<b>280,039</b>
<b>Total Assets</b>	<b>653,144</b>	<b>577,668</b>
<b>Current Liabilities</b>		
Creditors & Borrowings	230,955	282,116
Provisions	120,162	82,869
<b>Total Current Liabilities</b>	<b>351,117</b>	<b>364,985</b>
<b>Non Current Liabilities</b>		
Creditors & Borrowings	-	1,317
Provisions	32,255	30,736
Other	-	2,299
<b>Total Non Current Liabilities</b>	<b>32,255</b>	<b>34,352</b>
<b>Total Liabilities</b>	<b>383,372</b>	<b>399,337</b>
<b>Net Assets</b>	<b>269,772</b>	<b>178,331</b>
<b>Shareholders Equity</b>		
Share Capital	90,000	90,000
Retained Profits	179,762	88,321
Discount on Acquisition	10	10
<b>Total Shareholders Equity</b>	<b>269,772</b>	<b>178,331</b>

For a better understanding of the Group's financial position and the results of its operations for the period, the summarised financial statements should be read in conjunction with the related Audited Financial Statements.

**General Motors-Holden's Automotive Limited  
and Subsidiary Companies  
Profit and Loss Account for the  
six months ended 31 December 1989**

	Dec 1989	June 1989
	\$000	\$000
Operating Profit	122,927	85,292
Income Tax attributable to Operating Profit	31,486	19,375
Operating Profit After Income Tax	91,441	65,917
Profit on extraordinary items	-	-
Income Tax attributable to Profit on extraordinary items	-	-
Profit on extraordinary items after Income Tax	-	-
Operating Profit and Extraordinary Items after Income Tax	91,441	65,917
Appropriations: Dividends provided for and paid	-	-
Retained Profits at beginning of financial year	88,321	22,404
Retained Profits at end of financial year	179,762	88,321

**General Motors-Holden's Automotive Limited and Subsidiary Companies**  
**Summary of Sources and Application of Funds for the**  
**six months ended 31 December 1989**

	Dec 1989	June 1989
	\$000	\$000
<b>Source of Funds</b>		
Funds From Operations:		
Inflow of Funds from Operations:		
- Sales Revenue	1,257,850	920,522
- Other Revenue	7,914	9,970
- Sales of Fixed Assets	279	106
-Total Inflow of Funds	1,266,043	930,598
- Outflow of Funds	1,109,686	818,344
<b>Total Funds From Operations</b>	<b>156,357</b>	<b>112,254</b>
Reduction in Assets:		
Current Assets		
- Prepaid Expenses etc	1,121	10
	<b>157,478</b>	<b>10</b>
Non Current Liabilities		
- Creditors & Borrowings	-	-
- Other	-	163
	-	163
<b>Total Source of Funds</b>	<b>157,478</b>	<b>112,427</b>

	Dec 1989	June 1989
	\$000	\$000
<b>Application of Funds</b>		
Increase in Assets:		
Current Assets		
- Cash	571	5,302
- Receivables	48,023	3,036
- Inventories	23,070	13,918
- Prepaid Expenses etc	-	49
	<u>71,664</u>	<u>22,305</u>
Non Current Assets		
- Investments	40	1,170
- Property Plant & Equipment	33,187	47,101
- Deposits Returnable	-	1
	<u>33,227</u>	<u>48,272</u>
Decrease in Liabilities:		
Current Liabilities		
- Creditors, Borrowings & Provisions	43,106	36,298
Non Current Liabilities		
- Creditors, Borrowings & Provisions	1,317	3,034
- Other	2,299	-
	<u>3,616</u>	<u>3,034</u>
Dividends Paid	-	-
Employee Entitlements Paid	5,865	2,222
Income Tax Paid	-	296
<b>Total Application Of Funds</b>	<u>157,478</u>	<u>112,427</u>
Funds from operations are reconciled with operating profits before income tax as follows:		
Operating Profit before Income Tax	122,927	85,292
Add:		
Depreciation, Amortization of Non Current Assets	28,158	16,962
Book Value of Non Current Assets Sold	136	589
Increases in Provisions	5,136	9,411
	<u>156,357</u>	<u>112,254</u>

**Bankers**

Commonwealth Bank of Australia  
National Australia Bank Ltd.  
A.N.Z. Banking Group Ltd.  
Westpac Banking Corporation  
Banque Nationale de Paris  
Chase AMP Bank Ltd.

**Solicitors**

Mallesons Stephen Jaques,  
121 William Street, Melbourne 3000.

**Auditors**

Deloitte Haskins and Sells,  
461 Bourke Street, Melbourne, 3000

**Company Secretary**

MHG Whiteman

**Registered Office**

241 Salmon Street, Port Melbourne, 3207.

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