SG Fleet Holdings Pty Limited
ABN 85 147 536 409

Annual Report - 30 June 2011

SG Fleet Holdings Pty Limited
Directors' report
30 June 2011

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of SG Fleet Holdings Pty Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the period ended 30 June 2011.

Directors
The following persons were directors of SG Fleet Holdings Pty Limited during the whole of the financial period and up to the date of this report, unless otherwise stated:

S Wong (Chairman) (appointed on 21 April 2011)
P Vallet (appointed on 21 April 2011)
P W Mountford (appointed on 21 April 2011)
J Kelly (appointed on 21 April 2011)
R P Blau (appointed on 24 November 2010)
K V Wundram (appointed on 24 November 2010)

Principal activities
During the financial period the principal activities of the consolidated entity consisted of motor vehicle fleet management and salary packaging services.

Dividends
Dividends on preference shares of $955,000 (2010: $nil) were declared and paid during the financial period. There were no dividends paid or declared on ordinary shares during the current financial period.

Review of operations
The profit for the consolidated entity after providing for income tax amounted to $5,680,000.

The consolidated entity performed well this financial period as a result of improved product penetration and buoyant pricing of second-hand passenger vehicles.

SG Fleet Holding Pty Limited was incorporated on 24 August 2010 and remained dormant until April 2011.

Group reorganisation
On 21 April 2011 SG Fleet Holdings Limited acquired 100% of the issued shares in Super Group Australia Pty Limited and its controlled entities. According to the accounting standards, this transaction did not meet the definition of a business combination in accordance with AASB 3 'Business Combinations' and instead has been accounted for as a group reorganisation, using the common control method.

Significant changes in the state of affairs
Group reorganisation
Refer to 'Review of operations' for information on the group reorganisation.

There were no other significant changes in the state of affairs of the consolidated entity during the financial period.

Matters subsequent to the end of the financial period
No matter or circumstance has arisen since 30 June 2011 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations
The consolidated entity is expected to grow by way of increased sales to existing clients and the acquisition of new clients.

Environmental regulation
The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Shares under option

Unissued ordinary shares of SG Fleet Holdings Pty Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
21/04/11	Earlier of 7 years or “Exit event” as defined in the plan rules	$2.05	12,000,000

Shares issued on the exercise of options

There were no shares of SG Fleet Holdings Pty Limited issued on the exercise of options during the period ended 30 June 2011.

Indemnity and insurance of officers

The company has indemnified the directors, executives and employees of the company for costs incurred, in their capacity as a director, executive or employee, for which they may be held personally liable, except where there is a lack of good faith.

During the financial period, SG Fleet Australia Pty Limited on behalf of the company paid a premium in respect of a contract to insure the directors and executives of the company and of any related bodies corporates defined in the insurance policy, against a liability to the extent permitted by the Corporations Act 2001.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial period, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial period, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

S Wong
Director

R Blau
Director

29 September 2011
Sydney

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of SG Fleet Holdings Pty Limited:

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial period ended 30 June 2011 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Peter Russell

Partner

Sydney

29 September 2011

SG Fleet Holdings Pty Limited
Financial report
For the period ended 30 June 2011

Contents

General information

The financial report covers SG Fleet Holdings Pty Limited as a consolidated entity consisting of SG Fleet Holdings Pty Limited and the entities it controlled. The financial report is presented in Australian dollars, which is SG Fleet Holdings Pty Limited's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

SG Fleet Holdings Pty Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Building 3, Level 2
20 Bridge Street
Pymble NSW 2073

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 29 September 2011. The directors have the power to amend and reissue the financial report.

SG Fleet Holdings Pty Limited
Statement of comprehensive income
For the period ended 30 June 2011

	Note	Consolidated 2011 $'000
Revenue	3	21,052
Expenses		
Fleet management costs		(2,236)
Communication costs		(253)
Employee benefits expense		(6,983)
Occupancy costs		(576)
Depreciation and amortisation expense	4	(2,431)
Technology costs		(422)
Travel, accommodation and entertainment		(144)
Other expenses		(137)
Finance costs	4	(2,095)
Profit before income tax expense		5,775
Income tax expense	5	(95)
Profit after income tax expense for the period attributable to the owners of SG Fleet Holdings Pty Limited	29	5,680
Other comprehensive income		
Foreign currency translation difference for foreign operations		113
Effective portion of changes in fair value of cash flow hedges		258
Other comprehensive income for the period, net of tax		371
Total comprehensive income for the period attributable to the owners of SG Fleet Holdings Pty Limited		6,051

The above statement of comprehensive income should be read in conjunction with the accompanying notes

SG Fleet Holdings Pty Limited
Statement of financial position
As at 30 June 2011

	Note	Consolidated 2011 $'000
Assets		
Current assets		
Cash and cash equivalents	6	63,820
Finance, trade and other receivables	7	28,710
Inventories	8	4,846
Leased motor vehicle assets	9	8,952
Total current assets		106,328
Non-current assets		
Finance, trade and other receivables	10	756
Property, plant and equipment	11	1,536
Intangibles	12	140,990
Leased motor vehicle assets	13	9,518
Deferred tax	14	13,624
Total non-current assets		166,424
Total assets		272,752
Liabilities		
Current liabilities		
Trade and other payables	15	39,727
Borrowings	16	17,438
Income tax	17	4,486
Employee benefits	18	2,042
Provisions	19	5,909
Deferred income	20	2,218
Total current liabilities		71,820
Non-current liabilities		
Borrowings	21	82,066
Derivative financial instruments	22	94
Employee benefits	23	777
Provisions	24	18,826
Other payables	25	9,556
Deferred income	26	18,048
Total non-current liabilities		129,367
Total liabilities		201,187
Net assets		71,565
Equity		
Contributed equity	27	41,000
Reserves	28	24,885
Retained profits	29	5,680
Total equity		71,565

The above statement of financial position should be read in conjunction with the accompanying notes

SG Fleet Holdings Pty Limited
Statement of changes in equity
For the period ended 30 June 2011

	Contributed equity $'000	Reserves $'000	Retained profits $'000	Total equity $'000
Consolidated				
Balance at 24 August 2010	-	-	-	-
Other comprehensive income for the period, net of tax	-	371	-	371
Profit after income tax expense for the period	-	-	5,680	5,680
Total comprehensive income for the period	-	371	5,680	6,051
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	41,000		-	41,000
Share-based payments	-	54	-	54
Group reorganisation	-	24,460	-	24,460
Balance at 30 June 2011	41,000	24,885	5,680	71,565

The above statement of changes in equity should be read in conjunction with the accompanying notes

SG Fleet Holdings Pty Limited
Statement of cash flows
For the period ended 30 June 2011

	Note	Consolidated 2011 $'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)		35,539
Payments to suppliers and employees (inclusive of GST)		(24,306)
Interest received		523
Interest and other finance costs paid		(2,095)
Income taxes paid		(110)
Net cash from operating activities	41	9,551
Cash flows from investing activities		
Payments for property, plant and equipment	11	(170)
Acquisition of lease portfolio assets		(10,562)
Proceeds from disposal of lease portfolio assets		9,689
Cash from group reorganisation		59,066
Net cash from investing activities		58,023
Cash flows from financing activities		
Repayment of borrowings		(3,754)
Net cash used in financing activities		(3,754)
Net increase in cash and cash equivalents		63,820
Cash and cash equivalents at the beginning of the financial period		-
Cash and cash equivalents at the end of the financial period	6	63,820

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Accounting period

The company was incorporated on 24 August 2010 and remained dormant until April 2011. The results of the consolidated entity are therefore for the period 24 August 2010 to 30 June 2011.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention except for derivative financial instruments at fair value.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 38.

Note 1. Significant accounting policies (continued)

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of SG Fleet Holdings Pty Limited ('company' or 'parent entity') as at 30 June 2011 and the results of all subsidiaries for the period then ended. SG Fleet Holdings Pty Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of common control subsidiaries is accounted for using common control method. The acquisition of other subsidiaries is accounted for using the acquisition method of accounting. Refer to the 'business combinations' accounting policy for further details. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign currency translation

The financial report is presented in Australian dollars, which is SG Fleet Holdings Pty Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximates the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Note 1. Significant accounting policies (continued)

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Fleet management services include fleet management income, management fees, maintenance income and finance income.

Fleet management income and management fees
Fleet management income and management fees are brought to account on a straight line basis over the term of the lease.

Maintenance income
Maintenance income is recognised on a stage of completion basis in order that profit is recognised when the services are provided. Maintenance costs are expensed as and when incurred.

Finance commissions
Introductory commissions earned are recognised in the income statement in full in the month in which the finance is introduced to the relevant financier. Trailing commissions earned from financiers are recognised over the life of the lease.

Operating lease income
Lease income from operating leases is recognised in the statement of comprehensive income on a straight line basis over the lease term.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Note 1. Significant accounting policies (continued)

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses and under and over provision in prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

SG Fleet Holdings Pty Limited (the 'head entity') and its wholly-owned Australian controlled entities have formed an income tax consolidated group under the tax consolidation regime in April 2011. Previously Super Group Australia Pty Limited was the head entity. The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the ‘separate taxpayer within group’ allocation approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 1. Significant accounting policies (continued)

Finance, trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

For finance lease and contract purchase agreements see 'leases' accounting policy.

Other receivables are recognised at amortised cost, less any provision for impairment.

Inventories
End-of-term operating leases are stated at the lower of cost and net realisable value. Cost comprises purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the lower of (i) estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and (ii) cost less residual value provision.

Derivative financial instruments
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Cash flow hedges
Cash flow hedges are used to cover the consolidated entity's exposure to variability in cash flows that is attributable to particular risk associated with a recognised asset or liability or a firm commitment which could affect income or expenses. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

Cash flow hedges are tested for effectiveness on a regular basis both retrospectively and prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, amounts recognised in equity are transferred to profit or loss.

If the hedging instrument is sold, terminated, expires, exercised without replacement or rollover, or if hedge becomes ineffective and is no longer a designated hedge, amounts previously recognised in equity remain in equity until the forecast transaction occurs.

Note 1. Significant accounting policies (continued)

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold improvements	5 years
Furniture and fittings	3-8 years
Motor vehicles	7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity.

For leased motor vehicles see 'Leases - consolidated entity as lessor - leased motor vehicles assets' accounting policy.

Note 1. Significant accounting policies (continued)

Leases

Consolidated entity as lessee

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Consolidated entity as lessor

Amounts due from customers under finance leases and contract purchase agreements are recorded as receivables. Finance and contract purchase receivables are initially recognised at amount equal to the present value of the minimum instalment payment receivable plus the present value of any unguaranteed residual value expected to accrue at the end of the contract term. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the consolidated entity's net investment outstanding respect of the contracts.

Consolidated entity as lessor - leased motor vehicles assets

Full maintenance lease assets are stated at historical cost less accumulated depreciation.

The cost of full maintenance lease assets include the purchase cost including non-refundable purchase taxes and other expenditure that is directly attributable to the acquisition of the assets to bring the assets held-for-use in the lease asset portfolio to working condition for the intended use.

The depreciable amount of the asset is deprecated over its estimated useful life of 7 years on a straight-line basis.

Lease rentals receivable and payable on operating leases are recognised in profit or loss in periodic amounts over the effective lease term on a straight line basis.

Note 1. Significant accounting policies (continued)

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangibles are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Where an entity or operation is acquired in a business combination, that is not a common control transaction, the identifiable net assets acquired are measured at fair value. The excess of the fair value of the cost of the acquisition over the fair value of the identifiable net assets acquired is brought to account as goodwill. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Customer contracts

Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 4-5 years.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial period and which are unpaid. Due to their short-term nature they are measured at amortised cost and not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 1. Significant accounting policies (continued)

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

The component of preference shares that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of preference shares the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time, is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on preference shares is expensed to profit or loss.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including:
- interest on short-term and long-term borrowings
- redeemable preference share costs

Provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Maintenance deferred income liability
Income is measured by reference to the stage of completion based on the proportion that the maintenance costs incurred to date bear to the estimated costs of completion of the contract lease.

Deferred income is recognised based on the differences in maintenance fee derived in accordance with the contract billing cycle and income based on stage of completion by reference to costs incurred.

Note 1. Significant accounting policies (continued)

Employee benefits

Wages and salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

Long service leave
The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments
Equity-settled share-based compensation benefits, in the parent entity, are provided to certain employees and directors.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Note 1. Significant accounting policies (continued)

Contributed equity
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends
Dividends are recognised when declared during the financial period and no longer at the discretion of the company.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Note 1. Significant accounting policies (continued)

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Group reorganisation - SG Fleet Holdings Pty Limited and Super Group Australia Pty Limited
When SG Fleet Holdings Pty Limited (the legal parent and legal acquirer) acquired Super Group Australia Pty Limited and its controlled entities (the legal subsidiary), the acquisition did not meet the definition of a business combination in accordance with AASB 3 'Business Combinations' ('AASB 3'). Instead, the combination has been treated as a group reorganisation, using the common control method, as follows:

• The assets and liabilities of the combining entities are reflected at their carrying amounts. No adjustments have been made to reflect fair values, or recognise any new assets or liabilities, that would otherwise be required under AASB 3;

• No 'new' goodwill has been recognised as a result of the combination. The only goodwill that has been recognised is the existing goodwill of Super Group Australia Pty Limited. The difference between the consideration paid and the equity 'acquired' is reflected in equity as a 'capital contribution'; and

• The statement of comprehensive income reflects the results of the combining entities from 21 April 2011 with no restatement of comparatives.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts
The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Note 1. Significant accounting policies (continued)

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2011. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue from maintenance income
As discussed in note 1, the consolidated entity estimates the maintenance income on a stage of completion approach. These calculations require the use of assumptions, including an estimation of the stage of completion and the profit margin to be achieved over the life of the contract.

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Goodwill and other indefinite life intangible assets
The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units, to which these assets belong, have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Residual values
The consolidated entity has entered into various agreements with its financiers which govern the transfer of the residual value risk inherent in operating lease assets from the financier to the consolidated entity at the end of the underlying lease agreement. These agreements include put/call options, sale direction deeds and guaranteed buy-back arrangements. The residual value provision is created on an onerous pool basis to cover future expected losses on the disposal of these vehicles. Assets are grouped into homogenous groups which are then analysed further into maturity pools. A provision is raised for a maturity pool if the forecast loss on disposal of the assets in the pool exceeds the future risk income that the pool will generate between the reporting date and the maturity date. Maturity pools in a net profit position are not offset against maturity pools in a net loss position.

Note 3. Revenue

	Consolidated 2011 $'000
Sales revenue	
Fleet management services	18,822
Rental income on operating leased assets	1,707
	20,529
Other revenue	
Interest	523
Revenue	21,052

Note 4. Expenses

	Consolidated 2011 $'000
Profit before income tax includes the following specific expenses:	
Depreciation	
Leasehold improvements	22
Fixtures and fittings	131
Motor vehicles	4
Leased motor vehicle assets	1,481
Total depreciation	1,638
Amortisation	
Software	793
Total depreciation and amortisation	2,431
Finance costs	
Redeemable preference share costs	955
External borrowing costs for corporate debt	772
External borrowing costs for lease portfolio	368
Finance costs expensed	2,095
Rental expense relating to operating leases	
Minimum lease payments	669
Superannuation expense	
Defined contribution superannuation expense	563

Note 5. Income tax expense

	Consolidated 2011 $'000
Income tax expense	
Current tax	(798)
Deferred tax	304
Under provision in prior periods	589
Aggregate income tax expense	95
Deferred tax included in income tax expense comprises:	
Decrease in deferred tax assets (note 14)	304
Numerical reconciliation of income tax expense to prima facie tax payable	
Profit before income tax expense	5,775
Tax at the Australian tax rate of 30%	1,733
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:	
Non-deductible expenses	1
Tax exempt revenues	(858)
Assessed loss	96
Deduction in respect of rights to future income	(1,752)
Preference share dividends	286
	(494)
Under provision in prior periods	589
Income tax expense	95

Note 6. Current assets - cash and cash equivalents

	Consolidated 2011 $'000
Cash in hand	2
Cash at bank	52,306
Security deposits	11,512
	63,820

The secured deposits secure:
- The consolidated entity’s obligation to assume residual value risk from the Commonwealth Bank of Australia under a Put/call option agreement; and
- The consolidated entity's obligations to St George Bank under a facility agreement for the financing of operating lease assets in inertia and inventory.

Accordingly the security deposits are not available for use as part of the working capital of the business.

Note 7. Current assets - finance, trade and other receivables

	Consolidated 2011 $'000
Trade receivables	21,479
Less: Provision for impairment of receivables	(473)
	21,006
Other receivables	597
Prepayments	6,626
Finance lease receivables	190
Contract purchase receivables	291
	28,710

Impairment of receivables
The ageing of the impaired receivables recognised above are as follows:

	Consolidated 2011 $'000
1 to 12 months overdue	398
Over 12 months overdue	75
	473

Note 7. Current assets - finance, trade and other receivables (continued)

Movements in the provision for impairment of receivables are as follows:

	Consolidated 2011 $'000
Additions through business combinations	725
Exchange difference in foreign subsidiary	(25)
Unused amounts reversed	(227)
Closing balance	473

Impairment of receivables are charged (or credited) to other expenses in profit or loss.

Past due but not impaired
Customers with balances past due but without provision for impairment of receivables amount to $51,000 as at 30 June 2011. The consolidated entity did not consider a credit risk on the aggregate balances after reviewing agency credit information and credit terms of customers based on recent collection practices.

The ageing of the past due but not impaired receivables are as follows:

	Consolidated 2011 $'000
1 to 12 months overdue	51

Note 8. Current assets - inventories

	Consolidated 2011 $'000
End-of-term operating lease assets held for disposal	4,846

Note 9. Current assets - leased motor vehicle assets

	Consolidated 2011 $'000
Lease portfolio assets - at cost	13,641
Less: Accumulated depreciation	(4,689)
	8,952

Refer to note 13 for detailed information on leased motor vehicle assets.

Note 10. Non-current assets - finance, trade and other receivables

	Consolidated 2011 $'000
Finance lease receivables	624
Contract purchase receivables	132
	756

Note 11. Non-current assets - property, plant and equipment

	Consolidated 2011 $'000
Leasehold improvements - at cost	646
Less: Accumulated depreciation	(424)
	222
Fixtures and fittings - at cost	2,979
Less: Accumulated depreciation	(1,743)
	1,236
Motor vehicles - at cost	91
Less: Accumulated depreciation	(13)
	78
	1,536

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial period are set out below:

	Leasehold improvements $'000	Fixtures and fittings $'000	Motor vehicles $'000	Total $'000
Consolidated				
Balance at 24 August 2010	-	-	-	-
Additions	-	170	-	170
Additions through business combinations	244	1,197	82	1,523
Depreciation expense	(22)	(131)	(4)	(157)
Balance at 30 June 2011	222	1,236	78	1,536

Note 12. Non-current assets - intangibles

	Consolidated 2011 $'000
Goodwill - at cost	136,460
	136,460
Customer contracts - at cost	3,605
Less: Accumulated amortisation	(1,877)
Less: Impairment	(931)
	797
Software - at cost	5,725
Less: Accumulated amortisation	(1,992)
	3,733
	140,990

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial period are set out below:

	Goodwill $'000	Customer contracts $'000	Software $'000	Total $'000
Consolidated				
Balance at 24 August 2010	-	-	-	-
Additions through business combinations	136,460	797	4,670	141,927
Transfers in/(out)	-	-	(144)	(144)
Amortisation expense	-	-	(793)	(793)
Balance at 30 June 2011	136,460	797	3,733	140,990

Note 12. Non-current assets - intangibles (continued)

Impairment testing for goodwill
For the purpose of impairment testing, goodwill is allocated to the consolidated entity's operating divisions which represent the lowest level within the consolidated entity at which the goodwill is monitored for internal management purposes.

The impairment test was based on a value-in-use approach. The recoverable amount was determined to be higher than the carrying amount and therefore no impairment loss was recognised.

Value-in-use was determined by discounting the future cash flows generated from the continuing use of the business and was based on the following key assumptions:

• Cash flows were projected based on actual operating results and the four year business plan. Cash flow beyond year 4 was projected at a growth rate of 0%;
• Management fee income was forecast based on the projected fleet growth by product category multiplied by the average management fee per product. Compound fleet growth of 7.7% was forecast for this purpose;
• Other income streams were forecast in proportion to what the business has achieved historically;
• Direct costs were forecast based on the margins historically achieved by the business;
• Overheads were forecast based on current levels adjusted for inflationary increases; and
• A pre-tax discount rate of 13.78% was applied in determining the recoverable amount. The discount rate was estimated using the Capital Asset Pricing model.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external and internal data sources

Sensitivity analysis
Management estimates that any reasonable changes in the key assumptions would not have a significant impact on the value-in-use of intangible assets and goodwill that would require the assets to be impaired.

Note 13. Non-current assets - leased motor vehicle assets

	Consolidated 2011 $'000
Lease portfolio assets - at cost	16,293
Less: Accumulated depreciation	(6,775)
	9,518

Note 13. Non-current assets - leased motor vehicle assets (continued)

Reconciliations
Reconciliations of the written down values (current and non-current) at the beginning and end of the current financial period are set out below:

	Leased assets $'000	Total $'000
Consolidated		
Balance at 24 August 2010	-	-
Additions	10,562	10,562
Additions through business combinations	19,078	19,078
Disposals	(9,689)	(9,689)
Depreciation expense	(1,481)	(1,481)
Balance at 30 June 2011	18,470	18,470

	2011 $'000
Current portion (note 9)	8,952
Non-current portion	9,518
	18,470

Note 14. Non-current assets - deferred tax

	Consolidated 2011 $'000
The balance comprises temporary differences attributable to:	
Amounts recognised in profit or loss:	
Property, plant and equipment	579
Employee benefits	833
Provisions	7,340
Doubtful debts	153
Accrued expenses	395
Revenue received in advance	5,319
Prepayments	(1,681)
Other items	686
Deferred tax asset	13,624
Movements:	
Opening balance	-
Charged to profit or loss (note 5)	(304)
Additions through business combinations	13,928
Closing balance	13,624

Note 15. Current liabilities - trade and other payables

	Consolidated 2011 $'000
Trade payables	23,317
Accrued expenses	5,798
Fuel and maintenance funds	4,778
Residual values payable to financiers	4,845
Other payables	989
	39,727

Refer to note 31 for detailed information on financial instruments.

The residual values payable to financiers are secured by the underlying operating lease asset as well as by bank guarantees and a cash lock-up of $7,600,000. The residual values are typically repaid in the month following the disposal of the underlying operating lease asset.

Note 16. Current liabilities - borrowings

	Consolidated 2011 $'000
Senior debt - St George Bank	5,748
Lease portfolio liabilities - St George Bank	7,432
Lease portfolio liabilities - Commonwealth Bank of Australia	4,258
	17,438

Refer to note 21 for further information on borrowings and note 31 for detailed information on financial instruments.

Note 17. Current liabilities - income tax

	Consolidated 2011 $'000
Provision for income tax	4,486

Note 18. Current liabilities - employee benefits

	Consolidated 2011 $'000
Annual leave	2,042

Note 19. Current liabilities - provisions

	Consolidated 2011 $'000
Residual risk	5,909

Refer to note 24 for further information on residual risk provision.

Note 20. Current liabilities - deferred income

	Consolidated 2011 $'000
Deferred income	2,218

Note 21. Non-current liabilities - borrowings

	Consolidated 2011 $'000
Senior debt - St George Bank	39,393
Lease portfolio liabilities - St George Bank	207
Lease portfolio liabilities - Commonwealth Bank of Australia	1,466
Redeemable preference shares	41,000
	82,066

Refer to note 31 for detailed information on financial instruments.

On 21 April 2011 the consolidated entity issued 41,000,000 redeemable preference shares, with a face value of $1 each, for total proceeds of $41,000,000. Interest is paid quarterly in arrears at a rate of 12% per annum based on the face value. The preference shares are redeemable at the option of the consolidated entity at any time subject to solvency requirements. The holders of the preference shares may request redemption at the earlier of 12 years from the issue date or immediately prior to the sale of all of the ordinary shares in the consolidated entity or the sale of the business conducted by the consolidated entity. Upon receipt of a redemption notice from the holders of the preference shares, the consolidated entity can elect to either redeem the preference shares or to convert them into ordinary shares. The conversion rate is based on relative market values.

Note 21. Non-current liabilities - borrowings (continued)

Total secured liabilities
The total secured liabilities (current and non-current) are as follows:

	Consolidated 2011 $'000
Senior debt - St George Bank	45,141
Lease portfolio liabilities - St George Bank	7,639
Lease portfolio liabilities - Commonwealth Bank of Australia	5,724
	58,504

Assets pledged as security for borrowings

Senior debt - St George Bank
The senior debt is secured by guarantees and indemnities as well as fixed and floating charges or composite guarantees and debentures issued by the company and each of the controlled entities. The senior debt is repayable in quarterly instalments of $1,437,000 and a bullet payment of $32,000,000 in March 2016.

Lease portfolio liabilities - St George Bank
The facility is utilised to fund commercial vehicle operating leases in inertia as well as commercial vehicle inventory. The facility bears interest at the 30 day bank bill rate plus 2.5%. The facility is secured by the underlying funded assets, a secured cash deposit of $4,000,000 together with a guarantee from the subsidiary SG Fleet Pty Limited. The facility is repaid on a transactional basis as and when the underlying assets are disposed of.

Lease portfolio liabilities - Commonwealth Bank of Australia
The facility is secured by the underlying lease portfolio receivables and assets as well as fixed and floating charges and composite guarantees and debentures issued by the consolidated entity. The facility is repayable according to a repayment profile that matches the repayment profile of the underlying lease receivables.

Residual values payable to financiers
Refer to note 17 for security to financiers of residual value payables.

Note 21. Non-current liabilities - borrowings (continued)

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated 2011 $'000
Total facilities	
Senior debt - St George Bank	50,441
Lease portfolio facility - St George Bank	20,000
Lease portfolio facility - Commonwealth Bank of Australia	5,724
Credit card facilities	2,025
	78,190
Used at the reporting date	
Senior debt - St George Bank	45,141
Lease portfolio facility - St George Bank	7,639
Lease portfolio facility - Commonwealth Bank of Australia	5,724
Credit card facilities	1,526
	60,030
Unused at the reporting date	
Senior debt - St George Bank	5,300
Lease portfolio facility - St George Bank	12,361
Lease portfolio facility - Commonwealth Bank of Australia	-
Credit card facilities	499
	18,160

Note 22. Non-current liabilities - derivative financial instruments

	Consolidated 2011 $'000
Interest rate swap contracts - cash flow hedges	94

Refer to note 31 for detailed information on financial instruments.

The consolidated entity has entered into a fixed for variable interest rate swap agreement for which hedged-accounting has been adopted. The fair value of the derivative has been accounted for directly in the cash flow hedge reserve. The maturity of the swap agreement is matched to the maturity of the underlying hedged item.

Note 23. Non-current liabilities - employee benefits

	Consolidated 2011 $'000
Long service leave	777

Note 24. Non-current liabilities - provisions

	Consolidated 2011 $'000
Residual risk	18,826

Residual risk provision
The provision is to recognise the future liability relating to residual value exposures as described in note 2.

Movements in provisions
Movements in each class of provision (current and non-current) during the current financial period, other than employee benefits, are set out below:

	Residual risk $'000
Consolidated - 2011	
Carrying amount at the start of the period	-
Additions through business combinations	26,904
Amounts used	(26)
Recoveries	1,467
Exchange difference on foreign subsidiary	2
Unused amounts reversed	(3,612)
Carrying amount at the end of the period	24,735

	2011 $'000
Current portion (note 19)	5,909
Non-current portion	18,826
	24,735

Note 25. Non-current liabilities - other payables

	Consolidated 2011 $'000
Fuel and maintenance funds	9,556

Note 26. Non-current liabilities - deferred income

	Consolidated 2011 $'000
Deferred income	18,048

Note 27. Equity - contributed

	Consolidated 2011 Shares	Consolidated 2011 $'000
Ordinary shares - fully paid	41,000,000	41,000

Movements in ordinary share capital

Details	Date	No of shares	Issue price	$'000
Issue of shares	21 April 2011	41,000,000	$1.00	41,000
Balance	30 June 2011	41,000,000		41,000

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management
The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital. The policy is also to maintain strong capital base.

The consolidated entity is subject to certain financing arrangements covenants and meeting these are given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial period.

Note 28. Equity - reserves

	Consolidated 2011 $'000
Foreign currency reserve	113
Hedging reserve - cash flow hedges	258
Share-based payments reserve	54
Equity contribution reserve	24,460
	24,885

Note 28. Equity - reserves (continued)

	Foreign currency $'000	Cash flow hedges $'000	Share-based payments $'000	Capital contribution $'000	Total $'000
Consolidated					
Balance at 24 August 2010	-	-	-	-	-
Foreign currency translation	113	-	-	-	113
Share based payment	-	-	54	-	54
Movement in hedge	-	258	-	-	258
Group reorganisation	-	-	-	24,460	24,460
Balance at 30 June 2011	113	258	54	24,460	24,885

Foreign currency reserve
The reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian dollars.

Hedging reserve - cash flow hedges
The reserve is used to recognise the effective portion of the gain or loss of cash flow hedge instruments that is determined to be an effective hedge.

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Capital contribution reserve
The reserve is used to recognise contributions from or to SG Fleet Holdings Pty Limited and its controlled subsidiaries by shareholders.

Note 29. Equity - retained profits

	Consolidated 2011 $'000
Retained profits at the beginning of the financial period	-
Profit after income tax expense for the period	5,680
Retained profits at the end of the financial period	5,680

Note 30. Equity - dividends

Dividends on preference shares of $955,000 (2010: $nil) were declared and paid during the financial period. There were no dividends paid or declared on ordinary shares during the current financial period.

Note 31. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk (including interest rate risk and foreign currency risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses derivative financial instruments such as interest rate swaps to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks and ageing analysis for credit risk.

The Board of directors have overall responsibility for the establishment and oversight of the risk management framework. The Board has established a Risk Committee, which is responsible for managing risk. The committee reports to the Board of Directors on its activities.

Risk management policies are established to identify and analyse the risks faced by the consolidated entity, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the consolidated entity's activities. The entity through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the consolidated entity's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the consolidated entity.

Market risk

Foreign currency risk
The consolidated entity undertakes certain transactions in foreign currencies hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date was as follows:

	Assets 2011 $'000	Liabilities 2011 $'000
Consolidated		
Pound Sterling	10,195	7,573
New Zealand dollars	3,938	280
	14,133	7,853

The consolidated entity had net liabilities denominated in foreign currencies of $6,280,000 (assets $14,133,000 less liabilities $7,853,000) as at 30 June 2011. Based on this exposure, had the Australian dollar weakened by 10%/strengthened by 10% against these foreign currencies with all other variables held constant, the consolidated entity's profit before tax for the financial period would have been $628,000 higher/ $628,000 lower and equity would have been $628,000 higher/ $628,000 lower. The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements.

Price risk
The consolidated entity is not exposed to any significant price risk.

Note 31. Financial instruments (continued)

Interest rate risk
The consolidated entity's main interest rate risk arises from its borrowings and cash at bank. Borrowings and cash at bank issued at variable rates expose the consolidated entity to interest rate risk. Borrowings issued at fixed rates expose the consolidated entity to fair value interest rate risk. The policy is to ensure that at least 60% of its exposure to changes in interest rates on general borrowings, other than lease portfolio borrowings, is on a fixed rate basis. This is achieved by entering into fixed rate loan agreements or interest swap agreements.

The lease portfolio facilities $13,363,000 require monthly cash outlays of approximately $1,899,000 per month to service facility plus variable interest payments.

The consolidated entity also has residual value payables to financiers of $4,845,000 which requires cash outlays based on the earlier of the underlying vehicle being sold or a period of 60 days.

As at the reporting date, the consolidated entity had the following variable rate bank accounts and other facilities:

	2011	
	Weighted average interest rate %	**Balance $'000**
Consolidated		
Bank overdraft and bank loans	9.28	(45,141)
Lease portfolio facilities	6.35	(13,363)
Residual value payables to financiers	6.19	(4,845)
Cash on deposit	4.78	52,306
Net exposure to cash flow interest rate risk		(11,043)

An official increase/decrease in interest rates of one percentage point would have an adverse/favourable effect on profit before tax and equity of $110,000 per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable. Typically the consolidated entity ensures that it has sufficient cash or facilities on demand to meet expected operational expenses for a period of 90 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 31. Financial instruments (continued)

Financing arrangements
Unused borrowing facilities at the reporting date:

	Consolidated 2011 $'000
Senior debt - St George Bank	5,300
Lease portfolio facility - St George Bank	12,361
Credit card facilities	499
	18,160

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2011	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	23,320	-	-	-	23,320
Other payables	-	989		-	-	989
Interest-bearing - variable						
Bank loans	9.28	9,670	9,137	39,696	-	58,503
Lease portfolio facility - St George Bank	6.86	7,701	214	-	-	7,915
Lease portfolio facility - Commonwealth Bank of Australia	5.77	4,465	1,233	290	-	5,988
Residual value payable to financiers	6.19	4,995	-	-	-	4,995
Interest-bearing - fixed rate						
Preference shares	12.00	4,920	4,920	19,680	45,920	75,440
Total non-derivatives		56,060	15,504	59,666	45,920	177,150
Derivatives						
Interest rate swaps net settled	-	-	94	-	-	94
Total derivatives		-	94	-	-	94

Note 31. Financial instruments (continued)

The following tables detail the consolidated entity's fair values of financial instruments categorised by the following levels:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Consolidated - 2011	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Derivative financial instruments	-	94	-	94
Total liabilities	-	94	-	94

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

Note 32. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated 2011 $
Short-term employee benefits	739,791
Post-employment benefits	54,891
Share-based payments	54,000
	848,682

Related party transactions
Related party transactions are set out in note 37.

Note 33. Remuneration of auditors

During the financial period the following fees were paid or payable for services provided by KPMG, the auditor of the company, and its related practices:

	Consolidated 2011 $
Audit services - KPMG	
Audit of the financial report	333,353
Other services - KPMG	
Tax services	148,347
Corporate advisory	51,290
	199,637
	532,990

The fees above represent the fees for the entire year of the companies within the consolidated entity, not just from acquisition on 21 May 2011.

Note 34. Commitments - operating lease receivable

	Consolidated 2011 $'000
Lease receivables - operating	
Committed at the reporting date, receivable:	
Within one year	1,783
One to five years	1,582
	3,365

Future minimum rentals receivable includes contracted amounts for motor vehicles under non-cancellable operating leases between 1 and 4 years.

Note 35. Contingent liabilities

The consolidated entity has entered into agreements under which the residual risk inherent in operating leases are transferred from the funder of the asset to the consolidated entity. Under these agreements, the consolidated entity is obliged to pay the guaranteed residual value amount at the end of their contractual lease term and sell the vehicle. Bank guarantees and letters of credit to the value of $21,157,000 have been issued as security for these obligations.

Bank guarantees to the value of $942,000 have been issued as security for contractual obligations under leases and other commercial agreements.

The consolidated entity has executed certain guarantees and indemnities, as well as fixed and floating charges over the assets of the consolidated entity in favour of St. George Bank and the Commonwealth Bank of Australia as security for banking facilities provided to the consolidated entity. The total drawn and un-drawn banking facilities provided to the consolidated entity by St. George Bank amount to $129,000,000 and by Commonwealth Bank of Australia GBP6,805,000.

Note 36. Commitments for expenditure

	Consolidated 2011 $'000
Lease commitments - operating	
Committed at the reporting date but not recognised as liabilities, payable:	
Within one year	2,488
One to five years	2,011
	4,499
Capital commitments - authorised, not contracted	
Committed at the reporting date but not recognised as liabilities, payable:	
Within one year	18,428
One to five years	4,923
	23,351

Capital commitments includes contracted amounts for the purchase of leased motor vehicles and the acquisition and development of ERP systems.

Operating lease commitments includes contracted amounts for office accommodation and office equipment under non-cancellable operating leases expiring within 1 to 5 years with, in some cases, options to extend. The leases do not have escalation clauses. On renewal, the terms of the leases are renegotiated.

Note 37. Related party transactions

Parent entities
SG Fleet Holdings Pty Limited is the parent entity of the consolidated group. Its parent company is Super Group Limited, incorporated in South Africa.

Subsidiaries
Interests in subsidiaries are set out in note 39.

Key management personnel
Disclosures relating to key management personnel are set out in note 32.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated 2011 $
Payment for other expenses:	
Interest on preference shares to controlling party	522,999
Interest on preference shares to other related party	431,796
Software license paid to controlling entity	17,565
Insurance premium paid to controlling entity	12,916
Management fees to controlling entity	40,290
Management fees to other related party	59,168
Legal fees to Morgan Lewis Attorneys, a firm in which one of the former directors is a partner	72,000

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated 2011 $
Current receivables:	
Loan to A Graham, a member of key management personnel (secured, interest at 7.8% per annum)	75,000
Loan to D Bell, a member of key management personnel (secured, interest at 7.8% per annum)	100,000

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated 2011 $
Non-current borrowings:	
Redeemable preference shares to controlling entity (12% coupon)	22,458,160
Redeemable preference shares to other related party (12% coupon)	18,541,840

Note 37. Related party transactions (continued)

Terms and conditions
Except for intercompany loans that are interest free, all transactions were made on normal commercial terms and conditions and at market rates.

Note 38. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of comprehensive income

	Parent 2011 $'000
Loss after income tax	(3,026)
Total comprehensive income	(3,026)

Statement of financial position

	Parent 2011 $'000
Total current assets	597
Total assets	83,337
Total current liabilities	662
Total liabilities	45,309
Equity	
Contributed equity	41,000
Reserves	54
Accumulated losses	(3,026)
Total equity	38,028

Contingent liabilities
The company has no contingent liabilities as at 30 June 2011.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment. Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 39. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name of entity	Country of incorporation	Equity holding 2011 %
SG Fleet Finance Pty Limited	Australia	100.00
Super Group Australia Pty Limited	Australia	100.00
SG Fleet Pty Limited	Australia	100.00
SG Fleet Australia Pty Limited	Australia	100.00
SG Fleet NZ Limited	New Zealand	100.00
SG Fleet UK Limited	United Kingdom	100.00
Fleet Care Services Pty Limited	Australia	100.00
SG Fleet Salary Packaging Pty Limited	Australia	100.00
Beta Dimensions Pty Limited	Australia	100.00
SMB Car Sales Pty Limited	Australia	100.00

Note 40. Events occurring after the reporting date

No matter or circumstance has arisen since 30 June 2011 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 41. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated 2011 $'000
Profit after income tax expense for the period	5,680
Adjustments for:	
Depreciation and amortisation	2,431
Share-based payments	54
Foreign exchange differences	113
Transfer of assets	144
Change in operating assets and liabilities:	
Decrease in trade and other receivables	3,615
Decrease in inventories	1,797
Decrease in deferred tax assets	2,306
Decrease in trade and other payables	(10,700)
Decrease in provision for income tax	(2,321)
Increase in employee benefits	86
Increase in retirement benefit obligations	6,346
Net cash from operating activities	9,551

Note 42. Share-based payments

A share option plan has been established by the consolidated entity in order to incentivise certain members of the key management personnel. The options were issued for $0.00033 each and the total expense for the period was $54,000. The options are all unvested options and cannot be exercised until a vesting trigger has occurred.

Set out below are summaries of options granted under the plan:

2011

Grant date	Expiry date	Exercise price	Balance at the start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
21/04/11	**	$2.05	-	12,000,000	-	-	12,000,000
			-	12,000,000	-	-	12,000,000

The weighted average remaining contractual life of options outstanding at the end of the financial period was 6.8 years.

** Expiry date is the earlier of 7 years or the occurrence of an “Exit event” as defined in the plan rules

For the options granted during the current financial period, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
21/04/11	**	$1.00	$2.05	55.00%	0.00%	5.36%	$0.350

Note 42. Share-based payments (continued)

The options will vest if the private equity shareholders in SG Fleet Holdings Pty Limited realise a pre-determined minimum return on investment. If the employee ceases employment the options are cancelled.

SG Fleet Holdings Pty Limited
Directors' declaration

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the financial period ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the directors

S Wong
Director

R Blau
Director

29 September 2011
Sydney

Independent auditor's report to the members of SG Fleet Holdings Pty Limited

Report on the financial report

We have audited the accompanying financial report of SG Fleet Holdings Pty Limited (the company), which comprises the statement of financial position as at 30 June 2011, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the period ended on that date, notes 1 to 42 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial period.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Group's financial position as at 30 June 2011 and of its performance for the period ended on that date; and

  (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

KPMG

KPMG

Peter Russell

Peter Russell
Partner

Sydney

29 September 2011