

**SG Fleet Holdings Pty Limited**  
**ABN 85 147 536 409**

**Annual Report - 30 June 2012**

**SG Fleet Holdings Pty Limited**  
**Directors' report**  
**30 June 2012**

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 year ended 30 June 2012.

**Directors**

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

S Wong (Chairman)

P Vallet

P W Mountford

J Kelly

R P Blau

K V Wundram

A S Kerley (appointed on 17 October 2011, alternate for S Wong and J Kelly)

C A Brown (appointed on 17 October 2011, alternate for P Vallet and P W Mountford)

**Principal activities**

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

**Dividends**

Dividends on preference shares of \$4,920,000 (2011: \$955,000) were declared and paid during the financial year. There were no dividends paid or declared on ordinary shares during the current or previous financial period.

**Review of operations**

The profit for the consolidated entity after providing for income tax amounted to \$19,477,000 (30 June 2011: \$5,680,000).

The profit before tax for the full year of trading was \$35,615,000 compared to \$5,775,000 for the two months trading in the comparative period.

The consolidated entity performed well this financial year as a result of increased product penetration and improved profit on disposal of second-hand passenger vehicles.

**Significant changes in the state of affairs**

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

**Matters subsequent to the end of the financial year**

No matter or circumstance has arisen since 30 June 2012 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.

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**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 year ended 30 June 2012.

**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 year, 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 year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, 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.

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**Directors' report**  
**30 June 2012**

**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



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S Wong  
Director



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R Blau  
Director

15 August 2012  
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 year ended 30 June 2012 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

15 August 2012

**SG Fleet Holdings Pty Limited**  
**Financial report**  
**30 June 2012**

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**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 15 August 2012. The directors have the power to amend and reissue the financial report.

**SG Fleet Holdings Pty Limited**  
**Statement of comprehensive income**  
**For the year ended 30 June 2012**

		<b>Consolidated</b>	
		<b>Year ended</b>	<b>Period</b>
	<b>Note</b>	<b>30/6/2012</b>	<b>24/11/10 to</b>
		<b>\$'000</b>	<b>30/6/11</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>	3	144,417	21,052
<b>Expenses</b>			
Fleet management costs		(37,865)	(2,236)
Communication costs		(1,290)	(253)
Employee benefits expense		(36,672)	(6,983)
Occupancy costs		(3,299)	(576)
Depreciation, amortisation and impairment	4	(12,015)	(2,431)
Technology costs		(2,458)	(422)
Travel, accommodation and entertainment		(752)	(144)
Other expenses		(4,202)	(137)
Finance costs	4	<u>(10,249)</u>	<u>(2,095)</u>
<b>Profit before income tax expense</b>		35,615	5,775
Income tax expense	5	<u>(16,138)</u>	<u>(95)</u>
<b>Profit after income tax expense for the year attributable to the owners of SG Fleet Holdings Pty Limited</b>	29	19,477	5,680
<b>Other comprehensive income</b>			
Foreign currency translation difference for foreign operations		60	113
Effective portion of changes in fair value of cash flow hedges		<u>67</u>	<u>258</u>
Other comprehensive income for the year, net of tax		<u>127</u>	<u>371</u>
<b>Total comprehensive income for the year attributable to the owners of SG Fleet Holdings Pty Limited</b>		<u><u>19,604</u></u>	<u><u>6,051</u></u>

*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 2012**

		<b>Consolidated</b>	
	<b>Note</b>	<b>2012</b>	<b>2011</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	92,533	63,820
Finance, trade and other receivables	7	31,536	28,710
Inventories	8	4,471	4,846
Leased motor vehicle assets	9	8,245	8,952
<b>Total current assets</b>		<u>136,785</u>	<u>106,328</u>
<b>Non-current assets</b>			
Finance, trade and other receivables	10	165	756
Property, plant and equipment	11	1,037	1,536
Intangibles	12	138,706	140,990
Leased motor vehicle assets	13	10,469	9,518
Deferred tax	14	16,509	13,624
<b>Total non-current assets</b>		<u>166,886</u>	<u>166,424</u>
<b>Total assets</b>		<u>303,671</u>	<u>272,752</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	15	49,510	39,727
Borrowings	16	14,515	17,438
Income tax	17	12,665	4,486
Employee benefits	18	2,168	2,042
Provisions	19	9,255	5,909
Deferred income	20	2,338	2,218
<b>Total current liabilities</b>		<u>90,451</u>	<u>71,820</u>
<b>Non-current liabilities</b>			
Borrowings	21	75,723	82,066
Derivative financial instruments	22	31	94
Employee benefits	23	1,271	777
Provisions	24	13,637	18,826
Other payables	25	9,061	9,556
Deferred income	26	22,274	18,048
<b>Total non-current liabilities</b>		<u>121,997</u>	<u>129,367</u>
<b>Total liabilities</b>		<u>212,448</u>	<u>201,187</u>
<b>Net assets</b>		<u>91,223</u>	<u>71,565</u>
<b>Equity</b>			
Issued capital	27	41,000	41,000
Reserves	28	25,066	24,885
Retained profits	29	25,157	5,680
<b>Total equity</b>		<u>91,223</u>	<u>71,565</u>

*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 year ended 30 June 2012**

	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
<b>Consolidated</b>				
Balance at 24 November 2010	-	-	-	-
Profit after income tax expense for the period	-	-	5,680	5,680
Other comprehensive income for the period, net of tax	-	371	-	371
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	371	5,680	6,051
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	41,000	-	-	41,000
Share-based payments	-	54	-	54
Group reorganisation	-	24,460	-	24,460
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2011	41,000	24,885	5,680	71,565
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
<b>Consolidated</b>				
Balance at 1 July 2011	41,000	24,885	5,680	71,565
Profit after income tax expense for the year	-	-	19,477	19,477
Other comprehensive income for the year, net of tax	-	127	-	127
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	127	19,477	19,604
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	54	-	54
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2012	41,000	25,066	25,157	91,223
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

*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 year ended 30 June 2012**

		<b>Consolidated</b>	
		<b>Year ended</b>	<b>Period</b>
<b>Note</b>		<b>30/6/2012</b>	<b>24/11/10 to</b>
		<b>\$'000</b>	<b>30/6/11</b>
			<b>\$'000</b>
<b>Cash flows from operating activities</b>			
	Receipts from customers (inclusive of GST)	156,824	35,539
	Payments to suppliers and employees (inclusive of GST)	(102,348)	(24,306)
	Interest received	4,167	523
	Interest and other finance costs paid	(10,249)	(2,095)
	Income taxes paid	(10,844)	(110)
		<u>          </u>	<u>          </u>
	Net cash from operating activities	41      37,550	9,551
<b>Cash flows from investing activities</b>			
	Payments for property, plant and equipment	11      (330)	(170)
	Payments for intangibles	12      (1,425)	-
	Acquisition of lease portfolio assets	13      (29,220)	(10,562)
	Proceeds from disposal of lease portfolio assets	31,606	9,689
	Cash from group reorganisation	-	59,066
		<u>          </u>	<u>          </u>
	Net cash from investing activities	631	58,023
<b>Cash flows from financing activities</b>			
	Proceeds from borrowings	12,978	-
	Repayment of borrowings	(22,244)	(3,754)
		<u>          </u>	<u>          </u>
	Net cash used in financing activities	(9,266)	(3,754)
	Net increase in cash and cash equivalents	28,915	63,820
	Cash and cash equivalents at the beginning of the financial year	63,820	-
	Effects of exchange rate changes on cash	(202)	-
		<u>          </u>	<u>          </u>
	Cash and cash equivalents at the end of the financial year	6      92,533	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 years 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.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

*AASB 2010-4 Amendments to Australian Accounting Standards arising from the Annual Improvements Project*

The consolidated entity has applied AASB 2010-4 amendments from 1 July 2011. The amendments made numerous non-urgent but necessary amendments to a range of Australian Accounting Standards and Interpretations. The amendments provided clarification of disclosures in AASB 7 'Financial Instruments: Disclosures', in particular emphasis of the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments; clarified that an entity can present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes in accordance with AASB 101 'Presentation of Financial Instruments'; and provided guidance on the disclosure of significant events and transactions in AASB 134 'Interim Financial Reporting'.

*AASB 124 Related Party Disclosures (December 2009)*

The consolidated entity has applied AASB 124 (revised) from 1 July 2011. The revised standard simplified the definition of a related party by clarifying its intended meaning and eliminating inconsistencies from the definition. A subsidiary and an associate with the same investor are related parties of each other; entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other; and whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other.

**Accounting period**

The company was incorporated on 24 November 2010 and remained dormant until April 2011. The comparative results of the consolidated entity are therefore for the period from incorporation to 30 June 2011 of which only 2 months were actual trading.

**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, as appropriate for-profit oriented entities. 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.

**Note 1. Significant accounting policies (continued)**

**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.

**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 2012 and the results of all subsidiaries for the year 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 the 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 year-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 year. 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, finance income and any profit on disposal of vehicles at the end of their lease term.

*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 year is the tax payable on that year'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 the adjustment recognised for 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 SG Fleet Investments Pty Ltd (previously known as 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.

**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.

**Note 1. Significant accounting policies (continued)**

**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.

**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	4 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 an 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 in 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 includes 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 depreciated 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 are assessed as having either an indefinite or finite life. Indefinite life customer contracts are not amortised. Instead they are 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. Finite life customer contracts 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 year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are 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.

**Issued capital**

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 year 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 SG Fleet Investments Pty Ltd (Prior Period)*

When SG Fleet Holdings Pty Limited (the legal parent and legal acquirer) acquired SG Fleet Investments Pty Ltd (previously known as 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 had 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 SG Fleet Investments Pty Ltd. The difference between the consideration paid and the equity 'acquired' is reflected in equity as a 'capital contribution'; and
- The statement of comprehensive income for the comparative period reflects the results of the combining entities from 21 April 2011 to 30 June 2011.

**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 2012. 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.

*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 buyback 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 fee 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.

**SG Fleet Holdings Pty Limited**  
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**Note 3. Revenue**

	<b>Consolidated</b>	
	<b>Year ended</b>	<b>Period</b>
	<b>30/6/2012</b>	<b>24/11/10 to</b>
	<b>\$'000</b>	<b>30/6/11</b>
		<b>\$'000</b>
<i>Sales revenue</i>		
Fleet management services	130,002	18,822
Rental income on operating leased assets	10,248	1,707
	<u>140,250</u>	<u>20,529</u>
<i>Other revenue</i>		
Interest	4,167	523
	<u>144,417</u>	<u>21,052</u>

**Note 4. Expenses**

	<b>Consolidated</b>	
	<b>Year ended</b>	<b>Period</b>
	<b>30/6/2012</b>	<b>24/11/10 to</b>
	<b>\$'000</b>	<b>30/6/11</b>
		<b>\$'000</b>
Profit before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Leasehold improvements	128	22
Fixtures and fittings	675	131
Motor vehicles	28	4
Leased motor vehicle assets	7,475	1,481
	<u>8,306</u>	<u>1,638</u>
<i>Amortisation</i>		
Software	3,661	793
	<u>11,967</u>	<u>2,431</u>
<i>Impairment</i>		
Intangibles - customer contracts	48	-
	<u>10,249</u>	<u>2,095</u>
<i>Finance costs</i>		
Redeemable preference share costs	4,916	955
External borrowing costs for corporate debt	4,156	772
External borrowing costs for lease portfolio	1,177	368
	<u>10,249</u>	<u>2,095</u>

**SG Fleet Holdings Pty Limited**  
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**Note 4. Expenses (continued)**

	<b>Consolidated</b>	<b>Period</b>
	<b>Year ended</b>	<b>24/11/10 to</b>
	<b>30/6/2012</b>	<b>30/6/11</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	4,040	669
	<hr/>	<hr/>
<i>Superannuation expense</i>		
Defined contribution superannuation expense	2,388	563
	<hr/>	<hr/>

**Note 5. Income tax expense**

	<b>Consolidated</b>	<b>Period</b>
	<b>Year ended</b>	<b>24/11/10 to</b>
	<b>30/6/2012</b>	<b>30/6/11</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Income tax expense</i>		
Current tax	15,747	(798)
Deferred tax	(2,885)	304
Under provision in prior periods	3,276	589
	<hr/>	<hr/>
Aggregate income tax expense	16,138	95
	<hr/>	<hr/>
Deferred tax included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets (note 14)	(2,885)	304
	<hr/>	<hr/>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit before income tax expense	35,615	5,775
Tax at the statutory tax rate of 30%	10,685	1,733
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	200	1
Tax exempt revenues	-	(858)
Assessed loss	501	96
Deduction in respect of rights to future income	-	(1,752)
Preference share dividends	1,476	286
	<hr/>	<hr/>
	12,862	(494)
Under provision in prior periods	3,276	589
	<hr/>	<hr/>
Income tax expense	16,138	95
	<hr/>	<hr/>

**SG Fleet Holdings Pty Limited**  
**Notes to the financial statements**  
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**Note 6. Current assets - cash and cash equivalents**

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash in hand	2	2
Cash at bank	81,040	52,306
Secured deposits	11,491	11,512
	<u>92,533</u>	<u>63,820</u>

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

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

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade receivables	24,269	21,479
Less: Provision for impairment of receivables	(418)	(473)
	<u>23,851</u>	<u>21,006</u>
Other receivables	598	597
Prepayments	6,856	6,626
Finance lease receivables	231	190
Contract purchase receivables	-	291
	<u>31,536</u>	<u>28,710</u>

*Impairment of receivables*

The ageing of the impaired receivables provided for above are as follows:

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
1 to 12 months overdue	418	398
Over 12 months overdue	-	75
	<u>418</u>	<u>473</u>



**SG Fleet Holdings Pty Limited**  
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**Note 7. Current assets - finance, trade and other receivables (continued)**

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

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Opening balance	473	-
Additional provisions recognised	189	-
Additions through business combinations	-	725
Exchange difference in foreign subsidiary	5	(25)
Unused amounts reversed	(249)	(227)
	<u>418</u>	<u>473</u>
Closing balance	<u>418</u>	<u>473</u>

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 \$497,000 as at 30 June 2012 (\$51,000 as at 30 June 2011).

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

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
1 to 12 months overdue	<u>497</u>	<u>51</u>

**Note 8. Current assets - inventories**

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
End-of-term operating lease assets held for disposal	<u>4,471</u>	<u>4,846</u>

**Note 9. Current assets - leased motor vehicle assets**

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Lease portfolio assets - at cost	13,605	13,641
Less: Accumulated depreciation	(5,360)	(4,689)
	<u>8,245</u>	<u>8,952</u>

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

**SG Fleet Holdings Pty Limited**  
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**Note 10. Non-current assets - finance, trade and other receivables**

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Finance lease receivables	145	624
Contract purchase receivables	20	132
	<u>165</u>	<u>756</u>

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

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Leasehold improvements - at cost	671	646
Less: Accumulated depreciation	(552)	(424)
	<u>119</u>	<u>222</u>
Fixtures and fittings - at cost	3,238	2,979
Less: Accumulated depreciation	(2,419)	(1,743)
	<u>819</u>	<u>1,236</u>
Motor vehicles - at cost	141	91
Less: Accumulated depreciation	(42)	(13)
	<u>99</u>	<u>78</u>
	<u>1,037</u>	<u>1,536</u>

*Reconciliations*

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

	Leasehold improvements \$'000	Fixtures and fittings \$'000	Motor vehicles \$'000	Total \$'000
<b>Consolidated</b>				
Balance at 24 November 2010	-	-	-	-
Additions	-	170	-	170
Additions through business combinations	244	1,197	82	1,523
Depreciation expense	(22)	(131)	(4)	(157)
	<u>222</u>	<u>1,236</u>	<u>78</u>	<u>1,536</u>
Balance at 30 June 2011	222	1,236	78	1,536
Additions	25	257	48	330
Exchange differences	-	1	1	2
Depreciation expense	(128)	(675)	(28)	(831)
	<u>119</u>	<u>819</u>	<u>99</u>	<u>1,037</u>

**SG Fleet Holdings Pty Limited**  
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**Note 12. Non-current assets - intangibles**

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Goodwill - at cost	136,460	136,460
	<u>136,460</u>	<u>136,460</u>
Customer contracts - at cost	3,605	3,605
Less: Accumulated amortisation	(1,877)	(1,877)
Less: Impairment	(979)	(931)
	<u>749</u>	<u>797</u>
Software - at cost	2,751	5,725
Less: Accumulated amortisation	(1,254)	(1,992)
	<u>1,497</u>	<u>3,733</u>
	<u><u>138,706</u></u>	<u><u>140,990</u></u>

*Reconciliations*

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

	Goodwill \$'000	Customer contracts \$'000	Software \$'000	Total \$'000
<b>Consolidated</b>				
Balance at 24 November 2010	-	-	-	-
Additions through business combinations	136,460	797	4,670	141,927
Transfers in/(out)	-	-	(144)	(144)
Amortisation expense	-	-	(793)	(793)
	<u>136,460</u>	<u>797</u>	<u>3,733</u>	<u>140,990</u>
Balance at 30 June 2011	-	-	1,425	1,425
Additions	-	(48)	-	(48)
Impairment of assets	-	-	(3,661)	(3,661)
Amortisation expense	-	-	(3,661)	(3,661)
	<u>136,460</u>	<u>749</u>	<u>1,497</u>	<u>138,706</u>
Balance at 30 June 2012	<u><u>136,460</u></u>	<u><u>749</u></u>	<u><u>1,497</u></u>	<u><u>138,706</u></u>

**SG Fleet Holdings Pty Limited**  
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**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 represents 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% (2011: 0%);
- Management fee income was forecast based on the projected fleet growth by product category multiplied by the average management fee per product. Compound growth in funded deliveries of 3.8% (2011: 8.5%) 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 12.77% (2011: 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**

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Lease portfolio assets - at cost	15,200	16,293
Less: Accumulated depreciation	(4,264)	(6,312)
Less: Impairment	(467)	(463)
	<u>10,469</u>	<u>9,518</u>
	<u>10,469</u>	<u>9,518</u>

**SG Fleet Holdings Pty Limited**  
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**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 and previous financial year are set out below:

	Leased assets \$'000	Total \$'000
<b>Consolidated</b>		
Balance at 24 November 2010	-	-
Additions	10,562	10,562
Additions through business combinations	19,078	19,078
Disposals	(9,689)	(9,689)
Amortisation expense	(1,481)	(1,481)
	<hr/>	<hr/>
Balance at 30 June 2011	18,470	18,470
Additions	29,220	29,220
Disposals	(21,701)	(21,701)
Exchange differences	200	200
Amortisation expense	(7,475)	(7,475)
	<hr/>	<hr/>
Balance at 30 June 2012	<u>18,714</u>	<u>18,714</u>
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Current portion (note 9)	8,245	8,952
Non-current portion	<u>10,469</u>	<u>9,518</u>
	<hr/>	<hr/>
	<u>18,714</u>	<u>18,470</u>

**SG Fleet Holdings Pty Limited**  
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**Note 14. Non-current assets - deferred tax**

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Deferred tax asset comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Property, plant and equipment	1,191	579
Employee benefits	1,011	833
Provisions	6,712	7,340
Doubtful debts	260	153
Accrued expenses	2,120	395
Revenue received in advance	6,475	5,319
Prepayments	(1,774)	(1,681)
Other items	514	686
	<u>16,509</u>	<u>13,624</u>
Deferred tax asset	<u>16,509</u>	<u>13,624</u>
<i>Movements:</i>		
Opening balance	13,624	-
Credited/(charged) to profit or loss (note 5)	2,885	(304)
Additions through business combinations	-	13,928
	<u>16,509</u>	<u>13,624</u>
Closing balance	<u>16,509</u>	<u>13,624</u>

**Note 15. Current liabilities - trade and other payables**

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade payables	32,142	23,317
Accrued expenses	6,015	5,798
Fuel and maintenance funds	4,531	4,778
Residual values payable to financiers	6,764	4,845
Other payables	58	989
	<u>49,510</u>	<u>39,727</u>
	<u>49,510</u>	<u>39,727</u>

Refer to note 31 for further 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 (2011: \$7,600,000). The residual values are typically repaid within seven days of disposal of the underlying operating lease asset.

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**Note 16. Current liabilities - borrowings**

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Senior debt - St George Bank	5,748	5,748
Lease portfolio liabilities - St George Bank	7,042	7,432
Lease portfolio liabilities - Commonwealth Bank of Australia	1,725	4,258
	<u>14,515</u>	<u>17,438</u>

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

**Note 17. Current liabilities - income tax**

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Provision for income tax	<u>12,665</u>	<u>4,486</u>

**Note 18. Current liabilities - employee benefits**

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Annual leave	<u>2,168</u>	<u>2,042</u>

**Note 19. Current liabilities - provisions**

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Residual risk	<u>9,255</u>	<u>5,909</u>

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

**Note 20. Current liabilities - deferred income**

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Deferred income	<u>2,338</u>	<u>2,218</u>

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**Note 21. Non-current liabilities - borrowings**

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Senior debt - St George Bank	33,645	39,393
Lease portfolio liabilities - St George Bank	-	207
Lease portfolio liabilities - Commonwealth Bank of Australia	1,078	1,466
Redeemable preference shares	<u>41,000</u>	<u>41,000</u>
	<u><u>75,723</u></u>	<u><u>82,066</u></u>

Refer to note 31 for further 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.



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

*Total secured liabilities*

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

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Senior debt - St George Bank	39,393	45,141
Lease portfolio liabilities - St George Bank	7,042	7,639
Lease portfolio liabilities - Commonwealth Bank of Australia	<u>2,803</u>	<u>5,724</u>
	<u><u>49,238</u></u>	<u><u>58,504</u></u>

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 some of the controlled entities. The senior debt is repayable in quarterly instalments of \$1,437,000 (2011: \$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 (2011: \$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 some of the controlled entities. 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 15 for security to financiers of residual value payables.

**SG Fleet Holdings Pty Limited**  
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**Note 21. Non-current liabilities - borrowings (continued)**

*Financing arrangements*

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

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Total facilities		
Senior debt - St George Bank	44,693	50,441
Lease portfolio facility - St George Bank	20,000	20,000
Lease portfolio facility - Commonwealth Bank of Australia	2,803	5,724
Credit card facilities	4,270	3,525
	<u>71,766</u>	<u>79,690</u>
Used at the reporting date		
Senior debt - St George Bank	39,393	45,141
Lease portfolio facility - St George Bank	7,042	7,639
Lease portfolio facility - Commonwealth Bank of Australia	2,803	5,724
Credit card facilities	1,783	1,525
	<u>51,021</u>	<u>60,029</u>
Unused at the reporting date		
Senior debt - St George Bank	5,300	5,300
Lease portfolio facility - St George Bank	12,958	12,361
Lease portfolio facility - Commonwealth Bank of Australia	-	-
Credit card facilities	2,487	2,000
	<u>20,745</u>	<u>19,661</u>

The credit card facilities are predominantly utilised for vehicle registration payments.

**Note 22. Non-current liabilities - derivative financial instruments**

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest rate swap contracts - cash flow hedges	<u>31</u>	<u>94</u>

Refer to note 31 for further 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.

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**Note 23. Non-current liabilities - employee benefits**

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Long service leave	<u>1,271</u>	<u>777</u>

**Note 24. Non-current liabilities - provisions**

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Residual risk	<u>13,637</u>	<u>18,826</u>

*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 year, other than employee benefits, are set out below:

	<b>Consolidated - 2012</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Carrying amount at the start of the year		24,735
Amounts used		(1,854)
Exchange difference on foreign subsidiary		<u>11</u>
Carrying amount at the end of the year		<u>22,892</u>
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Current portion (note 19)	9,255	5,909
Non-current portion	<u>13,637</u>	<u>18,826</u>
	<u>22,892</u>	<u>24,735</u>

**Note 25. Non-current liabilities - other payables**

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Fuel and maintenance funds	<u>9,061</u>	<u>9,556</u>

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**Note 26. Non-current liabilities - deferred income**

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Deferred income	<u>22,274</u>	<u>18,048</u>

**Note 27. Equity - issued capital**

	<b>Consolidated</b>		<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$'000</b>	<b>\$'000</b>
Ordinary shares - fully paid	<u>41,000,000</u>	<u>41,000,000</u>	<u>41,000</u>	<u>41,000</u>

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>No of shares</b>	<b>Issue price</b>	<b>\$'000</b>
Issue of shares	21 April 2011	<u>41,000,000</u>	\$1.00	<u>41,000</u>
Balance	30 June 2011	<u>41,000,000</u>		<u>41,000</u>
Balance	30 June 2012	<u>41,000,000</u>		<u>41,000</u>

*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 year.

**Note 28. Equity - reserves**

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Foreign currency reserve	176	113
Hedging reserve - cash flow hedges	322	258
Share-based payments reserve	108	54
Capital contribution reserve	<u>24,460</u>	<u>24,460</u>
	<u>25,066</u>	<u>24,885</u>

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**Note 28. Equity - reserves (continued)**

	Foreign currency \$'000	Cash flow hedges \$'000	Share-based payments \$'000	Capital contribution \$'000	Total \$'000
<b>Consolidated</b>					
Balance at 24 November 2010	-	-	-	-	-
Foreign currency translation	113	-	-	-	113
Movement in hedge	-	258	-	-	258
Share-based payments	-	-	54	-	54
Group reorganisation	-	-	-	24,460	24,460
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2011	113	258	54	24,460	24,885
Foreign currency translation	63	(3)	-	-	60
Movement in hedge	-	67	-	-	67
Share-based payments	-	-	54	-	54
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2012	<u>176</u>	<u>322</u>	<u>108</u>	<u>24,460</u>	<u>25,066</u>

*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**

	<b>Consolidated</b>	
	<b>Year ended</b>	<b>Period</b>
	<b>30/6/2012</b>	<b>24/11/10 to</b>
	<b>\$'000</b>	<b>30/6/11</b>
		<b>\$'000</b>
Retained profits at the beginning of the financial year	5,680	-
Profit after income tax expense for the year	19,477	5,680
	<hr/>	<hr/>
Retained profits at the end of the financial year	<u>25,157</u>	<u>5,680</u>

**Note 30. Equity - dividends**

*Dividends*

Dividends on preference shares of \$4,920,000 (2011: \$955,000) were declared and paid during the financial year. There were no dividends paid or declared on ordinary shares during the current or previous financial period.

**SG Fleet Holdings Pty Limited**  
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**Note 30. Equity - dividends (continued)**

*Franking credits*

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Franking credits available at the reporting date based on a tax rate of 30%	39,940	31,206
Franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date based on a tax rate of 30%	<u>12,665</u>	<u>4,486</u>
Franking credits available for subsequent financial years based on a tax rate of 30%	<u><u>52,605</u></u>	<u><u>35,692</u></u>

**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.

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**Note 31. Financial instruments (continued)**

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

	Assets		Liabilities	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Consolidated</b>				
Pound Sterling	9,552	10,195	4,339	7,573
New Zealand dollars	3,808	3,938	404	280
	<u>13,360</u>	<u>14,133</u>	<u>4,743</u>	<u>7,853</u>

The consolidated entity had net assets denominated in foreign currencies of \$8,617,000 (assets \$13,360,000 less liabilities \$4,743,000) as at 30 June 2012 (2011: \$6,280,000 (assets \$14,133,000 less liabilities \$7,853,000)). Based on this exposure, had the Australian dollar weakened by 10% / strengthened by 10% (2011: 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 year would have been \$862,000 higher / \$862,000 lower (2011: \$628,000 higher / \$628,000 lower) and equity would have been \$862,000 higher / \$862,000 lower (2011: \$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.

*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 \$9,845,000 (2011: \$13,363,000) require monthly cash outlays of approximately \$522,000 (2011: \$1,899,000) per month to service plus variable interest payments.

The consolidated entity also has residual value payables to financiers of \$6,764,000 (2011: \$4,845,000) which requires cash outlays based on the earlier of the underlying vehicle being sold or a period of 60 days.

**SG Fleet Holdings Pty Limited**  
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**Note 31. Financial instruments (continued)**

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

	2012		2011	
	Weighted average interest rate %	Balance \$'000	Weighted average interest rate %	Balance \$'000
<b>Consolidated</b>				
Bank overdraft and bank loans	9.43	(39,393)	9.28	(45,141)
Lease portfolio facilities	5.19	(9,845)	6.35	(13,363)
Residual value payables to financiers	4.80	(6,764)	6.19	(4,845)
Cash on deposit	4.51	81,040	4.78	52,306
		<u>25,038</u>		<u>(11,043)</u>
Net exposure to cash flow interest rate risk				

An official increase/decrease in interest rates of one (2011: one) percentage point would have an adverse/favourable effect on profit before tax and equity of \$250,000 (2011: \$110,000) per annum. The percentage change is based on the expected volatility of interest rates using market data and analyst's 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.

**Financing arrangements**

Unused borrowing facilities at the reporting date:

	Consolidated	
	2012 \$'000	2011 \$'000
Senior debt - St George Bank	5,300	5,300
Lease portfolio facility - St George Bank	12,958	12,361
Credit card facilities	2,487	2,000
	<u>20,745</u>	<u>19,661</u>



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**Note 31. Financial instruments (continued)**

*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.

<b>Consolidated - 2012</b>	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
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	32,142	-	-	-	32,142
Other payables	-	58	-	-	-	58
<i>Interest-bearing - variable</i>						
Bank loans	9.43	9,192	4,502	36,812	-	50,506
Lease portfolio facility - St George Bank	5.65	7,241	-	-	-	7,241
Lease portfolio facility - Commonwealth Bank of Australia	4.02	1,803	1,100	-	-	2,903
Residual value payable to financiers	4.80	6,926	-	-	-	6,926
<i>Interest-bearing - fixed rate</i>						
Preference shares	12.00	4,920	4,920	14,760	45,920	70,520
Total non-derivatives		<u>62,282</u>	<u>10,522</u>	<u>51,572</u>	<u>45,920</u>	<u>170,296</u>
<b>Derivatives</b>						
Interest rate swaps net settled	-	31	-	-	-	31
Total derivatives		<u>31</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31</u>

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**Note 31. Financial instruments (continued)**

<b>Consolidated - 2011</b>	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
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	23,317	-	-	-	23,317
Other payables	-	989	-	-	-	989
<i>Interest-bearing - variable</i>						
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
<i>Interest-bearing - fixed rate</i>						
Preference shares	12.00	4,920	4,920	19,680	45,920	75,440
<b>Total non-derivatives</b>		<b>56,057</b>	<b>15,504</b>	<b>59,666</b>	<b>45,920</b>	<b>177,147</b>
<b>Derivatives</b>						
Interest rate swaps net settled	-	-	94	-	-	94
<b>Total derivatives</b>		<b>-</b>	<b>94</b>	<b>-</b>	<b>-</b>	<b>94</b>

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

**Fair value of financial instruments**

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)

<b>Consolidated - 2012</b>	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Liabilities</i>				
Derivative financial instruments	-	31	-	31
<b>Total liabilities</b>	<b>-</b>	<b>31</b>	<b>-</b>	<b>31</b>
<b>Consolidated - 2011</b>				
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Liabilities</i>				
Derivative financial instruments	-	94	-	94
<b>Total liabilities</b>	<b>-</b>	<b>94</b>	<b>-</b>	<b>94</b>

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**Note 31. Financial instruments (continued)**

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:

	<b>Consolidated</b>	<b>Period</b>
	<b>Year ended</b>	<b>24/11/10 to</b>
	<b>30/6/2012</b>	<b>30/6/11</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	4,623,868	739,791
Post-employment benefits	272,707	54,891
Share-based payments	53,983	54,000
	<u>4,950,558</u>	<u>848,682</u>

*Related party transactions*

Related party transactions are set out in note 37.

**Note 33. Remuneration of auditors**

During the financial year the following fees were paid or payable for services provided by KPMG, the auditor of the company:

	<b>Consolidated</b>	<b>Period</b>
	<b>Year ended</b>	<b>24/11/10 to</b>
	<b>30/6/2012</b>	<b>30/6/11</b>
	<b>\$</b>	<b>\$</b>
<i>Audit services - KPMG</i>		
Audit of the financial statements	<u>316,551</u>	<u>333,353</u>
<i>Other services - KPMG</i>		
Tax services	52,290	148,347
Corporate advisory	576,109	51,290
	<u>628,399</u>	<u>199,637</u>
	<u>944,950</u>	<u>532,990</u>

The 2011 fees above represent the fees for the entire year of the companies within the consolidated entity, not just the two months of trading.

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**Note 34. Commitments - operating lease receivable**

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Lease receivables - operating</b>		
Committed at the reporting date, receivable:		
Within one year	4,348	1,783
One to five years	4,868	1,582
	<u>9,216</u>	<u>3,365</u>

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

**Note 35. Contingent liabilities**

Certain subsidiaries of the company have 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 subsidiaries are 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 \$16,400,000 (2011: \$21,157,000) have been issued as security for these obligations.

Bank guarantees to the value of \$1,080,000 (2011: \$942,000) have been issued as security for contractual obligations under leases and other commercial agreements.

Certain subsidiaries of the company have 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 \$117,718,000 (2011: \$129,000,000) and by Commonwealth Bank of Australia GBP1,827,000 (2011: GBP6,805,000).

**Note 36. Commitments for expenditure**

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Capital commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	<u>37,674</u>	<u>23,351</u>
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	2,415	2,488
One to five years	6,228	2,011
	<u>8,643</u>	<u>4,499</u>

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**Note 36. Commitments for expenditure (continued)**

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. Contractual escalation clauses have been factored into the commitments disclosed above. 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 entity. 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:

	<b>Consolidated</b>	<b>Period</b>
	<b>Year ended</b>	<b>24/11/10 to</b>
	<b>30/6/2012</b>	<b>30/6/11</b>
	<b>\$</b>	<b>\$</b>
Payment for other expenses:		
Interest on preference shares to controlling party	2,694,979	522,999
Interest on preference shares to other related party	2,225,021	431,796
Software license paid to controlling entity	-	17,565
Insurance premium paid to controlling entity	855	12,916
Management fees to controlling entity	241,742	40,290
Management fees to other related party	355,008	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:

	<b>Consolidated</b>	<b>2011</b>
	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Current receivables:		
Loan to A Graham, a member of key management personnel (secured, interest at 7.4% per annum)	74,427	75,000
Loan to D Bell, a member of key management personnel (secured, interest at 7.8% per annum)	109,354	100,000

**SG Fleet Holdings Pty Limited**  
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**Note 37. Related party transactions (continued)**

*Loans to/from related parties*

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

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Non-current borrowings:		
Redeemable preference shares to controlling entity (12% coupon)	22,458,160	22,458,160
Redeemable preference shares to other related party (12% coupon)	18,541,840	18,541,840

*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*

	<b>Parent</b>	
	<b>Year ended</b>	<b>Period</b>
	<b>30/6/2012</b>	<b>24/11/10 to</b>
	<b>\$'000</b>	<b>30/6/11</b>
	<b>\$'000</b>	<b>\$'000</b>
Loss after income tax	<u>(5,335)</u>	<u>(3,026)</u>
Total comprehensive income	<u>(5,335)</u>	<u>(3,026)</u>

*Statement of financial position*

	<b>Parent</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Total current assets	<u>597</u>	<u>597</u>
Total assets	<u>83,220</u>	<u>83,337</u>
Total current liabilities	<u>12,671</u>	<u>662</u>
Total liabilities	<u>50,473</u>	<u>45,309</u>
Equity		
Issued capital	41,000	41,000
Share-based payments reserve	108	54
Accumulated losses	<u>(8,361)</u>	<u>(3,026)</u>
Total equity	<u><u>32,747</u></u>	<u><u>38,028</u></u>

**SG Fleet Holdings Pty Limited**  
**Notes to the financial statements**  
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**Note 38. Parent entity information (continued)**

*Contingent liabilities*

The company has no contingent liabilities as at 30 June 2012 and 30 June 2011.

*Guarantees entered into by the parent entity*

The company has not entered into any guarantees as at 30 June 2012 and 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	
		2012 %	2011 %
SG Fleet Finance Pty Limited	Australia	100.00	100.00
SG Fleet Investments Pty Ltd*	Australia	100.00	100.00
SG Fleet Pty Limited	Australia	100.00	100.00
SG Fleet Australia Pty Limited	Australia	100.00	100.00
SG Fleet NZ Limited	New Zealand	100.00	100.00
SG Fleet UK Limited	United Kingdom	100.00	100.00
Fleet Care Services Pty Limited	Australia	100.00	100.00
SG Fleet Salary Packaging Pty Limited	Australia	100.00	100.00
Beta Dimensions Pty Limited	Australia	100.00	100.00
SMB Car Sales Pty Limited	Australia	100.00	100.00

\* Previously known as Super Group Australia Pty Limited

**Note 40. Events after the reporting period**

No matter or circumstance has arisen since 30 June 2012 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.

**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 2012 and of its performance for the financial year 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



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S Wong  
Director



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R Blau  
Director

15 August 2012  
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 2012, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 40 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 year.

#### *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 report, comprising the financial statements and notes, complies 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 2012 and of its performance for the year 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

Peter Russell  
*Partner*

Sydney

15 August 2012