ANNUAL REPORT 2013

SG Fleet Holdings Pty Limited

SG FLEET HOLDINGS PTY LIMITED
A.B.N. 85 147 536 409

CONTENTS

General information

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

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

SG Fleet Holdings Pty Limited is a company limited by shares.

The financial report was authorised for issue, in accordance with a resolution of directors, on 9 August 2013.
The directors have the power to amend and reissue the financial report.

DIRECTORS' REPORT 30 JUNE 2013

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 2013.

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 (alternate for S Wong and J Kelly)
C A Brown (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 (2012: $4,920,000) 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 $33,547,000 (30 June 2012: $19,477,000).

The consolidated entity performed well this financial year as a result of continued 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

On 16 July 2013 the Australian Government announced changes to the method used to value car fringe benefits for tax purposes. These changes, if implemented could have an impact on the consolidated entity's novated leasing business. The consolidated entity is assessing the potential impact of the changes and developing strategies to supplement the novated lease business should the proposed changes be implemented.

No other matter or circumstance has arisen since 30 June 2013 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 its leasing and fleet management business by way of increased sales to existing clients and the acquisition of new clients.

ENVIRONMENTAL REGULATION

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

SHARES UNDER OPTION

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

Grant date: 21/04/2011
Expiry date: Earlier of 7 years or "Exit event" as defined in the plan rules
Exercise price $2.05
Number under option: 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 2013 and up to the date of this report.

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, the company's subsidiary, 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.

AUDITOR'S INDEPENDENCE DECLARATION

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

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

On behalf of the directors

S Wong
Director

R P Blau
Director

9 August 2013, Sydney

KPMG

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 2013 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

Peter Russell
Partner

Sydney

9 August 2013

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2013

		CONSOLIDATED	
	Note	**2013 $'000**	2012 $'000
Revenue	4	**156,992**	144,544
Expenses			
Fleet management costs		**(36,748)**	(37,992)
Communication costs		**(1,248)**	(1,290)
Employee benefits expense		**(39,976)**	(36,672)
Occupancy costs		**(3,533)**	(3,299)
Depreciation, amortisation and impairment	5	**(7,772)**	(12,015)
Technology costs		**(2,918)**	(2,458)
Travel, accommodation and entertainment		**(861)**	(752)
Other expenses		**(4,296)**	(4,198)
Finance costs	5	**(9,474)**	(10,253)
Profit before income tax expense		**50,166**	35,615
Income tax expense	6	**(16,619)**	(16,138)
Profit after income tax expense for the year attributable to the owners of SG Fleet Holdings Pty Limited	30	**33,547**	19,477
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation difference for foreign operations		**1,049**	60
Effective portion of changes in fair value of cash flow hedges		**(322)**	67
Other comprehensive income for the year, net of tax		**727**	127
Total comprehensive income for the year attributable to the owners of SG Fleet Holdings Pty Limited		**34,274**	19,604

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

	Note	CONSOLIDATED 2013 $'000	2012 $'000
Assets			
Current assets			
Cash and cash equivalents	7	**103,149**	92,533
Finance, trade and other receivables	8	**35,361**	31,536
Inventories	9	**6,098**	4,471
Leased motor vehicle assets	10	**8,400**	8,245
Total current assets		**153,008**	136,785
Non-current assets			
Finance, trade and other receivables	11	**158**	165
Property, plant and equipment	12	**937**	1,037
Intangibles	13	**139,639**	138,706
Leased motor vehicle assets	14	**9,689**	10,469
Deferred tax	15	**15,311**	16,509
Total non-current assets		**165,734**	166,886
Total assets		**318,742**	303,671
Liabilities			
Current liabilities			
Trade and other payables	16	**47,834**	49,510
Borrowings	17	**8,276**	14,515
Income tax	18	**5,702**	12,665
Employee benefits	19	**2,337**	2,168
Provisions	20	**6,272**	9,255
Deferred income	21	**2,371**	2,338
Total current liabilities		**72,792**	90,451
Non-current liabilities			
Borrowings	22	**75,668**	75,723
Derivative financial instruments	23	**-**	31
Employee benefits	24	**1,693**	1,271
Provisions	25	**13,159**	13,637
Other payables	26	**8,615**	9,061
Deferred income	27	**21,264**	22,274
Total non-current liabilities		**120,399**	121,997
Total liabilities		**193,191**	212,448
Net assets		**125,551**	91,223
Equity			
Issued capital	28	**41,000**	41,000
Reserves	29	**25,847**	25,066
Retained profits	30	**58,704**	25,157
Total equity		**125,551**	91,223

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2013

	Issuied capital $'000	Reserves $'000	Retained profits $'000	Total equity $'000
Consolidated				
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
Total comprehensive income for the year	-	127	19,477	19,604
Transactions with owners in their capacity as owners:				
Share-based payments (note 43)	-	54	-	54
Balance at 30 June 2012	41,000	25,066	25,157	91,223

	Issuied capital $'000	Reserves $'000	Retained profits $'000	Total equity $'000
Consolidated				
Balance at 1 July 2012	41,000	25,066	25,157	91,223
Profit after income tax expense for the year	-	-	33,547	33,547
Other comprehensive income for the year, net of tax	-	727	-	727
Total comprehensive income for the year	-	727	33,547	34,274
Transactions with owners in their capacity as owners:				
Share-based payments (note 43)	-	54	-	54
Balance at 30 June 2013	41,000	25,847	58,704	125,551

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2013

	Note	CONSOLIDATED 2013 $'000	2012 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**164,275**	156,824
Payments to suppliers and employees (inclusive of GST)		**(112,225)**	(102,348)
Interest received		**3,961**	4,167
Interest and other finance costs paid (including preference dividends)		**(9,474)**	(10,249)
Income taxes paid		**(22,384)**	(10,844)
Net cash from operating activities	42	**24,153**	37,550
Cash flows from investing activities			
Payments for property, plant and equipment	12	**(683)**	(330)
Payments for intangibles	13	**(1,090)**	(1,425)
Acquisition of lease portfolio assets	14	**(26,207)**	(29,220)
Proceeds from sale of property, plant and equipment		**16**	-
Proceeds from disposal of lease portfolio assets		**20,795**	31,606
Net cash from/(used in) investing activities		**(7,169)**	631
Cash flows from financing activities			
Proceeds from borrowings		**-**	12,978
Repayment of borrowings		**(6,294)**	(22,244)
Net cash used in financing activities		**(6,294)**	(9,266)
Net increase in cash and cash equivalents		**10,690**	28,915
Cash and cash equivalents at the beginning of the financial year		**92,533**	63,820
Effects of exchange rate changes on cash		**(74)**	(202)
Cash and cash equivalents at the end of the financial year	7	**103,149**	92,533

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

NOTE 1. 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 9 August 2013. The directors have the power to amend and reissue the financial report.

NOTE 2. 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 below. 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 2011-9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income

The consolidated entity has applied AASB 2011-9 amendments from 1 July 2012. The amendments requires grouping together of items within other comprehensive income on the basis of whether they will eventually be 'recycled' to the profit or loss (reclassification adjustments). The change provides clarity about the nature of items presented as other comprehensive income and the related tax presentation. The amendments also introduced the term 'Statement of profit or loss and other comprehensive income' clarifying that there are two discrete sections, the profit or loss section (or separate statement of profit or loss) and other comprehensive income section.

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 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 3.

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 39.

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 2013 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.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through 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.

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 and management fees, maintenance income, finance commissions 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 profit or loss 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 profit or loss 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.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, 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. 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' 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 - Consolidated entity as lessor' accounting policy.

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

Inventories

End-of-term operating lease assets 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.

Derivatives are classified as current or non-current depending on the expected period of realisation.

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 the 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
Fixtures 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.

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.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life 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 intangible assets 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.

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.

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
- interest on hire purchases
- 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.

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.

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.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Comparative figures

Certain comparative figures have been adjusted where necessary to conform to current year presentation.

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.

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 2013. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

NOTE 3. 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 (refer to the respective notes) within the next financial year are discussed below.

Revenue from maintenance income

As discussed in note 2, 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 2. 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.

NOTE 4. REVENUE

	CONSOLIDATED	
	2013 $'000	2012 $'000
Sales revenue		
Fleet management services	**143,356**	130,129
Rental income on operating leased assets	**9,675**	10,248
	153,031	140,377
Other revenue		
Interest	**3,961**	4,167
Revenue	**156,992**	144,544

NOTE 5. EXPENSES

	CONSOLIDATED	
	2013 $'000	2012 $'000
Profit before income tax includes the following specific expenses:		
Depreciation		
Leasehold improvements	**95**	128
Fixtures and fittings	**645**	675
Motor vehicles	**37**	28
Leased motor vehicle assets	**6,838**	7,475
Total depreciation	**7,615**	8,306
Amortisation		
Software	**114**	3,661
Total depreciation and amortisation	**7,729**	11,967
Impairment		
Intangibles - customer contracts	**43**	48
Finance costs		
Redeemable preference share costs	**4,920**	4,920
External borrowing costs for corporate debt	**3,575**	4,156
External borrowing costs for lease portfolio	**979**	1,177
Finance costs expensed	**9,474**	10,253
Rental expense relating to operating leases		
Minimum lease payments	**4,034**	3,802
Superannuation expense		
Defined contribution superannuation expense	**2,721**	2,388

NOTE 6. INCOME TAX EXPENSE

	CONSOLIDATED	
	2013 $'000	2012 $'000
Income tax expense		
Current tax	**15,421**	15,747
Deferred tax - origination and reversal of temporary differences	**1,198**	(2,885)
Under provision in prior periods	**-**	3,276
Aggregate income tax expense	**16,619**	16,138
Deferred tax included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets (note 15)	**1,198**	(2,885)
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	**50,166**	35,615
Tax at the statutory tax rate of 30%	**15,050**	10,685
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	**44**	200
Assessed loss	**49**	501
Preference share dividends	**1,476**	1,476
	16,619	12,862
Under provision in prior periods	**-**	3,276
Income tax expense	**16,619**	16,138

NOTE 7. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	2013 $'000	2012 $'000
Cash on hand	**2**	2
Cash at bank	**91,294**	81,040
Secured deposits	**11,853**	11,491
	103,149	92,533

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;
- The consolidated entity's obligations to St George Bank under a facility agreement for the financing of operating lease assets in inertia and inventory; and
- The consolidated entity's obligations to St George Bank under a facility agreement for the provision of bank guarantees and letters of credit.

Accordingly the secured deposits are not available for use as part of the working capital of the consolidated entity.

NOTE 8. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	CONSOLIDATED 2013 $'000	2012 $'000
Trade receivables	**28,181**	24,269
Less: Provision for impairment of receivables	**(71)**	(418)
	28,110	23,851
Other receivables	**-**	598
Prepayments	**7,108**	6,856
Finance lease receivables	**142**	231
Contract purchase receivables	**1**	-
	35,361	31,536

Impairment of receivables

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

	2013	2012
1 to 12 months overdue	**71**	418

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

	2013	2012
Opening balance	**418**	473
Additional provisions recognised	**-**	189
Exchange difference in foreign subsidiary	**-**	5
Unused amounts reversed	**(347)**	(249)
Closing balance	**71**	418

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 $218,000 as at 30 June 2013 ($497,000 as at 30 June 2012).

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

	2013	2012
1 to 12 months overdue	**218**	497

NOTE 9. CURRENT ASSETS - INVENTORIES

	CONSOLIDATED 2013 $'000	2012 $'000
End-of-term operating lease assets held for disposal	**6,098**	4,471

NOTE 10. CURRENT ASSETS - LEASED MOTOR VEHICLE ASSETS

	CONSOLIDATED	
	2013 $'000	2012 $'000
Lease portfolio assets - at cost	**12,634**	13,605
Less: Accumulated depreciation	**(4,234)**	(5,360)
	8,400	8,245

Refer to note 14 for detailed information on leased motor vehicle assets.

NOTE 11. NON-CURRENT ASSETS - FINANCE, TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	2013 $'000	2012 $'000
Finance lease receivables	**158**	145
Contract purchase receivables	**-**	20
	158	165

NOTE 12. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED	
	2013 $'000	2012 $'000
Leasehold improvements - at cost	**679**	671
Less: Accumulated depreciation	**(637)**	(552)
	42	119
Fixtures and fittings - at cost	**2,010**	3,238
Less: Accumulated depreciation	**(1,205)**	(2,419)
	805	819
Motor vehicles - at cost	**158**	141
Less: Accumulated depreciation	**(68)**	(42)
	90	99
	937	1,037

NOTE 12. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliations

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

	Leasehold iinprovements $'000	Fixtures and fittings $'000	Motor vehicles $'000	Total $'000
Consolidated				
Balance at 1 July 2011	222	1,236	78	1,536
Additions	25	257	48	330
Exchange differences	-	1	1	2
Depreciation expense	(128)	(675)	(28)	(831)
Balance at 30 June 2012	119	819	99	1,037
Additions	18	628	37	683
Disposals	-	-	(16)	(16)
Exchange differences	-	3	7	10
Depreciation expense	(95)	(645)	(37)	(777)
Balance at 30 June 2013	42	805	90	937

NOTE 13. NON-CURRENT ASSETS - INTANGIBLES

	CONSOLIDATED	
	2013 $'000	2012 $'000
Goodwill - at cost	**136,460**	136,460
	136,460	136,460
Customer contracts - at cost	**3,605**	3,605
Less: Accumulated amortisation	**(1,877)**	(1,877)
Less: Impairment	**(1,022)**	(979)
	706	749
Software - at cost	**2,537**	2,751
Less: Accumulated amortisation	**(64)**	(1,254)
	2,473	1,497
	139,639	138,706

NOTE 13. NON-CURRENT ASSETS - INTANGIBLES (CONTINUED)

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
Consolidated				
Balance at 1 July 2011	136,460	797	3,733	140,990
Additions	-	-	1,425	1,425
Impairment of assets	-	(48)	-	(48)
Amortisation expense	-	-	(3,661)	(3,661)
Balance at 30 June 2012	136,460	749	1,497	138,706
Additions	-	-	1,090	1,090
Impairment of assets	-	(43)	-	(43)
Amortisation expense	-	-	(114)	(114)
Balance at 30 June 2013	136,460	706	2,473	139,639

Impairment testing for goodwill

For the purpose of impairment testing, goodwill and indefinite life intangibles are allocated to the consolidated entity's operating divisions which represents the lowest level within the consolidated entity at which the goodwill and indefinite life intangibles are 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% (2012: 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 2.7% (2012: 3.8%) 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 12.84% (2012: 12.77%) 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 14. NON-CURRENT ASSETS - LEASED MOTOR VEHICLE ASSETS

	CONSOLIDATED	
	2013 $'000	2012 $'000
Lease portfolio assets - at cost	**15,225**	15,200
Less: Accumulated depreciation	**(5,064)**	(4,264)
Less: Impairment	**(472)**	(467)
	9,689	10,469

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
Consolidated		
Balance at 1 July 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)
Balance at 30 June 2012	18,714	18,714
Additions	26,207	26,207
Disposals	(20,795)	(20,795)
Exchange differences	769	769
Reversal of impairment	32	32
Amortisation expense	(6,838)	(6,838)
Balance at 30 June 2013	18,089	18,089

	2013 $'000	2012 $'000
Current portion (note 10)	**8,400**	8,245
Non-current portion	**9,689**	10,469
	18,089	18,714

NOTE 15. NON-CURRENT ASSETS - DEFERRED TAX

	CONSOLIDATED	
	2013 $'000	2012 $'000
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	**905**	1,191
Employee benefits	**1,179**	1,011
Provisions	**5,837**	6,712
Doubtful debts	**213**	260
Accrued expenses	**2,814**	2,120
Deferred income	**6,210**	6,475
Prepayments	**(1,847)**	(1,774)
Other items	**-**	514
Deferred tax asset	**15,311**	16,509
Movements:		
Opening balance	**16,509**	13,624
Credited/(charged) to profit or loss (note 6)	**(1,198)**	2,885
Closing balance	**15,311**	16,509

NOTE 16. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2013 $'000	2012 $'000
Trade payables	**27,207**	32,092
Accrued expenses	**7,168**	6,123
Fuel and maintenance funds	**4,231**	4,531
Residual values payable to financiers	**9,228**	6,764
	47,834	49,510

Refer to note 32 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 (2012: $7,600,000). The residual values are typically repaid within seven days of the disposal of the underlying operating lease asset.

NOTE 17. CURRENT LIABILITIES - BORROWINGS

	CONSOLIDATED	
	2013 $'000	2012 $'000
Senior debt - St George Bank	**1,395**	5,748
Lease portfolio liability - St George Bank	**6,184**	7,042
Lease portfolio liability - Lombard North Central PLC	**697**	-
Lease portfolio liability - Commonwealth Bank of Australia	**-**	1,725
	8,276	14,515

Refer to note 22 for further information on borrowings and note 32 for detailed information on financial instruments.

NOTE 18. CURRENT LIABILITIES - INCOME TAX

	CONSOLIDATED	
	2013 $'000	2012 $'000
Provision for income tax	**5,702**	12,665

NOTE 19. CURRENT LIABILITIES - EMPLOYEE BENEFITS

	CONSOLIDATED	
	2013 $'000	2012 $'000
Annual leave	**2,337**	2,168

NOTE 20. CURRENT LIABILITIES - PROVISIONS

	CONSOLIDATED	
	2013 $'000	2012 $'000
Residual risk	**6,272**	9,255

Refer to note 25 for further information on residual risk provision.

NOTE 21. CURRENT LIABILITIES - DEFERRED INCOME

	CONSOLIDATED	
	2013 $'000	2012 $'000
Deferred income	**2,371**	2,338

NOTE 22. NON-CURRENT LIABILITIES - BORROWINGS

	CONSOLIDATED	
	2013 $'000	2012 $'000
Senior debt - St George Bank	**32,250**	33,645
Lease portfolio liability - St George Bank	**373**	-
Lease portfolio liability - Lombard North Central PLC	**2,045**	-
Redeemable preference shares	**41,000**	41,000
Lease portfolio liability - Commonwealth Bank of Australia	**-**	1,078
	75,668	75,723

Refer to note 32 for further information on financial instruments.

Redeemable preference shares

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, being 21 April 2011 or immediately prior to the sale of all of the ordinary shares in SG Fleet Holdings Pty Limited 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 in SG Fleet Holdings Pty Limited. The conversion rate is based on relative market values.

Interest is paid quarterly in arrears at a rate of 12% per annum based on the face value, of $1 each.

Total secured liabilities

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

	CONSOLIDATED	
	2013 $'000	2012 $'000
Senior debt - St George Bank	**33,645**	39,393
Lease portfolio liability - St George Bank	**6,557**	7,042
Lease portfolio liability - Lombard North Central PLC	**2,742**	-
Lease portfolio liability - Commonwealth Bank of Australia	**-**	2,803
	42,944	49,238

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 subsidiaries. The senior debt is repayable by way of a final quarterly installment of $1,395,000 in September 2013 and a bullet payment of $32,250,000 in March 2016.

Lease portfolio liability - St George Bank

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

Lease portfolio liability - Lombard North Central PLC

The facility is utilised to fund lease portfolio assets. The facility bears interest at 4.65%. The facility is secured by the underlying funded assets and sub-hire agreements, a guarantee from the subsidiary, SG Fleet Pty Limited and an irrevocable letter of credit. The facility is repaid on a transactional basis as and when the underlying assets are disposed of.

Residual values payable to financiers

Refer to note 16 for security to financiers of residual value payables.

NOTE 22. NON-CURRENT LIABILITIES - BORROWINGS (CONTINUED)

Financing arrangements

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

	CONSOLIDATED	
	2013 $'000	2012 $'000
Total facilities		
Senior debt - St George Bank	**38,945**	44,693
Lease portfolio facility - St George Bank	**20,000**	20,000
Lease portfolio facility - Lombard North Central PLC	**8,320**	-
Lease portfolio facility - Commonwealth Bank of Australia	**-**	2,803
Credit card facilities	**4,286**	4,270
	71,551	71,766
Used at the reporting date		
Senior debt - St George Bank	**33,645**	39,393
Lease portfolio facility - St George Bank	**6,557**	7,042
Lease portfolio facility - Lombard North Central PLC	**2,742**	-
Lease portfolio facility - Commonwealth Bank of Australia	**-**	2,803
Credit card facilities	**1,759**	1,783
	44,703	51,021
Unused at the reporting date		
Senior debt - St George Bank	**5,300**	5,300
Lease portfolio facility - St George Bank	**13,443**	12,958
Lease portfolio facility - Lombard North Central PLC	**5,578**	-
Lease portfolio facility - Commonwealth Bank of Australia	**-**	-
Credit card facilities	**2,527**	2,487
	26,848	20,745

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

NOTE 23. NON-CURRENT LIABILITIES - DERIVATIVE FINANCIAL INSTRUMENTS

	CONSOLIDATED	
	2013 $'000	2012 $'000
Interest rate swap contracts - cash flow hedges	**-**	31

Refer to note 32 for further information on financial instruments.

The consolidated entity enters into fixed for variable interest rate swap agreement for which hedge 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. The interest rate swap agreement has matured during the year.

NOTE 24. NON-CURRENT LIABILITIES - EMPLOYEE BENEFITS

	CONSOLIDATED	
	2013 $'000	2012 $'000
Long service leave	**1,693**	1,271

NOTE 25. NON-CURRENT LIABILITIES - PROVISIONS

	CONSOLIDATED	
	2013 $'000	2012 $'000
Residual risk	**13,159**	13,637

Residual risk provision

The provision is to recognise the future liability relating to residual value exposures as described in note 3.

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:

	Residual risk $'000
Consolidated 2013	
Carrying amount at the start of the year	22,892
Amounts used	(3,464)
Exchange difference on foreign subsidiary	3
Carrying amount at the end of the year	19,431

	2013 $'000	2012 $'000
Current portion (note 20)	**6,272**	9,255
Non-current portion	**13,159**	13,637
	19,431	22,892

NOTE 26. NON-CURRENT LIABILITIES - OTHER PAYABLES

	CONSOLIDATED	
	2013 $'000	2012 $'000
Fuel and maintenance funds	**8,615**	9,061

NOTE 27. NON-CURRENT LIABILITIES - DEFERRED INCOME

	CONSOLIDATED	
	2013 $'000	2012 $'000
Deferred income	**21,264**	22,274

NOTE 28. EQUITY - ISSUED CAPITAL

	CONSOLIDATED		CONSOLIDATED	
	2013 Shares	2012 Shares	**2013 $'000**	2012 $'000
Ordinary shares - fully paid	**41,000,000**	41,000,000	**41,000**	41,000

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

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 29. EQUITY - RESERVES

	CONSOLIDATED	
	2013 $'000	2012 $'000
Foreign currency reserve	**1,225**	176
Hedging reserve - cash flow hedges	**-**	322
Share-based payments reserve	**162**	108
Capital contribution reserve	**24,460**	24,460
	25,847	25,066

	Foreign currency $'000	Cash flow hedges $'000	Share-based payments $'000	Equity contribution $'000	Total $'000
Consolidated					
Balance at 1 July 2011	113	258	54	24,460	24,885
Foreign currency translation	63	(3)	-	-	60
Movement in hedge	-	67	-	-	67
Share-based payments	-	-	54	-	54
Balance at 30 June 2012	176	322	108	24,460	25,066
Foreign currency translation	1,049	-	-	-	1,049
Movement in hedge	-	(322)	-	-	(322)
Share-based payments	-	-	54	-	54
Balance at 30 June 2013	1,225	-	162	24,460	25,847

NOTE 29. EQUITY - RESERVES (CONTINUED)

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 30. EQUITY - RETAINED PROFITS

	CONSOLIDATED	
	2013 $'000	2012 $'000
Retained profits at the beginning of the financial year	**25,157**	5,680
Profit after income tax expense for the year	**33,547**	19,477
Retained profits at the end of the financial year	**58,704**	25,157

NOTE 31. EQUITY - DIVIDENDS

Dividends on preference shares of $4,920,000 (2012: $4,920,000) 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.

	CONSOLIDATED	
	2013 $'000	2012 $'000
Franking credits		
Franking credits available at the reporting date based on a tax rate of 30%	**60,212**	39,940
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%	**5,702**	12,665
Franking credits available for subsequent financial years based on a tax rate of 30%	**65,914**	52,605

NOTE 32. FINANCIAL INSTRUMENTS

Financial risk management objectives

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

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

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

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

Market risk

Foreign currency risk

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

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

	ASSETS		LIABILITIES	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
Consolidated				
Pound Sterling	**11,736**	9,552	**3,613**	4,339
New Zealand dollars	**4,222**	3,808	**737**	404
	15,958	13,360	**4,350**	4,743

The consolidated entity had net assets denominated in foreign currencies of $11,608,000 (assets $15,958,000 less liabilities $4,350,000) as at 30 June 2013 (2012: $8,617,000 (assets $13,360,000 less liabilities $4,743,000). Based on this exposure, had the Australian dollar weakened by 10% / strengthened by 10% (2012: 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 $1,161,000 higher / $1,161,000 lower (2012: $862,000 higher / $862,000 lower) and equity would have been $1,161,000 higher / $1,161,000 lower (2012: $862,000 higher / $862,000 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 $9,299,000 (2012: $9,845,000) require monthly cash outlays of approximately $462,000 (2012: $522,000) per month to service plus variable interest payments.

NOTE 32. FINANCIAL INSTRUMENTS (CONTINUED)

The consolidated entity also has residual value payables to financiers of $9,228,000 (2012: $6,764,000) which requires cash outlays based on the earlier of the underlying vehicle being sold or a period of 60 days.

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

	2013		2012	
	Weighted average interest rate %	Balance $'000	Weighted average interest rate %	Balance $'000
Consolidated				
Bank overdraft and bank loans	9.53	(33,645)	9.43	(39,393)
Lease portfolio facilities	5.48	(9,299)	5.19	(9,845)
Residual value payables to financiers	4.33	(9,228)	4.80	(6,764)
Cash on deposit	3.91	91,294	4.51	81,040
Net exposure to cash flow interest rate risk		**39,122**		**25,038**

An official increase/decrease in interest rates of one hundred (2012: one hundred) basis points would have an adverse/favourable effect on profit before tax and equity of $391,000 (2012: $250,000) 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	
	2013 $'000	2012 $'000
Senior debt - St George Bank	**5,300**	5,300
Lease portfolio facility - St George Bank	**13,443**	12,958
Lease portfolio facility - Lombard North Central PLC	**5,578**	-
Credit card facilities	**2,527**	2,487
	26,848	20,745

Remaining contractual maturities

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

CONSOLIDATED 2013

	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	27,207	-	-	-	27,207
Interest-bearing - variable rate						
Bank loans	9.53	4,535	3,073	36,860	-	44,468
Lease portfolio facility - St George Bank	5.60	6,377	383	-	-	6,760
Lease portfolio facility - Lombard North Central PLC	5.21	822	896	1,272	-	2,990
Residual value payable to financiers	4.08	9,416	-	-	-	9,416
Interest-bearing - fixed rate						
Preference shares	12.00	4,920	4,920	53,300	-	63,140
Total non-derivatives		**53,277**	**9,272**	**91,432**	**-**	**153,981**

CONSOLIDATED 2012

	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	32,092	-	-	-	32,092
Interest-bearing - variable rate						
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
Interest-bearing - fixed rate						
Preference shares	12.00	4,920	4,920	14,760	45,920	70,520
Total non-derivatives		**62,174**	**10,522**	**51,572**	**45,920**	**170,188**
Derivatives						
Interest rate swaps net settled	31	-	-	-	-	31
Total derivatives	**31**	**-**	**-**	**-**	**-**	**31**

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)

NOTE 32. FINANCIAL INSTRUMENTS (CONTINUED)

	CONSOLIDATED 2012			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Derivative financial instruments	-	31	-	31
Total liabilities	**-**	**31**	**-**	**31**

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 33. KEY MANAGEMENT PERSONNEL DISCLOSURES

Compensation

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

	CONSOLIDATED	
	2013 $	2012 $
Short-term employee benefits	**4,453,262**	4,623,868
Post-employment benefits	**243,919**	272,707
Share-based payments	**53,983**	53,983
	4,751,164	4,950,558

Related party transactions

Related party transactions are set out in note 38.

NOTE 34. REMUNERATION OF AUDITORS

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

	CONSOLIDATED	
	2013 $	2012 $
Audit services - KPMG		
Audit of the financial statements	**224,533**	316,551
Other services - KPMG		
Tax services	**94,301**	52,290
Corporate advisory	**260,000**	576,109
	354,301	628,399
	578,834	944,950

NOTE 35. COMMITMENTS - OPERATING LEASE RECEIVABLE

	CONSOLIDATED	
	2013 $'000	2012 $'000
Lease receivables – operating		
Committed at the reporting date, receivable:		
Within one year	**7,555**	4,348
One to five years	**8,793**	4,868
	16,348	9,216

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

NOTE 36. CONTINGENT LIABILITIES

Certain subsidiaries of the company have entered into agreements under which the residual risk inherent in operating leases is 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 $17,066,000 (2012: $16,400,000) have been issued as security for these obligations.

Bank guarantees to the value of $920,000 (2012: $1,080,000) 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 those subsidiaries 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 those subsidiaries by St. George Bank amount to $108,870,000 (2012: $117,718,000).

NOTE 37. COMMITMENTS FOR EXPENDITURE

	CONSOLIDATED	
	2013 $'000	2012 $'000
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	**2,651**	2,415
One to five years	**6,175**	6,228
More than five years	**419**	-
	9,245	8,643
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Intangible assets	**4,242**	6,059

Operating lease commitments includes contracted amounts for office accommodation and office equipment under non-cancellable operating leases expiring within 1 to 6 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.

Capital commitments includes contracted amounts for the acquisition and development of Enterprise Resource Planning ('ERP') systems.

NOTE 38. RELATED PARTY TRANSACTIONS

Parent entities

SG Fleet Holdings Pty Limited is the parent entity of the consolidated group. The ultimate parent entity is Super Group Limited, incorporated in South Africa.

Subsidiaries

Interests in subsidiaries are set out in note 40.

Key management personnel

Disclosures relating to key management personnel are set out in note 33.

Transactions with related parties

The following transactions occurred with related parties:

	CONSOLIDATED	
	2013 $	2012 $
Payment for other expenses:		
Interest on preference shares to controlling party	**2,694,979**	2,694,979
Interest on preference shares to other related party	**2,225,021**	2,225,021
Insurance premium paid to controlling entity	**14,790**	855
Management fees to controlling entity	**241,742**	241,742
Management fees to other related party	**355,008**	355,008

Receivable from and payable to related parties

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

	CONSOLIDATED	
	2013 $	2012 $
Current receivables:		
Loan to A Graham, a member of key management personnel (secured, interest at 6.45% (2012: 7.4%) per annum)	**79,749**	74,427
Loan to D Bell, a member of key management personnel (secured, interest at 6.45% (2012: 7.4%) per annum)	**117,173**	109,354

Loans to/from related parties

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

	CONSOLIDATED	
	2013 $	2012 $
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 39. PARENT ENTITY INFORMATION

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

Statement of profit or loss and other comprehensive income

	PARENT	
	2013 $'000	2012 $'000
Loss after income tax	**(5,340)**	(5,333)
Total comprehensive income	**(5,340)**	(5,333)

Statement of financial position

Total current assets	**-**	597
Total assets	**82,505**	83,220
Total current liabilities	**5,711**	12,671
Total liabilities	**55,044**	50,473
Equity		
Issued capital	**41,000**	41,000
Share based payments reserve	**162**	108
Accumulated losses	**(13,701)**	(8,361)
Total equity	**27,461**	32,747

Contingent liabilities

The company had no contingent liabilities as at 30 June 2013 and 30 June 2012.

Guarantees entered into by the parent entity

The company has not entered into any guarantees as at 30 June 2013 and 30 June 2012.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, 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 40. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name of entity	Country of incorporation	Equity Holding 2013 %	Equity Holding 2012 %
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

NOTE 41. EVENTS AFTER THE REPORTING PERIOD

On 16 July 2013 the Australian Government announced changes to the method used to value car fringe benefits for tax purposes. These changes, if implemented could have an impact on the consolidated entity's novated leasing business. The consolidated entity is assessing the potential impact of the changes and developing strategies to supplement the novated lease business should the proposed changes be implemented.

No other matter or circumstance has arisen since 30 June 2013 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

NOTE 42. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH FROM OPERATING ACTIVITIES

	CONSOLIDATED	
	2013 $'000	2012 $'000
Profit after income tax expense for the year	**33,547**	19,477
Adjustments for:		
Depreciation and amortisation	**7,729**	11,967
Impairment of intangibles	**43**	48
Share-based payments	**54**	54
Foreign exchange differences	**(9)**	60
Reversal of impairment	**(32)**	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	**(3,654)**	(2,254)
Decrease/(increase) in inventories	**(1,627)**	375
Decrease/(increase) in deferred tax assets	**1,198**	(2,885)
Decrease/(increase) in other operating assets	**(164)**	21
Increase/(decrease) in trade and other payables	**(3,167)**	9,568
Increase/(decrease) in provision for income tax	**(6,963)**	8,179
Increase in employee benefits	**591**	620
Decrease in other provisions	**(3,393)**	(7,680)
Net cash from operating activities	**24,153**	37,550

NOTE 43. SHARE-BASED PAYMENTS

A share option plan has been established by the consolidated entity in order to incentivise certain members of the key management personnel. The options were issued for $0.00033 each and the total expense for the year was $54,000 (2012: $54,000).

Summary of the options over ordinary shares are:

Grant date: 21 April 2011

Number of options outstanding: 12,000,000 (2012:12,000,000)

Vesting: Unvested and cannot be exercised until a vesting trigger has occurred.

Expiry date: Earlier of 7 years or the occurrence of an "Exit event" as defined in the plan rules

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 2 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 2013 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)(a) of the Corporations Act 2001.

On behalf of the directors

S Wong
Director

R P Blau
Director

9 August 2013
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 2013, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 43 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 2, 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.

KPMG

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 2013 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 2.

KPMG

KPMG

Peter Russell

Peter Russell
Partner

9 August 2013
Sydney

ANNUAL REPORT 2013

SG FLEET HOLDINGS PTY LIMITED