

SG Fleet Holdings Pty Limited

ABN 85 147 536 409

Interim Report - 31 December 2013

SG Fleet Holdings Pty Limited
Directors' report
31 December 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 half-year ended 31 December 2013.

Directors

The following persons were directors of SG Fleet Holdings Pty Limited during the whole of the financial half-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 half-year the principal activities of the consolidated entity consisted of motor vehicle fleet management and salary packaging services.

Review of operations

The profit for the consolidated entity after providing for income tax amounted to \$13,726,000 (31 December 2012: \$15,756,000).

Significant changes in the state of affairs

On 30 December 2013, the consolidated entity undertook a reduction of preference share capital of \$20,500,000.

On 6 January 2013, SG Fleet's ultimate parent company, Super Group Limited released an announcement to the Johannesburg Securities Exchange noting that CHAMP Ventures is exploring alternatives for the sale of its 42% minority shareholding in SG Fleet. CHAMP Ventures has confirmed that no final decision has been reached in this regard.

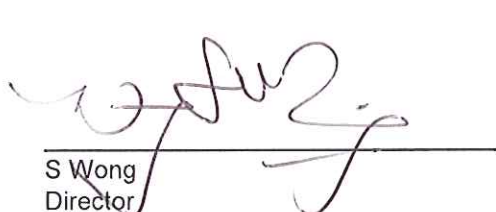
There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

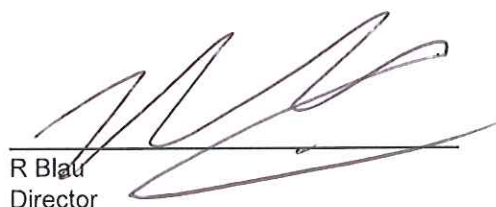
Rounding of amounts

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.

This report is made in accordance with a resolution of directors.

On behalf of the directors


S Wong
Director


R Blau
Director

20 January 2014
Sydney

SG Fleet Holdings Pty Limited
Financial report
31 December 2013

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SG Fleet Holdings Pty Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2013

	Note	Consolidated	
		31/12/2013 \$'000	31/12/2012 \$'000
Revenue	4	76,162	77,725
Expenses			
Fleet management costs		(18,822)	(18,881)
Communication costs		(729)	(626)
Employee benefits expense		(20,844)	(19,578)
Occupancy costs		(2,064)	(1,726)
Depreciation, amortisation and impairment	5	(3,873)	(4,093)
Technology costs		(1,751)	(1,515)
Travel, accommodation and entertainment		(438)	(475)
Other expenses		(2,185)	(2,044)
Finance costs	5	<u>(4,527)</u>	<u>(5,065)</u>
Profit before income tax expense		20,929	23,722
Income tax expense		<u>(7,203)</u>	<u>(7,966)</u>
Profit after income tax expense for the half-year attributable to the owners of SG Fleet Holdings Pty Limited		13,726	15,756
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation difference for foreign operations		1,220	502
Effective portion of changes in fair value of cash flow hedges		-	<u>(322)</u>
Other comprehensive income for the half-year, net of tax		<u>1,220</u>	<u>180</u>
Total comprehensive income for the half-year attributable to the owners of SG Fleet Holdings Pty Limited		<u>14,946</u>	<u>15,936</u>
		Cents	Cents
Basic earnings per share	17	33.48	38.43
Diluted earnings per share	17	19.31	21.67

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

SG Fleet Holdings Pty Limited
Statement of financial position
As at 31 December 2013

		Consolidated	
	Note	31/12/2013 \$'000	30/06/2013 \$'000
Assets			
Current assets			
Cash and cash equivalents	6	80,502	103,149
Finance, trade and other receivables		36,368	35,361
Inventories		7,560	6,098
Leased motor vehicle assets		5,819	8,400
Total current assets		<u>130,249</u>	<u>153,008</u>
Non-current assets			
Finance, trade and other receivables		87	158
Property, plant and equipment		1,119	937
Intangibles	7	141,108	139,639
Leased motor vehicle assets		9,823	9,689
Deferred tax		14,127	15,311
Total non-current assets		<u>166,264</u>	<u>165,734</u>
Total assets		<u>296,513</u>	<u>318,742</u>
Liabilities			
Current liabilities			
Trade and other payables		44,753	47,834
Borrowings	8	5,602	8,276
Income tax		1,872	5,702
Employee benefits		2,287	2,337
Provisions	9	4,715	6,272
Deferred income		3,277	2,371
Total current liabilities		<u>62,506</u>	<u>72,792</u>
Non-current liabilities			
Borrowings	10	55,137	75,668
Employee benefits		1,908	1,693
Provisions	11	13,162	13,159
Other payables		8,834	8,615
Deferred income		19,442	21,264
Total non-current liabilities		<u>98,483</u>	<u>120,399</u>
Total liabilities		<u>160,989</u>	<u>193,191</u>
Net assets		<u>135,524</u>	<u>125,551</u>
Equity			
Issued capital		41,000	41,000
Reserves	12	27,094	25,847
Retained profits		67,430	58,704
Total equity		<u>135,524</u>	<u>125,551</u>

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

SG Fleet Holdings Pty Limited
Statement of changes in equity
For the half-year ended 31 December 2013

	Issued 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 half-year	-	-	15,756	15,756
Other comprehensive income for the half-year, net of tax	-	180	-	180
Total comprehensive income for the half-year	-	180	15,756	15,936
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	27	-	27
Balance at 31 December 2012	<u>41,000</u>	<u>25,273</u>	<u>40,913</u>	<u>107,186</u>
	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Consolidated				
Balance at 1 July 2013	41,000	25,847	58,704	125,551
Profit after income tax expense for the half-year	-	-	13,726	13,726
Other comprehensive income for the half-year, net of tax	-	1,220	-	1,220
Total comprehensive income for the half-year	-	1,220	13,726	14,946
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	27	-	27
Dividends paid (note 13)	-	-	(5,000)	(5,000)
Balance at 31 December 2013	<u>41,000</u>	<u>27,094</u>	<u>67,430</u>	<u>135,524</u>

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

SG Fleet Holdings Pty Limited
Statement of cash flows
For the half-year ended 31 December 2013

	Note	Consolidated	
		31/12/2013 \$'000	31/12/2012 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		80,865	82,389
Payments to suppliers and employees (inclusive of GST)		(60,686)	(43,798)
Interest received		1,612	2,110
Interest and other finance costs paid (including preference dividends)		(4,527)	(5,065)
Income taxes paid		(9,849)	(13,662)
Net cash from operating activities		<u>7,415</u>	<u>21,974</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(429)	(225)
Payments for intangibles		(1,661)	(519)
Acquisition of lease portfolio assets		(8,144)	(16,662)
Proceeds from disposal of lease portfolio assets		8,168	12,689
Net cash used in investing activities		<u>(2,066)</u>	<u>(4,717)</u>
Cash flows from financing activities			
Dividends paid	13	(5,000)	-
Repayment of borrowings		(2,705)	(2,989)
Redemption of preference shares		(20,500)	-
Net cash used in financing activities		<u>(28,205)</u>	<u>(2,989)</u>
Net increase/(decrease) in cash and cash equivalents		(22,856)	14,268
Cash and cash equivalents at the beginning of the financial half-year		103,149	92,533
Effects of exchange rate changes on cash		209	(79)
Cash and cash equivalents at the end of the financial half-year	6	<u>80,502</u>	<u>106,722</u>

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

SG Fleet Holdings Pty Limited
Notes to the financial statements
31 December 2013

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 20 January 2014. The directors have the power to amend and reissue the financial report.

Note 2. Significant accounting policies

These general purpose financial statements for the interim reporting period ended 31 December 2013 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2013.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, 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 10 Consolidated Financial Statements

The consolidated entity has applied AASB 10 from 1 July 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns (e.g. dividends, remuneration, returns that are not available to other interest holders including losses) from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights (e.g. voting rights, potential voting rights, rights to appoint key management, decision making rights, kick out rights) that give it the current ability to direct the activities that significantly affect the investee's returns (e.g. operating policies, capital decisions, appointment of key management). The consolidated entity not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

Note 2. Significant accounting policies (continued)

AASB 12 Disclosure of Interests in Other Entities

The consolidated entity has applied AASB 12 from 1 July 2013. The standard contains the entire disclosure requirement associated with other entities, being subsidiaries, associates and joint ventures. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation - Special Purpose Entities'.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13

The consolidated entity has applied AASB 13 and its consequential amendments from 1 July 2013. The standard does not prescribe when to use fair value. Instead it provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and it provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach would be used to measure assets whereas liabilities would be based on transfer value.

AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities

The consolidated entity has applied AASB 1012-2 from 1 July 2013, which enhanced the disclosure requirements of AASB 7 'Financial Instruments: Disclosures' (and consequential amendments to AASB 132 'Financial Instruments: Presentation') to provide information about netting arrangements, including rights of set-off related to an entity's financial instruments and the effects of such rights on its statement of financial position.

AASB 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments

The consolidated entity has applied AASB 2012-10 amendments from 1 July 2013, which amends AASB 10 and related standards for the transition guidance relevant to the initial application of those standards. The amendments clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments.

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into geographic operating segments: Australia, United Kingdom (UK) and New Zealand. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews both adjusted earnings before interest expense, tax, depreciation and amortisation (segment result) and profit before income tax.

The information reported to the CODM is on at least a monthly basis.

SG Fleet Holdings Pty Limited
Notes to the financial statements
31 December 2013

Note 3. Operating segments (continued)

Operating segment information

Consolidated - 31/12/2013	Australia \$'000	New Zealand \$'000	UK \$'000	Intersegment eliminations/ unallocated \$'000	Total \$'000
Revenue					
Sales to external customers	71,284	1,038	2,372	(144)	74,550
Total sales revenue	<u>71,284</u>	<u>1,038</u>	<u>2,372</u>	<u>(144)</u>	<u>74,550</u>
Other revenue	1,589	21	2	-	1,612
Total revenue	<u>72,873</u>	<u>1,059</u>	<u>2,374</u>	<u>(144)</u>	<u>76,162</u>
Segment result	28,599	136	888	(294)	29,329
Depreciation and amortisation	(2,373)	(283)	(1,217)	-	(3,873)
Finance costs	(345)	-	(82)	(4,100)	(4,527)
Profit/(loss) before income tax expense	<u>25,881</u>	<u>(147)</u>	<u>(411)</u>	<u>(4,394)</u>	<u>20,929</u>
Income tax expense					(7,203)
Profit after income tax expense					<u>13,726</u>
Assets					
Segment assets	147,432	4,482	13,498	131,101	296,513
Total assets					<u>296,513</u>
Liabilities					
Segment liabilities	100,601	836	4,873	54,679	160,989
Total liabilities					<u>160,989</u>

SG Fleet Holdings Pty Limited
Notes to the financial statements
31 December 2013

Note 3. Operating segments (continued)

	Australia \$'000	New Zealand \$'000	UK \$'000	Intersegment eliminations/ unallocated \$'000	Total \$'000
Consolidated - 31/12/2012					
Revenue					
Sales to external customers	72,434	1,016	2,291	(126)	75,615
Total sales revenue	72,434	1,016	2,291	(126)	75,615
Other revenue	2,098	10	2	-	2,110
Total revenue	74,532	1,026	2,293	(126)	77,725
Segment result					
Depreciation and amortisation	(2,635)	(384)	(1,074)	-	(4,093)
Finance costs	(453)	-	(89)	(4,523)	(5,065)
Profit/(loss) before income tax expense	28,855	(96)	(220)	(4,817)	23,722
Income tax expense					(7,966)
Profit after income tax expense					15,756
Consolidated - 30/06/2013					
Assets					
Segment assets	171,808	11,736	4,222	130,976	318,742
Total assets					318,742
Liabilities					
Segment liabilities	108,435	737	3,613	80,406	193,191
Total liabilities					193,191

Note 4. Revenue

	Consolidated	
	31/12/2013	31/12/2012
	\$'000	\$'000
<i>Sales revenue</i>		
Fleet management services	69,754	70,550
Rental income on operating leased assets	4,796	5,065
	<u>74,550</u>	<u>75,615</u>
<i>Other revenue</i>		
Interest	1,612	2,110
Revenue	<u><u>76,162</u></u>	<u><u>77,725</u></u>

SG Fleet Holdings Pty Limited
Notes to the financial statements
31 December 2013

Note 5. Expenses

	Consolidated	
	31/12/2013	31/12/2012
	\$'000	\$'000
Profit before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Leasehold improvements	11	47
Fixtures and fittings	224	390
Motor vehicles	25	18
Leased motor vehicle assets	3,421	3,558
Total depreciation	3,681	4,013
<i>Amortisation</i>		
Software	192	80
Total depreciation and amortisation	3,873	4,093
<i>Finance costs</i>		
Redeemable preference share costs	2,460	2,460
External borrowing costs for corporate debt	1,633	1,835
External borrowing costs for lease portfolio	434	770
Finance costs expensed	4,527	5,065

Note 6. Current assets - cash and cash equivalents

	Consolidated	
	31/12/2013	30/06/2013
	\$'000	\$'000
Cash in hand	2	2
Cash at bank	68,644	91,294
Secured deposits	11,856	11,853
	80,502	103,149

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.

SG Fleet Holdings Pty Limited
Notes to the financial statements
31 December 2013

Note 7. Non-current assets - intangibles

	Consolidated	
	31/12/2013	30/06/2013
	\$'000	\$'000
Goodwill - at cost	136,460	136,460
	<u>136,460</u>	<u>136,460</u>
Customer contracts - at cost	3,605	3,605
Less: Accumulated amortisation	(1,877)	(1,877)
Less: Impairment	(1,022)	(1,022)
	<u>706</u>	<u>706</u>
Software - at cost	4,199	2,537
Less: Accumulated amortisation	(257)	(64)
	<u>3,942</u>	<u>2,473</u>
	<u>141,108</u>	<u>139,639</u>

Software

Software includes both purchased software and software under development. Expenditure on internally developed software is expected to continue for the next 12-24 months and is being amortised on a straight-line basis over the period of their expected benefit, being a finite life of 8 years from when the asset is available for use.

Note 8. Current liabilities - borrowings

	Consolidated	
	31/12/2013	30/06/2013
	\$'000	\$'000
Senior debt - St George Bank	-	1,395
Lease portfolio liability - St George Bank	4,653	6,184
Lease portfolio liability - Lombard North Central PLC	949	697
	<u>5,602</u>	<u>8,276</u>

Refer to note 10 for further information on borrowings.

Note 9. Current liabilities - provisions

	Consolidated	
	31/12/2013	30/06/2013
	\$'000	\$'000
Residual risk	4,715	6,272
	<u>4,715</u>	<u>6,272</u>

Residual risk provision

The provision is to recognise the future liability relating to residual value exposures. Refer to note 11 and note 14.

SG Fleet Holdings Pty Limited
Notes to the financial statements
31 December 2013

Note 10. Non-current liabilities - borrowings

	Consolidated	
	31/12/2013 \$'000	30/06/2013 \$'000
Senior debt - St George Bank	32,250	32,250
Lease portfolio liability - St George Bank	238	373
Lease portfolio liability - Lombard North Central PLC	2,149	2,045
Redeemable preference shares	20,500	41,000
	<u>55,137</u>	<u>75,668</u>

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.

On 30 December 2013, the consolidated entity undertook a reduction of preference share capital of \$20,500,000.

Total secured liabilities

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

	Consolidated	
	31/12/2013 \$'000	30/06/2013 \$'000
Senior debt - St George Bank	32,250	33,645
Lease portfolio liability - St George Bank	4,891	6,557
Lease portfolio liability - Lombard North Central PLC	3,098	2,742
	<u>40,239</u>	<u>42,944</u>

SG Fleet Holdings Pty Limited
Notes to the financial statements
31 December 2013

Note 10. Non-current liabilities - borrowings (continued)

Financing arrangements

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

	Consolidated	
	31/12/2013	30/06/2013
	\$'000	\$'000
Total facilities		
Senior debt - St George Bank	32,250	38,945
Lease portfolio facility - St George Bank	20,000	20,000
Lease portfolio facility - Lombard North Central PLC	9,287	8,320
Credit card facilities	4,290	4,286
	<u>65,827</u>	<u>71,551</u>
Used at the reporting date		
Senior debt - St George Bank	32,250	33,645
Lease portfolio facility - St George Bank	4,891	6,557
Lease portfolio facility - Lombard North Central PLC	3,098	2,742
Credit card facilities	1,194	1,759
	<u>41,433</u>	<u>44,703</u>
Unused at the reporting date		
Senior debt - St George Bank	-	5,300
Lease portfolio facility - St George Bank	15,109	13,443
Lease portfolio facility - Lombard North Central PLC	6,189	5,578
Credit card facilities	3,096	2,527
	<u>24,394</u>	<u>26,848</u>

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

Note 11. Non-current liabilities - provisions

	Consolidated	
	31/12/2013	30/06/2013
	\$'000	\$'000
Residual risk	<u>13,162</u>	<u>13,159</u>

Residual risk provision

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 risk 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. The provision is classified as current or non-current depending on the expected maturity of the liability. Maturity pools in a net profit position are not offset against maturity pools in a net loss position.

SG Fleet Holdings Pty Limited
Notes to the financial statements
31 December 2013

Note 12. Equity - reserves

	Consolidated	
	31/12/2013	30/06/2013
	\$'000	\$'000
Foreign currency reserve	2,445	1,225
Share-based payments reserve	189	162
Capital contribution reserve	<u>24,460</u>	<u>24,460</u>
	<u>27,094</u>	<u>25,847</u>

Foreign currency reserve

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

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 13. Dividends

Dividends on ordinary shares of \$5,000,000 (2012: \$nil) were declared and paid during the financial half-year.

Dividends on preference shares of \$2,460,000 (2012: \$2,460,000) were declared and paid during the financial half-year.

Note 14. 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 \$15,043,000 (30 June 2013: \$17,066,000) have been issued as security for these obligations.

Bank guarantees to the value of \$946,000 (30 June 2013: \$920,000) 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 \$107,370,000 (30 June 2013: \$108,870,000).

Note 15. Related party transactions

Parent entity

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.

SG Fleet Holdings Pty Limited
Notes to the financial statements
31 December 2013

Note 15. Related party transactions (continued)

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	31/12/2013	31/12/2012
	\$	\$
Payment for other expenses:		
Interest on preference shares to controlling party	1,347,489	1,347,489
Interest on preference shares to other related party	1,112,510	1,112,510
Insurance premium paid to controlling entity	-	5,687
Management fees to controlling entity	120,870	120,870
Management fees to other related party	177,504	177,504

Receivable from and payable to related parties

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

	Consolidated	
	31/12/2013	30/06/2013
	\$	\$
Current receivables:		
Loan to A Graham, a member of key management personnel (secured, interest at 6.45% per annum)	82,301	79,749
Loan to D Bell, a member of key management personnel (secured, interest at 6.45% per annum)	120,922	117,173

Loans to/from related parties

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

	Consolidated	
	31/12/2013	30/06/2013
	\$	\$
Non-current borrowings:		
Redeemable preference shares to controlling entity (12% coupon)	11,229,080	22,458,160
Redeemable preference shares to other related party (12% coupon)	9,270,920	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 16. Events after the reporting period

On 6 January 2013, SG Fleet's ultimate parent company, Super Group Limited released an announcement to the Johannesburg Securities Exchange noting that CHAMP Ventures is exploring alternatives for the sale of its 42% minority shareholding in SG Fleet. CHAMP Ventures has confirmed that no final decision has been reached in this regard.

No other matter or circumstance has arisen since 31 December 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.

SG Fleet Holdings Pty Limited
Notes to the financial statements
31 December 2013

Note 17. Earnings per share

	Consolidated	
	31/12/2013	31/12/2012
	\$'000	\$'000
Profit after income tax attributable to the owners of SG Fleet Holdings Pty Limited	13,726	15,756
Interest on preference shares	<u>2,460</u>	<u>2,460</u>
Profit after income tax attributable to the owners of SG Fleet Holdings Pty Limited used in calculating diluted earnings per share	<u>16,186</u>	<u>18,216</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	41,000,000	41,000,000
Adjustments for calculation of diluted earnings per share:		
Options	2,050,000	2,050,000
Preference shares	<u>40,775,957</u>	<u>41,000,000</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>83,825,957</u>	<u>84,050,000</u>
	Cents	Cents
Basic earnings per share	33.48	38.43
Diluted earnings per share	19.31	21.67

SG Fleet Holdings Pty Limited
Directors' declaration

In the directors' opinion:

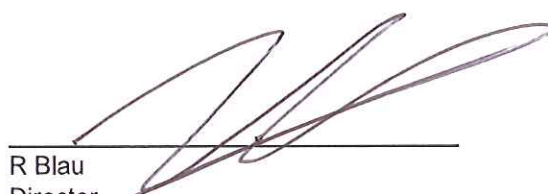
- the attached financial statements and notes complies with Australian Accounting Standards AASB 134 'Interim Financial Reporting' and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the financial half-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.

On behalf of the directors



S Wong
Director



R Blau
Director

20 January 2014
Sydney



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

Report on the financial report

We have reviewed the accompanying interim financial report of SG Fleet Holdings Pty Limited, which comprises the consolidated statement of financial position as at 31 December 2013, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the interim period ended on that date, notes 1 to 17 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated group comprising the company and the entities it controlled at the half-year's end.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting*. As auditor of SG Fleet Holdings Pty Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the review of the interim financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Accounting Professional and Ethical Standards Board.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of SG Fleet Holdings Pty Limited does not present fairly, in all material respects the Group's financial position as at 31 December 2013 and of its performance for the half-year ended on that date in accordance with AASB 134 *Interim Financial Reporting*.



Peter Russell
Partner

Sydney

20 January 2014