

Eqstra Corporation (Proprietary) Limited
Registration Number: 1984/007045/07

Annual Financial Statements
30 June 2011

Eqstra Corporation (Proprietary) Limited
Annual Financial Statements
30 June 2011

The reports and statements set out below comprise the annual financial statements presented to the shareholder:

CONTENTS	Page
Independent auditors' report	2
Directors' report	3 - 4
Statement of financial position	5
Statement of comprehensive income	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the annual financial statements	9 - 41


Directors' responsibility for the annual financial statements

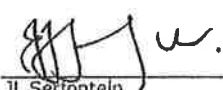
The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The auditors are responsible for reporting on the fair presentation of the financial statements. The financial statements have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

The directors are also responsible for the company's system of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis, since the directors have every reason to believe that the company has adequate resources in place to continue in operation for the foreseeable future.

The financial statements set out on pages 2 to 41 were approved by the board of directors on 30 September 2011 and are signed on its behalf by:


WS Hill


J.L. Serfontein

} Directors



Private Bag X6
Gallo Manor 2052
South Africa

Deloitte & Touche
Registered Auditors
Audit - Johannesburg
Buildings 1 and 2
Deloitte Place
The Woodlands
Woodlands Drive
Woodmead Sandton
Docex 10 Johannesburg

Tel: +27 (0)11 806 5000
Fax: +27 (0)11 806 5111
www.deloitte.com

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF EQSTRA CORPORATION (PROPRIETARY)

We have audited the annual financial statements of Eqstra Corporation (Proprietary) Limited, which comprise the statement of financial position as at 30 June 2011, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 3 to 41.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Eqstra Corporation (Proprietary) Limited at 30 June 2011, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Deloitte & Touche
Per JM Bierman
Partner
30 September 2011

National Executive: GG Gelink Chief Executive AE Swiegers Chief Operating Officer GM Pinnock Audit
DL Kennedy Risk Advisory & Legal Services NB Kader Tax L Geeringh Consulting L Barn Corporate Finance
JK Mazzocco Human Resources CR Beukman Finance TJ Brown Chairman of the Board
MJ Comber Deputy Chairman of the Board

A full list of partners and directors is available on request

B-BBEE rating: Level 2 contributor/AAA (certified by Empowerdex)

Member of Deloitte Touche Tohmatsu Limited

Directors' report

for the year ended 30 June 2011

The directors have pleasure in submitting their report on the annual financial statements of the company for the year ended 30 June 2011.

FINANCIAL PERFORMANCE AND MAIN BUSINESS AND OPERATIONS

The core business is the provision of capital equipment and related value-added services to clients in the construction, mining, industrial and commercial sectors in South Africa in addition to providing the funding vehicle for all entities within the Eqstra Holding Limited group.

The financial results for the year ended 30 June 2011 are set out in detail on pages 5 to 41. The company recorded a profit before taxation of R133 million (2010: R175 million).

DIVIDENDS

Dividends of R80 million were declared during the year under review (2010: nil).

BORROWINGS

A comprehensive new long term debt funding package was concluded in February 2011.

RSA bank debt	Before Rm	New Rm
General banking facility	1 050	850
Liquidity facility	1 950	1 000
Long-term facility	2 842	3 525
April 2013	2 842	877
February 2014		1 278
February 2015		913
February 2016		457
Total	4 842	5 375

AUTHORISED AND ISSUED SHARE CAPITAL

There were no changes in the authorised or issued share capital of the company during the current and prior year.

NON-CURRENT ASSETS

There was no other significant change in the composition of non-current assets or to any accounting policy relating to non-current assets.

DIRECTORS

The directors of the entity are:

WS Hill
JV Carr
JL Serfontein
P Siddal

Mr JL Serfontein was appointed on 1 January 2011 replacing Mr E Clarke who resigned on 1 January 2011. There were no further changes to the directors during the current financial year.

Directors' report for the year ended 30 June 2011

SPECIAL RESOLUTIONS

During the financial year under review no special resolution was passed.

INTERESTS IN TRANSACTIONS

Directors' holdings did not individually exceed 1% of the company's issued share capital. No change in the interests has taken place between 30 June 2011 and the date of this report.

AUDITORS

Deloitte & Touche continued in office as external auditors of Eqstra corporation. At the AGM on 16 November 2011 shareholders will be requested to re-appoint Deloitte & Touche as auditors for the 2012 financial year with Mr JM Bierman as the designated partner. The auditors' business and postal address appear on page 2.

PROPERTY

The register of land and buildings is available for inspection at the registered office of the company during normal business hours.

GOING CONCERN

The directors consider that the company have adequate resources to continue operating for the foreseeable future. It therefore believes that it is appropriate to adopt the going concern basis in preparing the company annual financial statements. The directors have satisfied themselves that the company are in a sound financial position and that they have access to sufficient borrowing facilities to meet its foreseeable cash requirements.

EVENTS SUBSEQUENT TO THE STATEMENT OF FINANCIAL POSITION DATE

The board is not aware of any other matter or circumstance arising since the end of the reporting period which significantly affects the financial position of the company as at 30 June 2011 or the results of its operations or cash flows for the year then ended which is not dealt with in the financial statements.

COMPANY SECRETARY AND REGISTERED OFFICE

The company secretary is Ms L Möller. Her address and that of the registered office are as follows:

Business address
61 Maple Street
Pomona,
Kempton Park,
1619

Postal address
PO Box 1050
Bedfordview,
2008

PREPARER OF THE FINANCIAL STATEMENTS

The preparer of the financial statements is JL Serfontein CA (SA).

Eqstra Corporation (Proprietary) Limited
Statement of financial position
as at

		30 June 2011 R 000	30 June 2010 R 000
	Notes		
Assets			
Non-current assets		2 589 238	2 455 643
Intangible assets	4	13 653	4 761
Property, plant and equipment	5	79 906	65 274
Leasing assets	6	2 425 880	2 384 608
Finance lease receivable	10	51 024	
Derivative financial asset	9	17 775	
Other investments and loans	7	1 000	1 000
Current assets		3 889 741	4 265 386
Amounts owing by group companies	8	3 689 457	3 966 624
Inventories	11	54 155	17 382
Trade and other receivables	12	105 821	77 343
Finance lease receivable	10	32 989	
Derivative financial asset	9	3 456	
Taxation in advance			11 189
Cash and cash equivalents	13	3 863	192 848
Total assets		6 478 979	6 721 029
Equity and liabilities			
Capital and reserves			
Share capital and premium	14	548 875	548 875
Other reserves	15	(4 922)	(15 388)
Retained income		146 738	128 941
Total equity		690 691	662 428
Non-current liabilities		4 580 304	4 822 074
Interest-bearing borrowings	16	4 312 101	4 590 064
Deferred tax liabilities	17	268 203	232 010
Current liabilities		1 207 984	1 236 527
Amounts owing to group companies	8	234 932	332 241
Trade and other payables	18	282 484	303 752
Provisions for liabilities and other charges	19	342	226
Derivative financial liabilities	9	23 529	27 457
Current portion of interest-bearing borrowings	16	666 697	572 851
Total liabilities		5 788 288	6 058 601
Total equity and liabilities		6 478 979	6 721 029

Eqstra Corporation (Proprietary) Limited
Statement of comprehensive income
For the years ended

		30 June 2011 R 000	30 June 2010 R 000
	Notes		
Revenue	20	1 618 239	1 390 040
Net operating expenses	21	(878 488)	(654 871)
Profit from operations before depreciation, amortisation and recoupments		739 751	735 169
Depreciation, amortisation and recoupments	22	(519 361)	(506 066)
Operating profit		220 390	229 103
Foreign exchange losses		(815)	
Reversal of impairment of share scheme loan			16 089
Reversal of impairment of loan to fellow subsidiaries		9	63 176
Profit before net finance costs		219 584	308 368
Net finance costs	23	(86 833)	(133 459)
Finance costs including fair value gains (losses)	23	(456 700)	(626 852)
Finance income	23	369 867	493 393
Profit before taxation		132 751	174 909
Income tax expense	24	(35 301)	(29 830)
Profit for the year		97 450	145 079
Other comprehensive income			
Fair value(loss)/gain on derivative instruments		(2 808)	8 782
Other comprehensive (loss)/income for the year (net of taxation)		(2 808)	8 782
Total comprehensive income for the year		94 642	153 861

Eqstra Corporation (Proprietary) Limited
Statement of changes in equity
For the years ended

	Share capital and premium	Other reserves	Retained (loss) income	Total
	R 000	R 000	R 000	R 000
Balance at 30 June 2009	548 875	(31 240)	(16 138)	501 497
Total comprehensive income for the year		8 782	145 079	153 861
Share-based payments expense		7 243		7 243
Share call option (net of taxation)		(173)		(173)
Balance at 30 June 2010	548 875	(15 388)	128 941	662 428
Total comprehensive income for the year		(2 808)	97 450	94 642
Dividend declared			(79 653)	(79 653)
Share-based payments expense		11 838		11 838
Share call option (net of taxation)		1 436		1 436
Balance at 30 June 2011	548 875	(4 922)	146 738	690 691

Eqstra Corporation (Proprietary) Limited
Statement of cash flows
For the years ended

		30 June 2011 R 000	30 June 2010 R 000
	Notes		
Cash flows from operating activities			
Cash receipts from customers		1 587 569	1 351 629
Cash paid to suppliers and employees		(739 887)	(515 780)
Cash generated by operations	25	847 682	835 849
Interest expense	23	(462 817)	(621 651)
Finance income	23	369 867	493 393
		754 732	707 591
Income tax received (paid)		11 589	(574)
		766 321	707 017
Cash flows from investing activities			
Purchase of intangible assets		(10 204)	(2 441)
Purchase of property, plant and equipment		(20 321)	(5 433)
Purchase of leasing assets		(836 863)	(681 261)
Proceeds from sale of intangible assets			96
Proceeds from sale of property, plant and equipment		591	5 992
Proceeds from sale of leasing assets		77 479	126 178
Net movement in amounts due to group companies		179 867	1 027 704
Net movement in other investments and loans			88 538
		(609 451)	559 373
Cash flows from financing activities			
Dividends paid		(79 653)	
Decrease in interest-bearing borrowings		(184 117)	(1 073 768)
Increase in finance lease receivable		(84 013)	
Movement in share call option		1 928	(173)
		(345 855)	(1 073 941)
Net (decrease) increase in cash and cash equivalents		(188 985)	192 449
Cash and cash equivalents at beginning of year		192 848	399
Cash and cash equivalents at end of year		3 863	192 848

1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below and are consistent in all material respects with those applied during the previous year.

1.1. Basis of preparation

The company financial statements are stated in rands and are prepared in accordance with and comply with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations issued and effective for the company's financial year.

1.2. Other intangible assets

Expenditure on acquired patents, trademarks, licences and computer software is capitalised and amortised using the straight-line basis over their useful lives, generally between two and eight years. These intangible assets are recognised if it is probable that economic benefits will flow to the entity from the intangible assets and the costs of the intangible assets can be reliably measured. Intangible assets are not revalued. The carrying amount of each intangible asset is reviewed annually and adjusted for impairment, where it is considered necessary.

1.3. Impairment of tangible and intangible assets excluding goodwill

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss, or whether an impairment loss recognised in a previous period has reversed or decreased. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss or reversal (if any).

Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired. The assessments that the useful lives are indefinite are assessed at least annually.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

1. ACCOUNTING POLICIES (continued)

1.3. Impairment of tangible and intangible assets excluding goodwill (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. Impairment losses recognised on goodwill relating to a cash-generating unit are not reversed in a subsequent period.

A reversal of an impairment loss is recognised only if there has been a change in the estimates used to determine the asset's carrying amount. A reversal of an impairment loss is recognised in income immediately.

1.4. Property, plant and equipment and leasing assets

Land is reflected at cost and is not depreciated. New property investments and developments are reflected at cost, which includes holding and direct development costs incurred until the property is available for occupation.

Cost also includes the estimated costs of dismantling and removing the assets and where appropriate the cost is split into significant components. Major improvements to leasehold properties are capitalised and written off over the period of the leases.

All other assets are recorded at historical cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on the straight-line basis to write off the cost of each component of an asset to its residual value over its estimated useful life as follows:

Buildings	20 years
Equipment and furniture	3 to 10 years
Motor vehicles	3 to 5 years
Leasing assets	3 to 10 years

The depreciation methods, estimated remaining useful lives and residual values are reviewed at least annually. Where significant components of an asset have different useful lives to the asset itself, these components are depreciated over their estimated useful lives.

When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where a reversal of a previously recognised impairment loss is recognised, the depreciation charge for the asset is adjusted to allocate the asset's revised carrying amount, less residual value, on a systematic basis over its remaining useful life.

Gains and losses on disposal are determined by reference to their carrying amount and are taken into account in determining operating profit.

1 ACCOUNTING POLICIES (continued)

1.5. Capitalised borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Where interest is earned on the temporary investment of borrowed funds, this income is set-off against the finance costs eligible for capitalisation.

1.6. Inventories

Inventories are stated at the lower of cost or net realisable value, due recognition having been made for obsolescence and redundancy. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Cost is determined as follows:

Vehicles	Specific cost
Spares, accessories and finished goods	Weighted average cost
Merchandise	First in, first out

Work in progress includes direct costs and a proportion of overhead costs but excludes interest expense.

1.7. Financial instruments

Financial instruments are initially measured at fair value when the company becomes a party to the contractual provisions of the contract. Subsequent to initial recognition, these instruments are measured as set out below.

Equity and debt security instruments

Equity and debt security instruments are initially recognised at cost on trade date.

At subsequent reporting dates, debt securities that the company has the intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost, excluding those held-to-maturity debt securities designated as fair value through profit or loss at initial recognition, less any impairment losses recognised to reflect irrecoverable amounts. Premiums or discounts arising on acquisition are amortised on the yield-to-maturity basis and are recognised in profit or loss.

Equity and debt security instruments other than held-to-maturity debt securities are classified as either fair value through profit and loss or available for sale, and are measured at subsequent reporting dates at fair value.

Where equity and debt security instruments are held-for-trading purposes, gains and losses arising from changes in fair value are recognised in profit or loss for the year.

Available-for-sale investments and gains and losses arising from changes in fair value are recognised in other comprehensive income, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised is recognised in profit or loss for the year.

Eqstra Corporation (Proprietary) Limited
Notes to the annual financial statements
For the year ended 30 June 2011

1. ACCOUNTING POLICIES (continued)

1.7. Financial instruments (continued)

Loans receivable

Loans are recognised at the date that the amount is advanced.

At subsequent reporting dates they are measured at amortised cost, less any impairment losses recognised to reflect irrecoverable amounts.

Trade and other receivables

Trade and other receivables originated by the company are initially stated at fair value and reduced by appropriate allowances for doubtful debts. These allowances are recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents are measured at carrying value which is deemed to be fair value.

Loans payable

Interest-bearing loans are initially recorded on the day that the loans are advanced at fair value.

At subsequent reporting dates, interest-bearing borrowings are measured at amortised cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on the accrual basis in the statement of comprehensive income using the effective interest rate method, and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Where interest-bearing loans have interest rate swaps changing the interest rate from fixed to variable or vice versa, they are treated as hedged items and carried at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income.

Where the company has the intention to repurchase its own interest-bearing loans in a recognised marketplace, such loans are designated as held for trade and are carried at fair value. Gains and losses arising from changes in fair value are included in the statement of comprehensive income for the year.

Trade payables

Trade payables are stated at their fair value and subsequently stated at amortised cost.

Derivative instruments

Derivative financial instruments are initially recognised at fair value, and subsequently measured at fair value. The company uses derivative financial instruments primarily relating to foreign currency protection and to alter interest rate profiles.

ACCOUNTING POLICIES

1.7. Financial instruments (continued)

The company designates certain derivatives as hedging instruments. They are classified as:

- fair value hedge: a hedge of exposure to changes in fair value of recognised assets and liabilities;
- cash flow hedge: hedges a particular risk associated with a recognised asset or liability or a highly probable forecast transaction; and
- hedges of a net investment in a foreign operation.

Foreign currency forward contracts (FECs) are used to hedge foreign currency fluctuations relating to certain firm commitments and forecast transactions.

Interest rate swap agreements can swap interest rates from either fixed to variable or from variable to fixed and are used to alter interest rate profiles.

Any gains or losses on fair value hedges are included in the statement of comprehensive income for the year.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in other comprehensive income and any ineffective portion is recognised immediately in the statement of comprehensive income.

If the cash flow hedge of a firm commitment or forecast transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in other comprehensive income are recognised in the statement of comprehensive income in the same period in which the hedged item affects the statement of comprehensive income.

Derivatives embedded in other financial instruments or non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value with fair value gains or losses reported in the statement of comprehensive income.

Fair value calculations

Investments are fair valued based on regulated exchange-quoted ruling bid prices at the close of business on the last trading day on or before the reporting date. Fair values for unquoted equity instruments are estimated using applicable fair value models. If a quoted bid price is not available for dated instruments, the fair value is determined using pricing models or discounted cash flow techniques. Any unquoted equity instrument that does not have a quoted market price in an active market and whose fair value cannot be reliably measured is stated at its cost, including transaction costs, less any provisions for impairment.

All other financial assets and liabilities fair values are calculated by present valuing the best estimate of the future cash flows using the risk-free rate of interest plus an appropriate risk premium.

1. ACCOUNTING POLICIES (continued)

1.7. Financial instruments (continued)

Derecognition

The company derecognises a financial asset when its contractual rights to the cash flow from the financial asset expire, or if it transfers the asset together with its contractual rights to receive the cash flows of the financial assets.

The company derecognises a financial liability when the obligation specified in the contract is discharged, cancelled or expires.

1.8. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The company as lessor

Finance leases

Amounts due under finance leases are treated as instalment credit agreements.

Operating leases

Income is recognised in the statement of comprehensive income over the period of the lease term on the straight-line basis.

Assets leased under operating leases are included under the appropriate category of asset in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar items of property, plant and equipment.

The company as lessee

Finance leases

Leases where the company assumes substantially all the risks and rewards of ownership are classified as finance leases.

Assets held under finance leases are capitalised as assets of the company at the lower of fair value or the present value of the minimum lease payments at the inception of the lease. The capitalised amount is depreciated over the assets useful life. Lease payments are allocated between capital payments and finance expenses using the effective interest rate method.

The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Finance costs, which represent the difference between the total lease commitments and the fair value of the assets acquired, are charged to the statement of comprehensive income over the term of the relevant lease.

Operating leases

Operating lease costs are recognised in the statement of comprehensive income over the lease term on the straight-line basis.

1 ACCOUNTING POLICIES (continued)

1.8. Leases (continued)

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

1.9. Share-based payments

The company operates equity-settled share-based compensation plans for senior employees and executives.

Equity-settled share-based payments are measured at fair value at the date of grant using the Binomial Model. The fair value determined at the grant date of the equity-settled share-based payment is expensed on the straight-line basis over the vesting period with a corresponding entry to equity. The expense takes into account the best estimate of the number of shares that are expected to vest. Non-market conditions such as time-based vesting conditions and non-market performance conditions are included in the assumptions for the number of options that are expected to vest. At each reporting date, the entity revises its estimates on the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.

When the options are exercised, or share awards vest, the proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium.

1.10. Retirement benefit obligations

The company operates a number of retirement schemes around the world. These schemes have been designed and are administered in accordance with the local conditions and practices in the countries concerned and are defined contribution schemes. The pension costs relating to these schemes are assessed in accordance with the advice of qualified actuaries and are expensed as incurred.

1.11. Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Warranty and after-sales services

Where the company sells vehicles and machine inventory on which it will incur warranty and after-sales costs, an estimate of this is made based on past experience.

Other provisions

The company is involved in different industries and locations that require many different provisions. These include onerous contracts, and long-service payments.

1. ACCOUNTING POLICIES

1.12. Taxation

The charge for current taxation is based on the results for the year as adjusted for items that are non-assessable or disallowable. It is calculated using taxation rates that have been substantially enacted at the reporting date.

Deferred taxation is recognised in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding taxation basis used in the computation of taxable profit.

In principle, deferred tax liabilities are recognised for all temporary differences arising from depreciation on property, plant and equipment, revaluations of certain non-current assets and provisions for pensions and other retirement benefits. Deferred tax assets are raised only to the extent that their recoverability is probable. Deferred tax assets relating to the carry-forward of unused taxation losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused taxation losses can be utilised.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company is able to and intends to settle its current tax assets and liabilities on a net basis.

Secondary Tax on Companies (STC) is recognised as part of the current tax charge in the statement of comprehensive income when the related dividend is declared. When dividends received in the current year can be offset against future dividend payments to reduce the STC liability, a deferred tax asset is recognised to the extent of the future reduction in STC.

1.13. Revenue recognition

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.

Where there are guaranteed buy-back arrangements in terms of which significant risks and rewards of ownership have not transferred to the purchaser, the transaction is accounted for as a lease.

Revenue arising from the rendering of services is recognised on the accrual basis in accordance with the substance of the agreement.

Revenue from vehicle maintenance plans is recognised only to the extent of the value of parts and services provided, with the balance being recognised at the end of the vehicle maintenance plan.

Where the company acts as agent and is remunerated on a commission basis, the commission is included in revenue. Where the company acts as principal, the total value of business handled is included in revenue.

Interest income is accrued on the time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's carrying amount.

Dividend income from investments is recognised when the shareholders' right to receive payment is established.

2. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the company financial statements requires the company's management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions, and in some cases actuarial techniques. Actual results could differ from those estimates.

The following accounting policies have been identified as involving particularly complex or subjective decisions or assessments:

2.1. Impairment of assets

As outlined in the accounting policies, an impairment loss is recognised when the recoverable amount of an asset is estimated to be less than its carrying amount. In assessing value in use, future cash flows are discounted to their present value using a pre-tax discount rate. Management applies its best estimate of the range of economic conditions that will exist over the remaining useful life of an asset. Whilst external evidence is favoured, management applies judgement in circumstances where external evidence is limited.

2.2. Residual values and useful lives

The company depreciates its assets over their estimated useful lives taking into account residual values which are reassessed on an annual basis.

The actual lives and residual values of these assets can vary depending on a variety of factors. Technological innovation, product life cycles and maintenance programmes all impact the useful lives and residual values of assets. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

2.3. Income taxes

The company is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the provision for income taxes due to the complexity of legislation and the different tax jurisdictions involved. There are many transactions and calculations for which the ultimate taxation determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated taxes based on estimates. Where the final taxation outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The company recognises the net future taxation benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income.

2. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES CONTAINED

2.3. Income taxes (continued)

Estimates of future taxable income are based on forecast cash flows from operations and the application of existing taxation laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in taxation laws in the jurisdictions in which the company operates could limit the ability of the company to obtain taxation deductions in future periods.

2.4. Contingent liabilities

Management applies its judgement to the probabilities and advice it receives from its attorney, advocates and other advisers in assessing if an obligation is probable, more likely than not, or remote. This judgement application is used to determine if the obligation is recognised as a liability or disclosed as a contingent liability.

2.5. Revenue recognition

Revenue from vehicle maintenance plans is recognised only to the extent of the value of parts and services provided, with the balance recognised at the end of the plan.

2.6. Inventory provisions

The provision for inventory obsolescence is based on a physical count and inspection of stock items which is performed at least annually and takes into account the age, condition and usage rates of the stock.

2.7. Fair values and financial instruments

Basis for determining values

Derivatives

The fair values of derivative financial assets and liabilities are calculated by determining the net present value of all future cash flows, discounted at prevailing market curves of the different currencies at reporting date. Only observable market data is used (no estimates) when constructing the curves and basis swap adjustments are added to provide for liquidity in the market. Black-Scholes principles are used for valuing options.

Other non-derivative assets and liabilities

The fair values of other non-derivative financial assets and liabilities are calculated by determining the net present value of all future cash flows, discounted at prevailing market curves of the different currencies at reporting date.

Other financial instruments

The carrying amounts of financial assets and liabilities with a maturity of less than six months are assumed to approximate their fair value.

3. IMPACT OF NEWLY ISSUED STANDARDS AND INTERPRETATIONS

3.1. Newly issued standards – early adopted

There were no standards or interpretations that were early adopted in the current year.

The company has adopted the following interpretations and standards which have become applicable in the current financial year, which doesn't have any material impact to the company:

- IFRS 2 – Share based payments
- IFRS 3 – Business Combinations
- IFRS 5 – Non-current Assets Held for Sale and Discontinued Operation
- IFRS 8 – Operating segments
- IAS 1 – Presentation of Financial Statements
- IAS 7 – Statement of Cash Flows
- IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors
- IAS 10 – Events after the Reporting Period
- IAS 16 – Property, Plant and Equipment
- IAS 17 – Leases
- IAS 18 – Revenue
- IAS 19 – Employee Benefits
- IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance
- IAS 23 – Borrowing Costs
- IAS 27 – Consolidated and Separate Financial Statements
- IAS 28 – Investment in Associates
- IAS 29 – Financial Reporting in a Hyperinflationary Economies
- IAS 31 – Interest in Joint Ventures
- IAS 32 – Financial Instruments – Presentation
- IAS 34 – Interim Financial Reporting
- IAS 36 – Impairment of Assets
- IAS 38 – Intangible Assets
- IAS 39 – Financial Instruments – Recognition and Measurement
- IAS 40 – Investment Property
- IAS 41 – Agriculture
- IFRIC 15 – Agreements for the Construction of Real Estate
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operation
- IFRIC 17 – Distributions of Non-cash Assets to Owners
- IFRIC 18 – Transfers of Assets from Customers
- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments

3.2. Newly issued standards and interpretations – not adopted in the current year

The following new or revised IFRS standards and interpretations have been issued with effective dates applicable to future financial statements of the company. Other than new disclosure requirements, these are not expected to have a significant impact on the company's results, unless otherwise stated.

3. IMPACT OF NEWLY ISSUED STANDARDS AND INTERPRETATIONS (continued)

3.2. Newly issued standards and interpretations – not adopted in the current year (continued)

IFRS 1: First Time Adoption of International Financial Reporting Standards

The first amendment replaces references to a fixed transition date of '1 January 2004' with 'the date of transition to IFRSs', thus eliminating the need for companies adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs.

The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation.

The amendment first becomes applicable to the company for the financial year ending 30 June 2012.

IFRS 3: Business Combinations

The amendment relates to transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS.

The amendment also clarifies the measurement of non-controlling interest. It also provides additional guidance on un-replaced and voluntarily replaced share-based payment awards.

The amendment first becomes applicable to the company for the financial year ending 30 June 2012.

IFRS 7: Financial Instruments: Disclosures

The amendment clarifies the intended interaction between qualitative disclosures of the nature and extent of risks arising from financial instruments and removed some disclosure items which were seen to be superfluous or misleading.

The amendments require additional disclosure on transfer transactions of financial assets, including the possible effects of any residual risks that the transferring entity retains. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of the reporting period.

The amendment first becomes applicable to the company for the financial year ending 30 June 2012.

IFRS 9: Financial Instruments

This is a new standard that forms the first part of a three-part project to replace IAS 39 *Financial Instruments: Recognition and Measurement*.

The new standard first becomes applicable to the company for the financial year ending 30 June 2014.

3. IMPACT OF NEWLY ISSUED STANDARDS AND INTERPRETATIONS (CONTINUED)

3.2. Newly issued standards and interpretations – not adopted in the current year (continued)

IFRS 11: Joint Arrangements

The new standard that deals with the accounting for joint arrangements and focuses on the rights and obligations of the arrangement, rather than its legal form. The standard requires a single method for accounting for interests in jointly controlled entities.

The new standard first becomes applicable to the company for the financial year ending 30 June 2014.

IFRS 12: Disclosure of Interests in Other Entities

The new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

The new standard first becomes applicable to the company for the financial year ending 30 June 2014.

IFRS 13: Fair value measurement

The new guidance on fair value measurement and disclosure requirements. The requirements do not extend the use of fair value accounting, but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.

IFRS 13 Fair Value Measurement will improve consistency and reduce complexity by providing, for the first time, a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs.

The new guidance first becomes applicable to the company for the financial year ending 30 June 2014.

IAS 1: Presentation and disclosure of financial statements

The amendments preserve the amendments made to IAS 1 in 2007 to require profit or loss and other comprehensive income to be presented together, i.e. either as a single statement of comprehensive income, or separate statement of comprehensive income and a statement of comprehensive income rather than requiring a single continuous statement as was proposed in the exposure draft.

The standard requires entities to company items presented in other comprehensive income based on whether they are potentially reclassifiable to profit or loss subsequently. i.e. those that might be reclassified and those that will not be reclassified.

3. IMPACT OF NEWLY ISSUED STANDARDS AND INTERPRETATIONS (CONTINUED)

3.2. Newly issued standards and interpretations – not adopted in the current year (continued)

The standard requires taxation associated with items presented before taxation to be shown separately for each of the two companies of other comprehensive income items (without changing the option to present items of other comprehensive income either before taxation or net of taxation)

The amendment first becomes applicable to the company for the financial year ending 30 June 2013.

IAS 12: Income Taxes

The amendment introduces a rebuttable presumption that recovery of the carrying amount will, normally be through sale.

The amendment first becomes applicable to the company for the financial year ending 30 June 2013.

IAS 19: Employee Benefits

The amendments make important improvements by eliminating an option to defer the recognition of gains and losses, known as the 'corridor method', improving comparability and faithfulness of presentation. It also streamline the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income (OCI), thereby separating those changes from changes that many perceive to be the result of an entity's day-to-day operations.

The amendments enhance the disclosure requirements for defined benefit plans, providing better information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans.

The amendment first becomes applicable to the company for the financial year ending 30 June 2014.

IAS 24: Related Party Disclosures

The amendment simplifies the disclosure requirements for government-related entities. The revised standard still requires disclosures that are important to users of financial statements but eliminates requirements to disclose information that is costly to gather and of less value to users. It achieves this balance by requiring disclosure about these transactions only if they are individually or collectively significant.

The amendment first becomes applicable to the company for the financial year ending 30 June 2012

Eqstra Corporation (Proprietary) Limited
Notes to the annual financial statements (continued)
For the years ended

4 Intangible assets	30 June 2011 R 000	30 June 2010 R 000
- Cost	23 172	12 976
- Accumulated amortisation and impairment	(9 519)	(8 215)
	13 653	4 761
Net book value at beginning of year	4 761	4 685
Additions	10 204	2 441
Proceeds on disposals		(96)
Amortisation	(1 312)	(2 269)
Net book value at end of year	13 653	4 761
Intangible assets consists of computer software.		

5 Property, plant and equipment

R 000	Land, buildings and leasehold improvements	Equipment and furniture	Motor vehicles	Total
Year ended 30 June 2011				
- Cost	66 841	26 172	5 628	98 641
- Accumulated depreciation and impairment	(654)	(15 749)	(2 332)	(18 735)
	66 187	10 423	3 296	79 906
Net book value at beginning of year	59 528	4 220	1 526	65 274
Additions	6 936	10 302	3 083	20 321
Proceeds on disposals	(58)		(533)	(591)
Depreciation	(219)	(4 099)	(975)	(5 293)
Profit on disposal			195	195
Net book value at end of year	66 187	10 423	3 296	79 906
The total value of capitalised finance leases included above	13 547			13 547
Year ended 30 June 2010				
- Cost	59 963	15 870	3 032	78 865
- Accumulated depreciation and impairment	(435)	(11 650)	(1 506)	(13 591)
	59 528	4 220	1 526	65 274
Net book value at beginning of year	63 266	5 546	1 437	70 249
Additions	2 122	2 231	1 080	5 433
Proceeds on disposals	(5 400)	(266)	(326)	(5 992)
Depreciation	(801)	(3 255)	(670)	(4 726)
Profit (loss) on disposal	341	(36)	5	310
Net book value at end of year	59 528	4 220	1 526	65 274
The total value of capitalised finance leases included above	13 547			13 547

A schedule of land and buildings is available for inspection by members or their authorised agents at the registered office of the company.
Certain property has been encumbered as security for interest-bearing borrowings (note 16).

Eqstra Corporation (Proprietary) Limited
Notes to the annual financial statements (continued)
For the years ended

	30 June 2011 R 000	30 June 2010 R 000
6 Leasing assets		
Cost	3 750 239	3 556 741
Accumulated depreciation and impairment	(1 324 359)	(1 172 133)
	2 425 880	2 384 608
Net book value at beginning of year	2 384 608	2 501 290
Additions	836 863	681 261
Proceeds on disposals	(77 479)	(126 178)
Depreciation	(516 204)	(515 378)
Profit on disposal	3 253	15 997
Transfer to inventory	(205 161)	(172 384)
Net book value at end of year	2 425 880	2 384 608
Leasing assets consist of passenger and commercial vehicles and earthmoving equipment.		
7 Other investments and loans		
Investments		
Unlisted investments at fair value or directors' valuation (Categorised as held-to-maturity)	1 000	1 000
	1 000	1 000
Maturity analysis		
Maturing after one year but within five years	1 000	1 000
	1 000	1 000
Effective interest rates		
Loans	9.0%	8.0%-15.0%
8 Amounts owing by (to) fellow subsidiaries		
Due by group companies		
Africa Car Hire Swaziland (Pty) Ltd	8 006	16 995
Amasondo Fleet Services (Pty) Ltd	9 274	58 738
Eqstra Construction and Mining Equipment (Pty) Ltd	382 584	615 874
Eqstra NH Equipment (Pty) Ltd	71 525	144 447
Imperial Fleet Services AA Botswana (Pty) Ltd	72	72
Imperial Fleet Services Tanzania Ltd	47	9
- Impairment of loan		(9)
MCC Contracts (Pty) Ltd	2 374 291	2 353 190
Omatemba (Pty) Ltd		6
Saficon Industrial Equipment (Pty) Ltd	795 134	773 964
GPS Tracking Solutions (Pty) Ltd	5 496	
Eqstra Fleet Services (Botswana) Pty (Ltd)	964	
Eqstra Fleet Services Namibia (Pty) Ltd	33 640	
Advacure (Pty) Ltd t/a Eqstra Connect	2 195	1 411
Eqstra Collections (Pty) Ltd t/a Safedrive	2 128	1 927
Leopont t/a Quick Cab (Pty) Ltd	4 101	
Total amounts due by group companies	3 689 457	3 966 624
Due to group companies		
Eqstra Flexi Fleet (Pty) Ltd	76 996	55 511
Eqstra Holdings Ltd	73 475	216 655
Eqstra Fleet Services Namibia (Pty) Ltd		1 875
Imperial Fleet Services Lesotho (Pty) Ltd	4 454	8 365
Imperial Fleet Services (PVPS) (Pty) Ltd	50 125	30 966
Fleet Support Services (Pty) Ltd	24 491	15 775
Burgundy Rose (Pty) Ltd t/a My Auto	1 159	447
Omatemba (Pty) Ltd	7	
Pemberley Fleet Services (Pty) Ltd	4 225	2 647
Total amounts due by group companies	234 932	332 241
Effective interest rates		
Loans	9.1%	10.6% -13.6%

Eqstra Corporation (Proprietary) Limited
Notes to the annual financial statements (continued)
For the years ended

	30 June 2011 R 000	30 June 2010 R 000
9 Derivative financial instruments		
Long-term		
Assets		
Inflation-linked swap	17 775	
Fair value through profit and loss	17 775	
Short-term		
Assets		
Interest rate derivatives	3 456	
Fair value through profit and loss	3 456	
Liabilities		
Forward exchange contracts		
Cross currency swaps	158	
Interest rate derivatives	23 371	27 457
	23 529	27 457
Arising on long-term financial instruments - used for cash flow hedging	23 529	27 457

Fair value of derivative financial instruments

Long-term financial assets are stated at fair value. The fair value of derivatives is based upon market valuations.

Forward exchange contracts

The net market value of all forward exchange contracts at year-end was calculated by comparing the forward exchange contracted rates to the equivalent year-end market foreign exchange rates.

Interest rate

The fair value of interest rate derivatives were determined by reference to quoted market prices for similar instruments.

10 Finance lease receivables	Up to 1 year Rm	2-5 years Rm	Total Rm
2011			
Minimum lease receivables	39 599	65 867	105 466
Finance costs	(6 610)	(14 843)	(21 453)
Present value of minimum lease receivables	32 989	51 024	84 013
Effective interest rates (%)	15.00	15.00	15.00

Eqstra Corporation (Proprietary) Limited
Notes to the annual financial statements (continued)
For the years ended

	30 June 2011 R 000	30 June 2010 R 000
11 Inventories		
Used vehicles	50 751	15 891
Spares, accessories and finished goods	3 297	1 491
Work in progress	107	
	54 155	17 382
Inventories carried at net realisable value included above	54 107	16 393
Net amount of inventory write down expensed (reversed) in the income statement	2 855	(71)

12 Trade and other receivables		
Net trade receivables	52 393	38 497
Trade receivables	75 601	59 513
Less: Provision for impairment of trade receivables*	(23 208)	(21 016)
Prepayments and other	53 428	38 846
	105 821	77 343

* An analysis of the provision for impairment of trade receivables is found in note 29.

13 Cash and cash equivalents		
Cash on hand	174	112
Bank balances	3 689	192 736
Cash on hand and at bank	3 863	192 848
Effective interest rates	4.50%	6.95%

14 Share capital and premium		
Authorised share capital		
4 000 000 (2010: 4 000 000) ordinary shares of R0.001 (2010 : R0.001) each	4	4
Issued share capital		
600 000 (2010: 600 000) ordinary shares of R 0.001 (2010: R0.001) each	1	1
Share premium	548 874	548 874
	548 875	548 875

Equity Compensation Benefits

Eqstra Share Appreciation Rights (SAR)

The SAR scheme allows certain senior employees to earn a long term incentive amount calculated with reference to the increase in the Eqstra Holdings Ltd share price between the offer date of the share appreciation rights and the exercise of such rights.

The following share incentive plan was in operation during the financial year:

	Date of issue	Period to expiry from date of offer	IFRS 2 classification
Eqstra Holdings Ltd	1-September-2008	3 years and 14 days	Equity settled
Eqstra Holdings Ltd	1-September-2010	3 years	Equity settled

The value of the SAR has been calculated using the Binomial model based on the following assumptions.

	30 June 2011	30 June 2010
Share appreciation rights scheme - 1 September 2008		
Expected volatility (%)	39.85	39.85
Expected dividend yield (%)	4.88	4.88
Expected forfeiture rate (%)	5.00	14.00
Offer price of share appreciation rights	R14.00	R14.00
Offer price of share appreciation rights after rights issue	R12.72	R12.72
Fair value of the SAR on grant date	R4.85	R4.85
Fair value of the SAR post grant date	R4.41	R4.41
Share-based payment expense recognised (R 000)	8 059	6 466

Eqstra Corporation (Proprietary) Limited
Notes to the annual financial statements (continued)
For the years ended

14 Share capital and premium (continued)

	30 June 2011	30 June 2010
Share appreciation rights scheme - 1 September 2010		
Expected volatility (%)	45.67	
Expected dividend yield (%)	5.66	
Expected forfeiture rate (%)	20.00	
Offer price of share appreciation rights	R5.12	
Fair value of the SAR on grant date	R2.26	
Share based payment expense recognised (R'000)	2 749	

The expected volatility was determined using volatility of similar companies.

The expected forfeiture rate was determined by estimating the probability of participating individuals still being in the employment of Eqstra at vesting date.

The calculation of the share based payment expense requires management to exercise a significant degree of judgement.

	30 June 2011	30 June 2010
Movement on the number of SAR's granted		
Balance at beginning of year	6 145 000	7 657 000
Share rights not vested	(6 145 000)	
Rights granted	5 470 000	
Rights forfeited and transferred		(1 512 000)
Balance at end of year	5 470 000	6 145 000

Deferred Bonus Plan (DBP) Schemes

In the prior year, Eqstra introduced a Deferred Bonus scheme (DBP scheme). The DBP scheme allows certain employees to acquire shares utilising a portion of their incentive bonus earned. At the vesting date the employee will then be awarded one share for each share purchased and is held in escrow for the duration of the period.

	Date of issue	Period to expiry from date of offer	IFRS 2 classification
Eqstra Holdings Ltd	1-September-2008	3 years and 14 days	Equity settled
Eqstra Holdings Ltd	1-September-2010	3 years	Equity settled

The value of the DBP has been calculated using the Binomial model based on the following assumptions.

	30 June 2011	30 June 2010
Deferred bonus plan - 1 September 2008		
Expected volatility* (%)	39.85	39.85
Expected dividend yield* (%)	4.88	4.88
Expected forfeiture rate* (%)	60.00	60.00
Fair value of the DBP share on grant date	R11.77	R11.77
Fair value of the DBP share post grant date	R10.70	R10.70
Share based payment expense recognised (R'000)	601	777

*- these numbers were the same as that used for the SAR scheme.

	30 June 2011	30 June 2010
Deferred bonus plan - 1 September 2010		
Expected volatility (%)	45.67	
Expected dividend yield (%)	4.74	
Fair value of the DBP on grant date	R4.97	
Share based payment expense recognised (R'000)	429	

Movement on the number of DBP's granted

	30 June 2011	30 June 2010
Rights at beginning of year	272 017	122 350
Rights taken up	311 000	77 080
Increase due to rights offer		72 587
Rights forfeited or transferred	(12 500)	
Rights at end of year	570 517	272 017

15 Other reserves

	30 June 2011	30 June 2010
Hedging reserve	(20 398)	(17 590)
Share call option	(11 724)	(13 160)
Share-based equity	27 200	15 362
	(4 922)	(15 388)

Eqstra Corporation (Proprietary) Limited
Notes to the annual financial statements (continued)
For the years ended

	30 June 2011 R 000	30 June 2010 R 000
16 Interest-bearing borrowings		
Long-term		
- Capitalised finance leases	22 063	25 915
- Unsecured loans	4 304 735	4 568 000
	4 326 798	4 593 915
Short-term		
- Call borrowings and bank overdrafts	652 000	569 000
	652 000	569 000
Total borrowings	4 978 798	5 162 915
Less : current portion of interest-bearing borrowings	(666 697)	(572 851)
Long term portion of Interest-bearing borrowings	4 312 101	4 590 064

Included in Interest-bearing borrowings is the following finance lease obligations:

	Up to 1 year R 000	1-5 years R 000	Total R 000
30 June 2011			
Minimum lease payments	9 010	19 577	28 587
Finance costs	(3 515)	(3 009)	(6 524)
Present value of minimum lease payments	5 495	16 568	22 063
30 June 2010			
Minimum lease payments	8 081	28 587	36 668
Finance costs	(4 229)	(6 524)	(10 753)
Present value of minimum lease payments	3 852	22 063	25 915

Eqstra Corporation (Pty) Ltd has properties that it leases in the form of finance leases. No contingent rentals are payable and there are no restrictions imposed by leasing arrangements. One of these properties are sub-leased.
Total of future minimum sub-lease payments expected to be received under the sub lease are R1 million (2010:R4 million)

		30 June 2011 Effective rates	Analysis of debt	30 June 2010 Effective rates	Analysis of debt
Interest rate analysis					
Fixed					
- Unsecured loans	RSA	9.97% - 14.4%	406 000	14.4%	156 000
Variable linked					
- Capitalised finance leases		6.9% - 11.2%	22 063	6.9% - 11.2%	25 915
- Unsecured loans		7.37% - 11.86%	3 898 735	8.04% - 12.90%	4 412 000
- Commercial paper		6.38% - 8.13%	652 000	7.93%-9.83%	569 000
			4 978 798		5 162 915

Summary of Interest -bearing borrowings by year of redemption or repayment in SA Rands.

30 June 2011	2016 and onwards	2015	2014	2013	2012	Total
SA Rands (R 000)	1 078 194	1 036 530	1 300 822	896 555	666 697	4 978 798

Summary of interest -bearing borrowings by year of redemption or repayment in SA Rands.

30 June 2010	2015 and onwards	2014	2013	2012	2011	Total
SA Rands (R 000)	270 000	9 031	3 310 538	1 000 495	572 851	5 162 915

	2011 Debt Secured	Net book value of assets encumbered	2010 Debt Secured	Net book value of assets encumbered
Details of encumbered assets	R 000	R 000	R 000	R 000
Property, plant and equipment	22 063	13 547	25 915	13 547

Borrowing facilities

In terms of the articles of association the borrowing powers of the company are unlimited.

Total facilities established	6 139 058	6 329 000
Less : Total borrowings excluding commercial paper and bond*	(4 056 798)	(4 323 915)
Unutilised borrowing capacity	2 082 260	2 005 085

The above are categorised as follows:

- Amortised cost	4 978 798	5 162 915
------------------	-----------	-----------

***. Commercial paper**

The current portion of interest-bearing borrowings includes R652 million (2010: R569 million) commercial paper that is supported by a R1 000 million standby liquidity facility that has an 13-month notice period. The R1 000 million is included in the facility of R6 139 million (2010: R6 329 million) above.

Eqstra Corporation (Proprietary) Limited
Notes to the annual financial statements (continued)
For the years ended

	30 June 2011 R 000	30 June 2010 R 000
17 Deferred tax liabilities		
Balance at beginning of year	232 010	203 788
Accounted for in the Income statement	35 701	28 222
Accounted for against reserves	492	
Balance at end of year	268 203	232 010
Analysis of deferred taxation		
- Provisions and accruals	(28 545)	(23 153)
- Property, plant and equipment	3 356	4 109
- Leasing assets	224 548	254 999
- Hedge for share incentive scheme	(4 559)	(5 051)
- Estimated assessed tax loss	(49 054)	(64 881)
- Other	122 457	65 986
	268 203	232 010
Taxation losses		
Unutilised tax losses available for offset against future profits	175 193	231 717
Remaining tax losses not recognised as deferred tax assets due to unpredictability of future profit streams		
Remaining unutilised tax losses available for offset against future profits	175 193	231 717
Deferred tax assets recognised in respect of such losses	49 054	64 881
18 Trade and other payables		
Trade payables	28 678	21 071
Other payables and accruals	107 805	161 788
Interest accrual	57 678	57 847
Deferred income	42 751	32 663
Employee related accruals*	45 572	30 383
	282 484	303 752
* Included in accrued expenses is leave pay and the bonus accruals		
19 Provisions for liabilities and other charges		
	Warranty and after sales	Total
Year ended 30 June 2011 - R 000		
Opening balance	226	226
Charged to income	232	232
Amounts utilised	(116)	(116)
Balance at end of year	342	342
Payable in less than one year	342	342
Year ended 30 June 2010 - R 000		
Opening balance	280	280
Unused amounts reversed	(54)	(54)
Balance at end of year	226	226
Payable in less than one year	226	226

Eqstra Corporation (Proprietary) Limited
Notes to the annual financial statements (continued)
For the years ended

	30 June 2011 R 000	30 June 2010 R 000
20 Revenue		
An analysis of the company's revenue is as follows:		
Sales of goods	360 133	214 696
Rendering of services	1 258 106	1 175 344
	1 618 239	1 390 040
21 Net operating expenses		
Purchase of goods	349 016	177 015
Changes in inventories	(36 773)	2 463
Cost of outside services	15 291	10 283
Staff costs	173 893	188 013
Other operating income	(67 703)	(63 403)
Other operating costs	444 755	340 500
	878 479	654 871
The above costs are arrived at after including:		
Auditor's remuneration		
Audit fees	3 714	2 991
Share-based payment expense (included in staff costs)	11 838	7 243
Rental and operating lease charges		
Properties	1 588	1 446
Office equipment	779	288
	2 367	1 734
Defined contribution retirement plan costs included in staff costs	9 552	8 482
The Eqstra Holdings Ltd group provides benefits through independent funds under the control of a board of trustees and all contributions to those funds are charged to the income statement.		
The large majority of South African employees, other than those employees required by legislation to be members of various industry funds, are members of the Eqstra Group Pension Fund and the Eqstra Group Provident Fund which are governed by the Pensions Fund Act, 1956.		

Eqstra Corporation (Proprietary) Limited
Notes to the annual financial statements (continued)
For the years ended

	30 June 2011	30 June 2010
	R 000	R 000
22 Depreciation, amortisation and recoupments		
Intangible assets	1 312	2 269
Property, plant and equipment	5 293	4 726
Leasing assets	516 204	515 378
	522 809	522 373
Profit on disposal of property, plant and equipment	(195)	(310)
Profit on disposal of leasing assets	(3 253)	(15 997)
	519 361	506 066

23 Net finance costs

Interest expense	462 817	621 651
Finance income	(369 867)	(493 393)
Net finance cost	92 950	128 258
Fair value (gains) losses arising from interest swap instruments (unrealised)	(6 117)	5 201
Net finance cost	86 833	133 459

No finance costs were capitalised during the year.

Included in finance costs is the following:

- Finance costs on financial liabilities measured at amortised cost	458 521	621 629
- Finance costs on capitalised finance lease	4 229	
- Finance costs on bank overdrafts	67	22
Fair value (gains) losses arising from interest swap instruments (unrealised)	(6 117)	5 201
Finance costs	456 700	626 852

Included in finance interest income is the following:

- Finance income on loans and receivables from related parties	353 631	487 740
- Finance income on capitalised finance lease	13 351	
- Finance income on cash and cash equivalents and interest swaps	2 885	5 653
Finance income	369 867	493 393

Eqstra Corporation (Proprietary) Limited
Notes to the annual financial statements (continued)
For the years ended

	30 June 2011 R 000	30 June 2010 R 000
24 Income tax expense		
Taxation charge		
South African normal taxation		
- Current		
- Prior year (over) under provisions	(400)	1 564
Capital gains taxation		44
	(400)	1 608
Deferred taxation		
- Current year	37 306	26 720
- Prior year (over) under provisions	(1 605)	1 502
	35 701	28 222
	35 301	29 830
Reconciliation of taxation rates:	%	%
Profit before taxation - effective rate	26.6	17.1
Taxation effect of:		
- Disallowable and non taxable charges	(0.1)	12.7
- Prior year over (under) provision	1.5	(1.8)
	28.0	28.0

Eqstra Corporation (Proprietary) Limited

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

For the years ended

	30 June 2011 R 000	30 June 2010 R 000
25 Note to the cash flow statement		
Cash generated by operations		
Profit before net financing costs	219 584	308 368
Adjustments for non cash movements		
- Movement in provisions	2 308	(54)
- Amortisation of intangible assets, net of recoupments	1 312	2 269
- Depreciation of property, plant and equipment	5 293	4 726
- Depreciation of leasing assets	516 204	515 378
- Profit on disposal of property, plant and equipment	(195)	(310)
- Profit on disposal of leasing assets	(3 253)	(15 997)
- Reversal of impairment of loan	(9)	(63 176)
- Other non-cashflow movements	(21 850)	(29 105)
- Recognition of share-based payments	11 838	7 243
- Reversal of impairment of share scheme loan		(16 089)
Cash generated by operations before changes in working capital	731 232	713 253
Working capital movements		
- Decrease in inventories	168 388	174 847
- Increase in accounts receivable	(30 670)	(38 411)
- Decrease in accounts payable	(21 268)	(13 840)
Total cash generated by operations	847 682	835 849

Eqstra Corporation (Proprietary) Limited
Notes to the annual financial statements (continued)
For the years ended

	30 June 2011 R 000	30 June 2010 R 000
26 Commitments		

Capital expenditure commitments to be incurred

Authorised by directors but not contracted

1 045 852 969 032

1 045 852 969 032

The expenditure is substantially for the acquisition and replacement of leasing assets. Expenditure is financed from proceeds on disposals and existing banking facilities.

Operating lease commitments

30 June 2011	One to five years R 000	Less than one year R 000	30 June 2011 R 000
Property		67	67
30 June 2010			
Property	588	218	806

27 Contingent liabilities

There are no current or pending litigation that is considered likely to have a material adverse effect on the company.

28 Operating lease receivable

The minimum future lease payments receivable under non-cancellable operating leases are as follows :

30 June 2011	More than five years	One to five years	Less than one year	30 June 2011
- Vehicles	774 794	2 526 655	1 072 034	4 373 483
30 June 2010				
- Vehicles	775 534	2 702 054	1 097 493	4 575 081

29 Financial instruments

Financial risk factors

The company's treasury activities are aligned to the company's decentralised business model and the asset and liability committee's (ALCO) strategies. The ALCO is a board subcommittee responsible for implementing best practice asset and liability risk management with its main objectives being the management of liquidity, interest rate, price risk and foreign exchange risk. The ALCO meets every quarter and follows a comprehensive risk management process. The treasury implements the ALCO risk management policies and directives and provides financial risk management services to the various divisional businesses, co-ordinates access to domestic and international financial markets for bank as well as debt capital markets funding and monitors and manages the financial risks relating to the operations of the company through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including foreign exchange risk, interest rate risk, and price risk), credit risk and liquidity risk. The day-to-day management of foreign exchange risk and credit risk is performed on a decentralised basis by the various business units within the guidelines approved by the board for Eqstra Holdings Limited.

The company's objectives, policies and processes for measuring and managing these risks are detailed below.

The company seeks to minimise the effects of these risks by matching assets and liabilities as far as possible or by using derivative financial instruments to hedge these risk exposures. The adherence to the use of derivative instruments and exposure limits is reviewed on a continuous basis and results are reported to the audit committee.

The company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The company enters into financial instruments to manage and reduce the possible adverse impact on earnings of changes in interest rates and foreign exchange rates. Compliance with policies and exposure limits is reviewed by the internal auditors annually, with the results being reported to the audit committee.

Market Risk

This is the risk that changes in the general market conditions, such as foreign exchange rates, interest rates and commodity prices may adversely impact on the company's earnings, assets, liabilities and capital.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and equity prices.

Currency risk

This is the risk of losses arising from the effects of adverse movements in exchange rates on net foreign currency asset or liability positions.

The company undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. In order to manage these risks, the company may enter into transactions, which make use of derivatives. Derivative instruments are used by the company for hedging purposes. Such instruments include forward exchange contracts and under specific ALCO authorisation, currency options.

The policy of the company is to maintain a fully covered foreign exchange risk position in respect of foreign currency commitments with a few exceptions authorised by the ALCO. Spare parts are settled in the spot market and where specific South African Exchange Control authorisation has been acquired up to 75% of forecasted annual purchases can be covered. The day-to-day management of foreign exchange risk is performed on a decentralised basis by the various business units within the company's hedging policies and guidelines. Trade-related import exposures are managed through the use of natural hedges arising from foreign assets as well as forward exchange contracts.

29 Financial instruments (continued)

Financial risk factors (continued)
Currency risk (continued)

Uncovered foreign currency exposure

nil nil

The company has no uncovered foreign currency exposure.

Fair value is calculated as the difference between the contracted value and the value to maturity at the period end.

The sensitivity of profits to changes in exchange rates is a result of foreign exchange gains/losses on translation of foreign denominated trade receivables and financial assets and liabilities at fair value through profit or loss that are offset by equivalent gains/losses in currency derivatives.

Profit is no more sensitive to movements in currency exchange rates in 2011 than in 2010, as all foreign currency denominated assets and liabilities are hedged through foreign exchange contracts.

Interest rate risk

This is the risk that fluctuations in interest rates may adversely impact on the company's earnings, assets, liabilities and capital.

The company is exposed to interest rate risk as it borrows and places funds at both fixed and floating rates. The risk is managed by matching fixed and floating rate assets and liabilities wherever possible and achieve a repricing profile in line with ALCO directives through the use of interest rate derivatives. The company analyses the impact on profit and loss of defined interest rate shifts - taking into consideration refinancing, renewal of existing positions, alternative financing and hedging.

The company's financial services division, having access to local money markets, provides the subsidiaries with the benefits of bulk financing and depositing. The interest rate profile of total borrowings is reflected in note 16.

The company has entered into interest rate derivative contracts that entitle it to either receive or pay interest at floating rates on notional principal amounts and oblige it to receive or pay interest at fixed rates on the same amounts.

The company's remaining periods and notional principal amounts of the outstanding interest rate derivative contracts are:

	June 2011 R 000	June 2010 R 000
Pay fixed receive floating		
Less than one year		200 000
One to five years	656 000	656 000
	656 000	856 000
Pay floating receive inflation		
One to five years	270 000	270 000
Fair value of interest rate swap		
- Liability	23 529	27 457
- Asset	3 456	

The impact of a 1% decrease in interest rates will have a negative R10 million (2010: R16 million) effect on profit or loss.

The impact of a 1% increase in interest rates will have a negative R23 million (2010: R23 million) effect on profit or loss. The majority of this impact relates to contracts with customers where the contract pricing is only reviewed on an annual basis.

29 Financial instruments (continued)
Financial risk factors (continued)

Concentration risk

This is the risk of a single customer exceeding 5% of total company revenue. There is no single customer that accounts for more than 5% of company revenue.

Credit risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Where appropriate, the company obtains appropriate collateral to mitigate risk. Counterparty credit limits are in place and are reviewed and approved by the respective subsidiary boards.

The carrying amount of financial assets represents the maximum credit exposure. None of the financial instruments below were held as collateral for any security provided.

Cash and cash equivalents

It is company policy to deposit short-term cash with reputable financial institutions with high credit ratings assigned by international credit-rating agencies.

Trade accounts receivable

Trade receivables that are neither past overdue nor impaired

Trade accounts receivable consist mainly of a large, widespread customer base. The company monitors the financial position of its customers on an ongoing basis. Creditworthiness of trade debtors is assessed when credit is first extended and is reviewed regularly thereafter. The granting of credit is controlled by the application of account limits. Where considered appropriate, use is made of credit guarantee insurance.

	30 June 2011 R 000	30 June 2010 R 000
Trade receivables that are neither past overdue nor impaired	35 239	23 767

Based on past experience, the company believes that no impairment is necessary in respect of trade receivables not past due as the amount relates to customers that have a good track record with the company, and there has been no objective evidence to the contrary.

The credit quality of all derivative financial assets is sound. None are overdue or impaired and the company does not hold any collateral on derivatives. The company's maximum exposure to counterparty credit risk on derivative assets at 30 June 2011 amounted to nil (2010: nil).

Past due trade receivables not impaired

Included in trade receivables are debtors which are past the original expected collection date (past due) at the reporting date and no provision has been made as there has not been a significant change in credit quality and the amounts are still considered recoverable. A summarised age analysis of past debtors is set out below.

	30 June 2011 R 000	30 June 2010 R 000
Past Due		
Less than 1 month	10 531	6 037
Between 1 - 3 months	6 623	6 166
	17 154	12 203

The overdue debtor ageing profile above is typical of the industry in which certain of our businesses operate.

No significant collateral was held by the company as security and other enhancement over the financial assets during the year.

Provision for doubtful debts for loans and receivables

Before the financial instruments can be impaired, they are evaluated for the possibility of any recovery as well as the length of time at which the debt has been long outstanding. Provision is made for bad debts on trade accounts receivable. Management does not consider that there is any material credit risk exposure not already covered by credit guarantee or a bad debt provision. There were no allowances for impairments on long-term receivables or investments in equity instruments at cost during the period under review.

Analysis of provision for doubtful debts

Provision for doubtful debts

	30 June 2011 R 000	30 June 2010 R 000
Set out below is a summary of the movement in the provision for doubtful debts for the year:		
Balance at beginning of the year	21 016	12 888
Amounts written off during the year	(346)	(19 506)
Increase in allowance recognised in profit or loss	2 538	27 634
Balance at end of year	23 208	21 016

There is no significant concentration of risk in respect of any particular customer or industry segment.

29 Financial instruments (continued)

Other receivables

The credit quality of all derivative financial assets is sound. None are overdue or impaired and the company does not hold any collateral on derivatives. The company's maximum exposure to counterparty credit risk on derivative assets at 30 June 2011 amounted to Rnil (2010: nil).

Collateral

The company may require collateral in respect of the credit risk on derivative transactions with a third party. The amount of credit risk is the positive fair value of the contract. The amount of credit risk is the positive fair value of the contract. Collateral may be in the form of cash or in the form of a lien over a debtors assets, entitling the company to make a claim for current and future liabilities.

These transactions are conducted under terms that are usual and customary to standard lending and borrowing activities.

No financial assets were re-pledged during the year under review for collateral purposes.

Guarantees

The company did not during the period obtain financial or non-financial assets by taking possession of collateral it holds as security or calling on guarantees.

There were no guarantees provided by banks to secure financing during the year.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the company's short, medium an long-term funding and liquidity management requirements.

The company manages liquidity risk by monitoring forecast cash flows in compliance with loan covenants and ensuring that adequate unutilised borrowing facilities are maintained. Unutilised borrowings are reflected in note 16. The company aims to cover at least its net debt requirements through long-term borrowing facilities.

Standard payment terms for the majority of trade payables is the end of the month following the month in which the goods are received or services are performed.

To avoid incurring interest on late payments, financial risk management policies and procedures are entrenched to ensure the timeous matching of orders placed with goods received notes or services acceptances and invoices.

Maturity profile of contractual cash flows (including interest) of financial instruments are as follows:

	Carrying amount 30 June 2011 R 000	Contractual cash flow R 000	Less than one year R 000	One to five years R 000
Maturity profile of financial instruments				
Financial assets				
Other investments and loans	1 000	1 000		1 000
Amounts owing by group companies	3 689 457	3 689 457	3 689 457	
Trade and other receivables	105 821	105 821	105 821	
Derivative financial assets	21 231	21 231	3 456	17 775
Cash and cash equivalents	3 863	3 863	3 863	
	3 821 372	3 821 372	3 802 597	18 775
Percentage profile (%)			100	0
Financial liabilities				
Amounts owing to group companies	234 932	234 932	234 932	
Interest-bearing borrowings	4 978 798	6 222 647	1 054 708	5 167 939
Trade and other payables	282 484	282 484	282 484	
Derivative financial liabilities	23 529	23 529	23 529	
	5 519 743	6 763 592	1 595 653	5 167 939
Percentage profile (%)			24	76

29 Financial instruments (continued)

Maturity profile of contractual cash flows (including interest) of financial instruments are as follows:

	Carrying amount 30 June 2010 R 000	Contractual cash flow R 000	Less than one year R 000	One to five years R 000
Maturity profile of financial instruments				
Financial assets				
Other investments and loans	1 000	1 000		1 000
Amounts owing by group companies	3 966 624	3 966 624	3 966 624	
Trade and other receivables	71 859	71 859	71 859	
Cash and cash equivalents	192 848	192 848	192 848	
	4 232 331	4 232 331	4 231 331	1 000
Percentage profile (%)			100	
Financial liabilities				
Amounts owing to group companies	332 241	332 241	332 241	
Interest-bearing borrowings	5 162 915	6 446 000	585 000	5 861 000
Trade and other payables	303 752	303 752	303 752	
Derivative financial liabilities	27 457	27 457	27 457	
	5 826 365	7 109 450	1 248 450	5 861 000
Percentage profile (%)			18	82

	Carrying value 30 June 2011 R 000	Fair value 30 June 2011 R 000	Carrying value 30 June 2010 R 000	Fair value 30 June 2010 R 000
Fair value of financial instruments (Rm)				
Financial assets				
Amounts owing by group companies	3 689 457	3 689 457	3 966 624	3 966 624
Other loans				
- Available for sale	1 000	1 000	1 000	1 000
Trade receivables				
- Trade receivables - fair value	105 821	105 821	71 859	71 859
- Derivative instruments - hedge accounted	3 456	3 456		
Cash and cash equivalents - fair value	3 863	3 863	192 848	192 848
Financial liabilities				
Amounts owing to group companies	234 932	234 932	332 241	332 241
Interest-bearing borrowings				
- Borrowings at amortised cost	4 978 798	4 978 798	5 162 915	5 162 915
Trade and other payables				
- Derivative instruments - hedge accounted	23 529	23 529	27 457	27 457
- Other trade and other payables - fair value	282 484	282 484	303 752	303 752

For the years ended

29 FINANCIAL INSTRUMENTS

The directors consider that the carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables approximates their fair value due to the short-term maturities of these assets and liabilities.

The fair values of financial assets represent the market value of quoted investments and other traded instruments. For non-listed investments and other non-traded financial assets fair value is calculated using discounted cash flows with market assumptions, unless carrying value is considered to approximate fair value.

The fair values of financial liabilities is determined by reference to quoted market prices for similar issues, where applicable, otherwise the carrying value approximates to the fair value.

There were no defaults or breaches in terms of interest-bearing borrowings during both reporting periods.

There were no reclassifications of financial assets or financial liabilities that occurred during the period. There were no financial assets or liabilities that did not qualify for derecognition during the period.

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal mix of liquidity and low cost of capital and to be able to finance future growth.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital includes share capital and borrowings.

During 2011, the company's strategy, which was unchanged from 2010, was to maintain a gearing ratio within 70% to 80% and a A credit rating. The gearing ratios at 30 June were as follows:

	30 June 2011 R 000	30 June 2010 R 000
Total borrowings	4 978 798	5 162 915
Less: cash and cash equivalents	3 863	192 848
Net debt	4 974 935	4 970 067
Total equity	690 691	662 428
Total capital	5 665 626	5 632 495
Gearing ratio (debt to capital)	88%	88%

Included in the statement of changes in equity are the following adjustments relating to financial instruments:

	30 June 2011 R 000	30 June 2010 R 000
Hedge accounting- cash flow hedges		
- Amount recognised in other comprehensive income	(2 808)	8 782

30 Related Party Transactions

Fellow subsidiaries, the group Pension and Provident Funds and key management are considered to be related parties. During the year the company in the ordinary course of business, entered into sale and purchase transactions with related parties.

These transactions occurred under terms that are no less favourable than those arranged with third parties.

Interest of directors in contracts

The directors have confirmed that they were not materially interested in any transaction of any significance with the company or any of Eqstra Holdings Limited subsidiaries. Accordingly, a conflict of interest with regard to directors' interest in contracts does not exist.

Key management personnel

Key management personnel are directors and those executives having authority and responsibility for planning, directing and controlling the activities of the company.

The company has many different operations, retail outlets and service centres where the company staff may be transacting. Often these transactions are minor and are difficult to monitor. Key management have to report any transactions with the company in excess of R100 000.

Key management personnel remuneration comprises:

	30 June 2011 R 000	30 June 2010 R 000
Short - term employee benefits	26 390	30 581
Long - term employee benefits	2 295	1 809
Share based payments	11 838	8 119
	40 523	40 509
Number of key management personnel	21	16

Directors remuneration - 2011

	Basic Salary R 000	Incentive R 000	Total R 000
WS Hill	4 600	4 742	9 342
E Clarke*	1 286	1 320	2 605
JV Carr	2 504	2 592	5 096
JL Serfontein	1 104	1 106	2 210
P Siddal	1 425	1 000	2 425

* For remuneration while director for 6 months

The board of directors has deemed that the prescribed officers of the company are limited to the directors.

Only the directors paid directly by the entity have been disclosed.

The above directors qualify for share incentives as per the Eqstra group scheme.

	30 June 2011 R 000	30 June 2010 R 000
Related party balances		
Amounts due by (to) group companies		
Refer note 8		

Trade and other receivables

Eqstra NH Equipment (Pty) Ltd	372	355
Eqstra Construction and Mining Equipment (Pty) Ltd	68	
	440	355

Trade and other payables

Eqstra NH Equipment (Pty) Ltd	(7 131)	(4 798)
Eqstra Construction and Mining Equipment (Pty) Ltd	(6 738)	(90)
	(13 869)	(4 888)

Related party transactions

Revenue

Amasondo Fleet Services (Pty) Ltd		
Eqstra Construction and Mining Equipment (Pty) Ltd		9 032
Eqstra Connect (Pty) Ltd	1 821	448
Eqstra Collections (Pty) Ltd	298	6
Eqstra Flexi Fleet (Pty) Ltd	302	
Eqstra NH Equipment (Pty) Ltd		1 800
Imperial Fleet Services (PVPS) (Pty) Ltd		
Pemberley Fleet Services (Pty) Ltd		
Saficon Industrial Equipment (Pty) Ltd	13 562	10 571
Flexi Manufacturing (Pty) Ltd		509
Ukhamba Fleet Services (Pty) Ltd		
	15 983	22 366

Refer to note 23 for finance income received from related parties