



The Manager, Listings
Australian Securities Exchange
ASX Market Announcements
Level 14, Exchange Centre
20 Bridge Street
Sydney NSW 2000

23 September 2016

Dear Sir/Madam

SG Fleet Group Limited – Listing Rules 3.17, 4.5 and 4.7

SG Fleet Group Limited advises that the 2016 Annual Report, Notice of Annual General Meeting and Proxy Form will be lodged with Australia Post for dispatch to shareholders today, 23 September 2016.

The Annual General Meeting will be held on Thursday 27 October 2016 at the Hobart Room, Lobby Level, the Sofitel Sydney Wentworth, 61-101 Phillip Street, Sydney, NSW commencing at 3.00 pm AEDT.

Copies of the documents to be mailed are attached.

Yours sincerely

Sarah Edwards
Company Secretary

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SG Fleet Group Limited

ABN 40 167 554 574

www.sgfleet.com



car servicing



distance (km)



fuel economy



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About the SG Fleet Group

SG Fleet Group Limited is one of Australia's leading specialist providers of fleet management, vehicle leasing and salary packaging services. SG Fleet has a presence across Australia, as well as in the United Kingdom and New Zealand. The company employs approximately 700 staff and has more than 130,000 vehicles under management. SG Fleet listed on the Australian Securities Exchange in March 2014.

The SG Fleet Group incorporates three brands across corporate and consumer business segments: SG Fleet (operating in Australia, New Zealand and the UK), nlc (Australia), and Fleet Hire (UK).

The company has a unique position in the marketplace, built on the experience of its team, world-class products, and excellence in customer service. SG Fleet prides itself on the strength of its relationships with blue chip corporate and government customers. These relationships have been built around a customer-centric approach to service delivery and the development of bespoke but scalable solutions to meet and exceed the needs of its customers.

SG Fleet's culture of continuous innovation underpins an industry-leading proprietary technology platform that allows its customers to benefit from highly advanced fleet management capabilities. The company continually upgrades its solutions, introducing additional products and services to its range.

The SG Fleet Group

SG Fleet traces its origins to the formation of Lease Way Transportation in Australia in 1986 and has evolved through a combination of organic growth and acquisitions.

Today, the SG Fleet Group has a presence in three countries, providing a wide range of products and services to over 2,800 customers.

- 1986**
Formation of Lease Way
- 1988**
Joint Venture between Lease Way and Commonwealth Bank
- 1997**
Commonwealth Bank acquires Lease Way
- 2000**
Rebranding as Commonwealth Fleet Lease
- 2004**
Super Group acquires Commonwealth Fleet Lease
- 2005**
Acquisition of SMB Fleet Management
- 2007**
UK and New Zealand offices established
- 2008**
Acquisition of NAB's commercial fleet leasing business and creation of SG Fleet brand
- 2011**
CHAMP Ventures and management invest in SG Fleet
- 2014**
SG Fleet Group Limited lists on ASX / Champ Ventures exits
- 2015**
Acquisition of nlc
- 2016**
Acquisition of Fleet Hire



\$212
million revenue
(FY16)



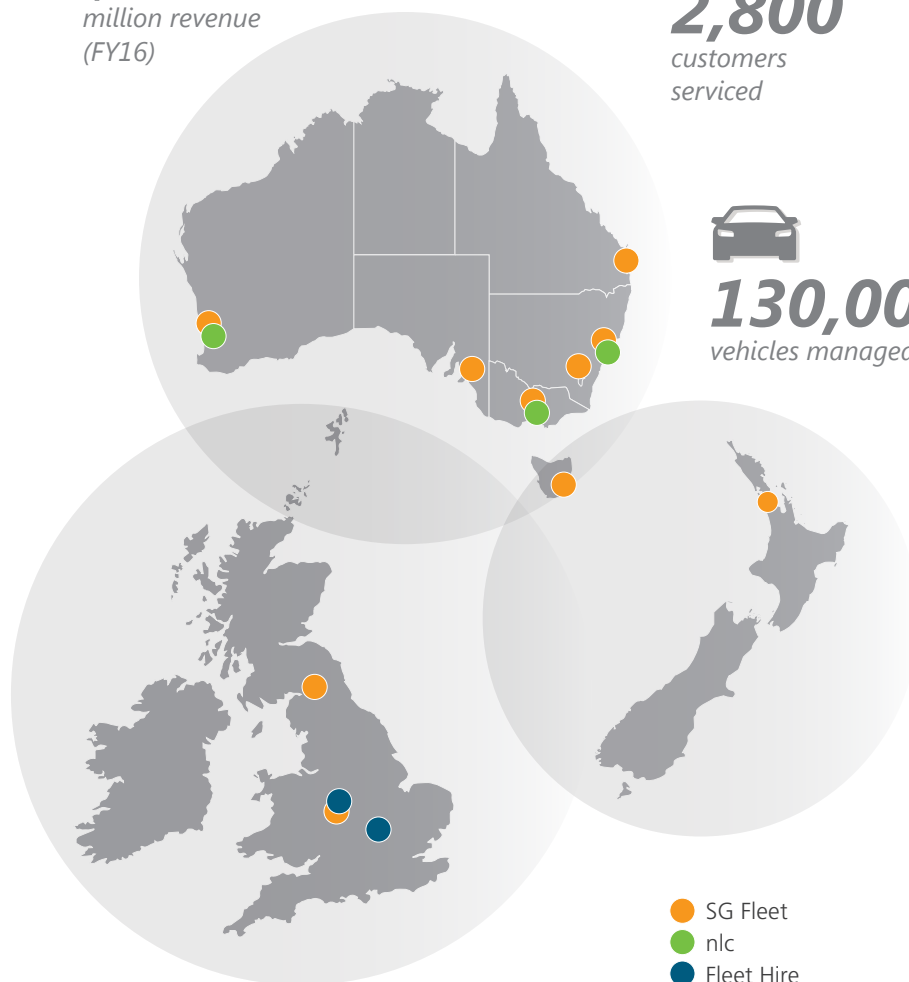
670
employees



2,800
customers
served



130,000
vehicles managed

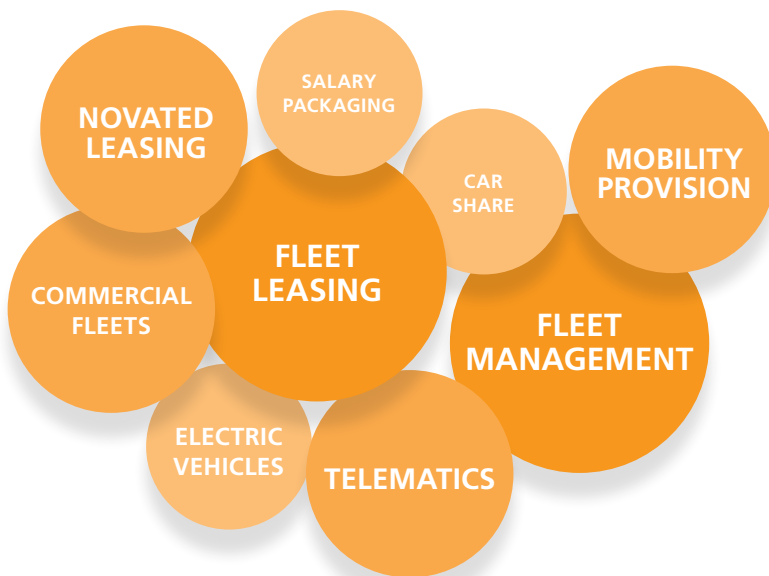


- SG Fleet
- nlc
- Fleet Hire



Fleet management, vehicle leasing and salary packaging provider

Our vision is to be the pre-eminent provider of fleet management, vehicle leasing and salary packaging solutions in our chosen markets.



driversafety
intelligence

driversafety intelligence helps our customers develop driver safety practices and manage risks associated with employees using vehicles for work purposes.



fleetintelligence

Fleetintelligence is sgfleet's reporting and management system. This powerful analytical tool enables access to information on vehicle activity 24 hours a day, 7 days a week, and gives our customers the edge when it comes to forming strategic fleet management and policy plans.



novalease

Our Novalease solution creates a new way to salary exchange cars. This offering is a novel approach in the UK market, providing flexibility, convenience, cost savings and tax benefits.

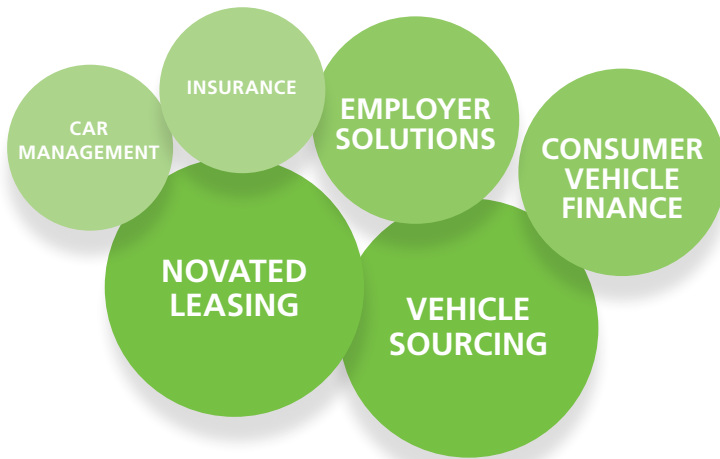


Novated leasing and vehicle sourcing specialist

Our vision is to be the leader in car purchase and car ownership experience for Australian consumers.

“A better way to buy cars”

From its roots in the novated leasing industry, nlc has developed a new and better way for individuals and businesses, big and small, to buy, finance and own cars. nlc is here to share its knowledge, shine a light, and introduce Australians to a better way to buy cars.



95.4% customer satisfaction

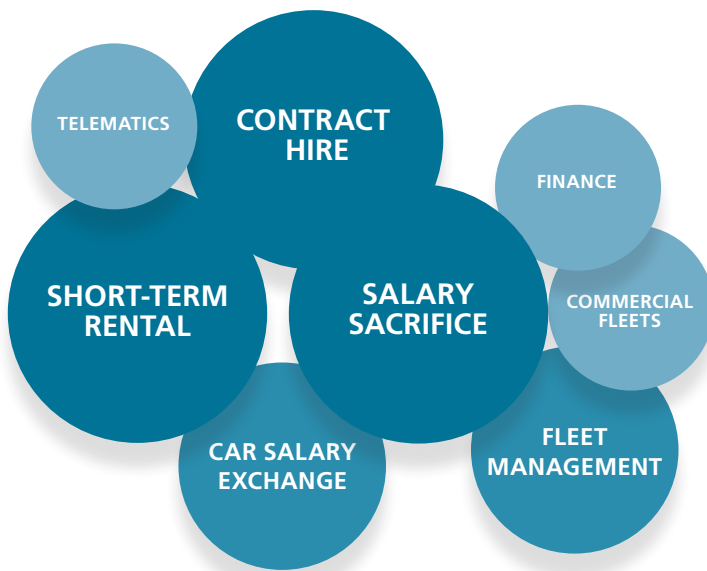
“nlc offers the total package, including purchase savings and ease of doing business.”

nlc customer



Our vision is to be a trusted brand, able to rise to the challenges our customers face.

Fleet Hire has become a trusted brand by delivering on its promises through providing exceptional customer service.



Contract hire

Contract hire provides customers with a vehicle of their choosing for an agreed period in exchange for a fixed monthly rental. In addition to basic rental, the vehicle user can elect to add-on other services such as maintenance and accident management.



Chairman's Report



Dear Shareholder

I have the pleasure of presenting to you the SG Fleet Group Limited Annual Report for the year ended 30 June 2016.

The Report marks the second full 12-month period as a listed entity for your Company. In these two years, we have made significant strides forward in the execution of our growth strategy. In the 2016 financial year, growth has been both organic, with our corporate and novated businesses maintaining their positive momentum, and inorganic, with the acquisition of nlc in the first half of the year.

This progress has allowed your Board to declare a fully franked final dividend of 7.63 cents per share, bringing the total for the 2016 financial year to 12.853 cents per share, an increase of over 18% on the previous financial year.

The acquisition of leading novated leasing company nlc has combined two established brands to form an SG Fleet Group that is a leader in both the fleet management and salary packaging segments. Since the acquisition, the leadership teams of the SG Fleet and nlc businesses have worked together closely to tap into their respective expertise. This cooperation is bearing fruit in the form of increased penetration of existing customer accounts, a wider range of products and services, and a strengthened competitive position when targeting large tenders. The impact of these benefits will continue to increase as the integration of the two businesses proceeds.

The acquisition of leading novated leasing company nlc has combined two established brands to form an SG Fleet Group that is a leader in both the fleet management and salary packaging segments.

Progress is a notion that lies at the heart of our continuous efforts to provide a better solution for our customers. The ability to offer products and services that meet and indeed exceed the increasingly complex demands of existing and new customers relies on your Company's skill in anticipating the rapid evolution of requirements and its capability to innovate accordingly. This is where SG Fleet's longstanding expertise creates a distinct advantage.

We have built close relationships with corporate and government customers, identified challenges and opportunities, and, in partnership with these customers, developed leading-edge solutions. The important element here is to truly innovate rather than just automate. The difference is subtle, yet has an enormous impact in terms of value-add. SG Fleet understands the needs of customers, across various industries, and offers not just an easier way to execute an existing process, but an entirely new approach that fundamentally expands and improves the core services we provide.

In the 2016 financial year, this unique ability received strong recognition in the shape of our selection by the NSW Government as a provider for its outsourced fleet management and the subsequent allocation of 95% of its vehicle parc to SG Fleet. Our success in competing for the available fleet assets is testament to our experience with Federal and State governments, a track record of positive achievements on their behalf, and the tailor-made, flexible and innovative nature of our technology solutions.

SG Fleet understands the needs of customers, across various industries, and offers not just an easier way to execute an existing process, but an entirely new approach that fundamentally expands and improves the core services we provide.

Over the past year, SG Fleet has built on its achievements since listing in early 2014 by executing its growth strategy. Your Board believes attractive returns will be achieved for shareholders whilst remaining disciplined, both financially and in terms of our focus on service quality. This prudence preserves our ability to pursue attractive opportunities this year and in the longer term future.

I would like to thank the Directors of the Company's Board for their contribution during this exciting year, as well as Super Group, our majority shareholder, for endorsing and supporting our strategic direction. I also take the opportunity to once again thank you, our Shareholders, for your support as we continue to grow your Company.

Andrew Reitzer
Chairman

15 August 2016
Sydney

Chief Executive Officer's Report



Dear Shareholder

I am pleased to report on SG Fleet Group Limited's financial performance for the year ended 30 June 2016.

My review of this financial year will refer for comparison to the financial figures for the year ended 30 June 2015. The reported figures include a seven-month contribution from the nlc business acquired late in the first half of the financial year. Detailed financial data can be found in the full annual report.

Growth on multiple fronts

After a very successful first full year as a listed company in the previous financial period, 2016 has seen us build further on the solid foundations we have already established. The SG Fleet business achieved continued growth by leveraging the strong competitive position created by the quality of our offering and the strength of our customer relationships.

After a very successful first full year as a listed company in the previous financial period, 2016 has seen us build further on the solid foundations we have already established.

Total revenue for the reported period was \$212.0 million, up 23.7% on the previous financial year. Expenses increased at a lower rate of 22.6% to \$138.1 million. When excluding acquisition-related expenses incurred during the financial year, underlying profit before tax grew by a healthy 25.7% to \$73.9 million. Reported net profit after tax, including acquisition-related expenses, increased by 16.1% to \$47.0 million. The result equates to cash earnings per share of 20.1 cents, or 21.8 cents when excluding acquisition-related expenses. This represents an increase of 19.2% and 29.2% respectively over the prior year.

The growth in revenue, which occurred across all individual revenue lines, reflected organic growth in total fleet size as a result of further customer wins, deeper penetration within existing customers, and the impact of the nlc acquisition. Vehicle deliveries were slightly softer than forecast, primarily due to the subdued economic environment throughout the financial year.

Margins at the underlying net profit before tax level expanded further, from 34.3% to 34.9%. Scale benefits continue to be generated across the business. Indeed, the addition of nlc to the fold has opened up further avenues to generate synergies in this regard.

Management and maintenance income was up 9.1% on the prior year, to \$69.8 million, driven by the growth in total fleet under management. The nlc acquisition was a contributor to the growth in both the Additional products and services and Funding commissions revenue lines. Together with improved penetration of insurance products and the growth in establishment fees and supplier incentives, the effect of the acquisition was seen in the sharp increase in Additional products and services revenue of 40.4%, to reach \$68.5 million.

Similarly, and in combination with growth in novated funding commissions per unit, the acquisition resulted in growth in total Funding commissions of 40.6% to \$41.2 million. End of lease income increased by 11.5% to \$12.6 million as a result of improved disposal profits per unit. The 13.0% increase in rental income, to \$12.2 million, reflects the continued growth in on-balance sheet lease portfolio funding. Other income was up slightly, by 6.9% to \$7.7 million, driven by the impact of the nlc acquisition. Lower interest rates continued to have an adverse impact on the interest income on float balances.

Opportunities pipeline strong despite patchy environment

Healthy growth in profit was achieved despite a patchy business environment. Business sentiment declined in the early part of the reported period and did not stage a meaningful recovery in the following quarters. Some uncertainty ahead of the UK Brexit vote and the impending Federal election clearly affected confidence at the very end of the period, but as we entered the 2017 financial year, leading indicators appeared to suggest a lifting of business conditions.

As has been the case in previous periods, a lack of business confidence has not led to a slowdown in opportunities, with the tender pipeline remaining very active as organisations increasingly explore alternatives to in-house fleet management. Rather, temporary disruptions, such as the lead-up to the Federal election campaign, delayed some decision making as customers preferred to have full clarity on the outlook before executing their business plans.

A major development for our industry was the return of calm in the regulatory environment. The ongoing dialogue between our industry body and relevant decision makers resulted in a commitment to not alter current arrangements in relation to salary packaging and related FBT measures in the foreseeable future.

Chief Executive Officer's Report

Competitive behaviour in the industry remained largely rational, with occasional aggression where individual players sought to retain existing accounts or break into new business segments. However, customers increasingly focus on financial outcomes including benefits generated by the provider, not just the cost of the service itself. Given our experience in achieving efficiency improvements for customers, we have made efforts to take full advantage of this trend.

Innovation continues

The Company has remained focused on extracting the benefits of the SG Fleet brand's strong competitive differentiation, with few competitors able to match our expertise and track record. This has greatly supported our strong win rates.

Throughout the period, customers have responded positively to our continuous product innovation. SG Fleet's extensive suite of leading edge solutions has further strengthened our customer relationships, leading to a number of uncontested contract renewals. Our wider offering also gave us a decisive edge in the pursuit of new opportunities.

Take-up of products launched in the 2015 financial year gained solid momentum across government and corporate sectors. Telematics in particular were in strong demand as their productive use is becoming increasingly diverse. SG Fleet now offers a full portfolio of telematics applications, ranging from basic usage tracking and logbook management to driver behaviour and vehicle sharing solutions.

We are also actively involved in the development of broader integrated mobility solutions. This has led us to further investigate the car sharing concept and in the second half, we signed an exclusive trial agreement with GoGet to offer their vehicles and technology to our existing and potential customers. This is a natural progression of the services we already offer in a closed environment and trials of this technology are now under way with a large government agency. Looking ahead, car share will be just one of many mobility solutions in our future products and services range.

SG Fleet now offers a full portfolio of telematics applications, ranging from basic usage tracking and logbook management to driver behaviour and vehicle sharing solutions.

The consolidation of our back office systems, which is progressing well, supports this continued innovation by providing a best of breed enterprise platform, and creates greater opportunities and benefits for SG Fleet and our customers.

NSW Government win confirms industry leadership

Our relationships with Federal and State governments remain exceptionally strong. Evidence of this came in March 2016, when your Company was appointed as one of two providers of fleet management services to the NSW Government. An even stronger recognition of SG Fleet's industry leadership, as well as our product and service quality, came when the Government's agency clusters overwhelmingly opted for your Company as their provider, with over 21,000 vehicles, or 95% of the total, allocated to SG Fleet. The objective now is to work closely with the agencies to establish a best practice fleet management approach. Our longstanding experience with other government contracts of similar nature will greatly assist with the pursuit of this objective and we will work with these customers to provide additional expertise over time.

We also remain focused on other opportunities in the public sector as increasingly, other State governments and semi-government entities are taking a closer look at fleet outsourcing and technology options. A similar pattern is manifest in the private sector and we constantly assist corporates with the exploration of alternatives to their current in-house approach.

nlc acquisition creates immediate impact

Good progress was also made during the year in our salary packaging business, with significant wins in both the corporate and government sectors.

At the end of calendar 2015, our industry position in this segment was fundamentally altered by the acquisition of nlc. Both SG Fleet and nlc have an established market presence and distinct differentiators that we can leverage across the combined business. This has already allowed us to gain market share by enhancing our offering and service, available to both sets of existing customers, and supports our diversification into consumer-style solutions.

nlc continues to trade well post-acquisition. Strong margins and product renewal rates were maintained. Integration of nlc into the SG Fleet Group fold in order to extract operating leverage and synergy benefits is ongoing and we remain on track to reach fully-phased annual synergies of about \$6 to 8 million after three full years of ownership.

New Zealand and United Kingdom progress further

During the 2016 financial year, our New Zealand business has come of age. The business won the much coveted KiwiRail contract in the first half of the year and has since cemented its position at the top end of the local market. It is now a highly visible and respected participant in all major tenders and requests for proposal in this market.

The local operational environment is fairly active, with a steady stream of corporate and government accounts coming to market. Of particular note in New Zealand is the country's focus on electric vehicles, with the government announcing a wide range of measures to promote their uptake. SG Fleet is actively involved in the dialogue around this topic and already provides some leading corporates with zero emission vehicles. Additional future commercial opportunities are currently being explored. Reflecting its steady growth and the supportive environment, the New Zealand business started notching up a number of in-profit months at the end of the first half, maintained its momentum in the second and delivered its maiden profit year for the Group.

The UK business profited from a steady increase in interest for its salary packaging services and tool-of-trade offering throughout the year. While its operating environment was temporarily affected by the Brexit vote, calm has now returned and companies are gradually reactivating their business plans. Sole supply wins were recorded in the corporate segment in both financial year halves. Significant salary sacrifice tenders came to market and the business successfully broke into the 10,000+ employee segment early in the second half. Since then, a further 12 salary sacrifice schemes were launched. Orders coming through from employees of previously won contracts are steadily increasing in number.

After the end of the reported period, SG Fleet acquired UK contract hire, salary sacrifice, short-term rental and fleet management provider Fleet Hire. The acquisition provides us with scale and profitable growth in the UK, and importantly, Fleet Hire establishes a platform for us to build on and execute our strategic plans in this attractive market.

A strengthening outlook

During the reported period, SG Fleet has again delivered on its growth objectives. The Company made headway in terms of profit, improved its margins and delivered strong returns for its shareholders. In addition, we have established a strong platform for further progress. Our competitive position in Australia was enhanced by the nlc acquisition and the full impact of this will only start to emerge in the current financial year. New Zealand has

gone from strength to strength and is now a profitable, established presence in that market. In the UK, we stay our strategic course and build scale over time.

The Company made headway in terms of profit, improved its margins and delivered strong returns for its shareholders.

In the current financial year, we will maintain our momentum in the core business and major wins have already been recorded early in this current period. But promisingly, we are adding a number of growth options to the Group.

We continue to enhance our already strong offerings in both the fleet management and salary packaging businesses. Part of this is our strategic effort to develop integrated mobility solutions by taking our car sharing collaboration to the next level and by developing innovative services as our customers' needs evolve.

The landmark NSW Government win will start to bear fruit after the current ramp-up phase is completed. We are confident of extracting significant savings for the NSW Government and believe there is significant scope to introduce additional, beneficial services over time.

While the benefits of the nlc acquisition are making an ever-increasing impact, we fully retain our capacity to target further inorganic growth with the active support of Super Group, our majority shareholder. Scale is of paramount importance in this business and if opportunities that meet our acquisition criteria present themselves, we will not hesitate to actively pursue them.

I would like to thank my Executive as well as the broader SG Fleet and nlc teams for their efforts during the 2016 financial year. Our focus remains on delivering attractive and sustainable returns for you, our Shareholders. I am confident that over the past year, we have again enhanced our ability to meet that objective.



Robbie Blau
Chief Executive Officer

15 August 2016
Sydney

Directors' Report

30 June 2016

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of SG Fleet Group Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2016.

Directors

The following persons were Directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Andrew Reitzer (Chairman)
Robert (Robbie) Blau
Cheryl Bart AO
Graham Maloney
Peter Mountford
Edwin Jankelowitz (appointed on 18 August 2015)
Kevin Wundram (appointed on 18 August 2015)
Colin Brown (alternate for Peter Mountford)

Details of the Directors are set out in the section 'Information on Directors' below.

Principal activities

During the financial year the principal continuing activities of the Group consisted of motor vehicle fleet management, vehicle leasing, consumer vehicle finance and salary packaging services.

Dividends

Dividends paid during the financial year were as follows:

	Consolidated	
	2016 \$'000	2015 \$'000
Fully franked final dividend for the year ended 30 June 2015 of 6.117 cents per share paid on 22 October 2015 (2015: 4 cents)	14,845	9,708
Fully franked interim dividend for the year ended 30 June 2016 of 5.223 cents per share paid on 21 April 2016 (2015: 4.725 cents)	13,152	11,467
	27,997	21,175

On 15 August 2016, the Directors declared a fully franked final dividend for the year ended 30 June 2016 of 7.630 cents per ordinary share, to be paid on 20 October 2016 to eligible shareholders on the register as at 29 September 2016. This equates to a total estimated distribution of \$19,212,000, based on the number of ordinary shares on issue as at 30 June 2016. The financial effect of dividends declared after the reporting date are not reflected in the 30 June 2016 financial statements and will be recognised in subsequent financial reports.

Review of operations

The profit for the Group after providing for income tax amounted to \$46,977,000 (30 June 2015: \$40,482,000).

The fleet size of the Group as at 30 June 2016 was 109,448 (30 June 2015: 90,045).

Refer to Chairman's report and Chief Executive Officer's report for further commentary on the review of operations.

Significant changes in the state of affairs

On 30 November 2015, the Group acquired nlc Pty Limited and its subsidiaries ('nlc') for total consideration of \$211,350,000. nlc is a specialist manager and provider of novated lease, consumer vehicle finance and vehicle sourcing services.

During the year, the Group increased its total banking facilities from \$56,742,000 as at 30 June 2015 to \$160,344,000 as at 30 June 2016. The increase in banking facilities was used to partly fund the nlc acquisition.

There were no other significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year

On 4 August 2016, the Group acquired UK-based company Fleet Hire Holdings ('Fleet Hire'), a provider of contract hire, salary sacrifice, short-term rental and fleet management services, for a total value of £25.7 million, comprised of a purchase price of £19.6 million and lease portfolio debt net of cash of £6.1 million. The Group is in the process of determining the initial accounting and purchase price allocation of Fleet Hire and will provide such information in the interim financial report ending 31 December 2016.

Apart from the dividend declared and the Fleet Hire acquisition, no other matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

Likely developments in the operations of the Group and the expected results of those operations are contained in the Chairman's report and Chief Executive Officer's report.

Environmental regulation

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

Information on Directors

Andrew Reitzer

Independent Non-Executive Director and Chairman

Qualifications:

Bachelor of Commerce and a Master of Business Leadership from the University of South Africa

Experience and expertise:

Andrew has over 35 years of global experience in the retailing and wholesaling industry. He has served as

the Chief Executive Officer ('CEO') of Metcash Limited between 1998 and 2013, and continues there as a consultant. Prior to his appointment as CEO of Metcash, Andrew held various management roles at Metro Cash & Carry Limited and was appointed to lead the establishment of Metro's operations in Israel and Russia and served as the Group Operations Director.

Other current directorships:

Non-executive Chairman of Amaysim Australia Limited (ASX: AYS)

Former directorships (last 3 years):

Metcash Limited (ASX: MTS) (resigned 30 June 2013)

Special responsibilities:

Chairman of the Nomination and Remuneration Committee

Interests in shares:

81,081 ordinary shares in the Company

Robert (Robbie) Blau

Executive Director and Chief Executive Officer ('CEO')

Qualifications:

Bachelor of Commerce (Accounting and Law), Bachelor of Laws (Cum Laude) from the University of the Witwatersrand, Higher Diploma in Tax Law from Johannesburg University

Experience and expertise:

Robbie was appointed CEO of SG Fleet in July 2006 and has significant experience in the fleet management and leasing industry. Robbie has overall responsibility for the strategic development of the Group and manages its relationships with financial services partners. Previously, Robbie was Managing Director of Nucleus Corporate Finance in South Africa, which he founded in 1999. During his time at Nucleus Corporate Finance, Robbie advised South African listed entity Super Group Limited on corporate advisory and strategic projects. He also spent a year working with the Operations Director of South African Breweries Limited and practised as a commercial attorney for five years at Werksmans Attorneys in South Africa.

Other current directorships:

None

Former directorships (last 3 years):

None

Special responsibilities:

None

Interests in shares:

6,756,425 ordinary shares in the Company

Interests in options:

3,047,619 options over ordinary shares in the Company

Directors' Report

30 June 2016

Cheryl Bart AO

Independent Non-Executive Director

Qualifications:

Bachelor of Commerce and Bachelor of Laws from the University of New South Wales, Fellow of the Australian Institute of Company Directors

Experience and expertise:

Cheryl is a qualified lawyer and company director with experience across industries including financial services, utilities, energy, television and film. Cheryl previously worked as a lawyer specialising in Banking and Finance at Mallesons Stephen Jaques (now King & Wood Mallesons). Cheryl is immediate past Chairman of ANZ Trustees Ltd, the Environment Protection Authority of South Australia, the South Australian Film Corporation, Adelaide Film Festival and the Foundation for Alcohol Research and Education ('FARE'). She is the 31st person in the world to complete The Explorer's Grand Slam, and is a Patron of SportsConnect.

Other current directorships:

Audio Pixels Holdings Limited (ASX: AKP), Football Federation of Australia ('FFA'), the Australian Himalayan Foundation and TEDxSydney.

Former directorships (last 3 years):

South Australian Power Networks, Australian Broadcasting Corporation ('ABC'), Spark Infrastructure Ltd, Local Organising Committee 2015 Australia Asian Cup, EOS Ltd, Sydney Ports Corporation and past Chairman of Australian Sport Foundation.

Special responsibilities:

Member of the Audit, Risk and Compliance Committee and member of the Nomination and Remuneration Committee

Interests in shares:

27,032 ordinary shares in the Company

Graham Maloney

Independent Non-Executive Director

Qualifications:

Bachelor of Arts from the University of Sydney, Associate of the Institute of Actuaries of Australia, Fellow of the Australian Institute of Company Directors

Experience and expertise:

Graham has over 40 years of experience in financial services, including superannuation, life insurance, commercial banking, investment banking and stock broking. He is the CEO of Stratagm, which he established in 2009 to provide strategic and financial advisory services to both businesses and individuals. Graham's experience includes roles as Division Director at Macquarie Capital and as Group Treasurer at National Australia Bank.

Other current directorships:

Chair, Connective Group Australia and Non-executive Director, Circus Australia Ltd

Former directorships (last 3 years):

SFG Australia (ASX: SFW)

Special responsibilities:

Chairman of the Audit, Risk and Compliance Committee

Interests in shares:

27,027 ordinary shares in the Company

Peter Mountford

Non-Executive Director

Qualifications:

Bachelor of Commerce and Bachelor of Accountancy from the University of the Witwatersrand, Chartered Accountant, Higher Diploma in Taxation from the University of Witwatersrand and MBA (With Distinction) from Warwick University

Experience and expertise:

Peter is the nominee for Super Group Limited, has over 20 years of senior management experience and since 2009 has served as the CEO of Super Group Limited. Prior to becoming the CEO of Super Group Limited, he served as the Managing Director of Super Group's Logistics and Transport division and later its Supply Chain division. Peter's experience also includes six years as the CEO of Imperial Holdings Limited's Consumer Logistics division and as Managing Director of South African Breweries Limited's Diversified Beverages. He is currently a Director of The Road Freight Association in South Africa.

Other current directorships:

Super Group Limited (JSE: SPG) and Bluefin Investments Limited (Mauritius)

Former directorships (last 3 years):

None

Special responsibilities:

Member of the Audit, Risk and Compliance Committee and member of the Nomination and Remuneration Committee

Interests in shares:

540,540 ordinary shares in the Company

Edwin Jankelowitz

Non-Executive Director

Qualifications:

Chartered Accountant from South Africa

Experience and expertise:

Edwin has spent over 40 years in corporate offices and has been Chairman of a number of listed companies. He was a member of the Income Tax Special Court in South Africa for 20 years. Prior to joining the Group, Edwin was Finance Director of Metcash Trading Limited and Metcash Limited from May 1998 to January 2011, and a Non-Executive Director of the company until August 2015. Edwin held the positions of Finance Director, Managing Director and then Chairman at Caxton Limited from 1983 to 1997. Edwin was a consultant in business management and tax between 1980 and 1983. Edwin was with Adcock Ingram Ltd from 1967 to 1979 in the Head Office and was promoted over time to Group Company Secretary and then Finance Director.

Other current directorships:

None

Former directorships (last 3 years):

Metcash Limited (ASX: MTS) (resigned 27 August 2015)

Special responsibilities:

Member of the Audit, Risk and Compliance Committee

Interests in shares:

10,000 ordinary shares in the Company

Kevin Wundram

Executive Director and Chief Financial Officer ('CFO')

Qualifications:

Bachelor of Commerce from the University of the Witwatersrand, Honours Bachelor of Accounting Science degree from the University of South Africa, Chartered Accountant

Experience and expertise:

Kevin has been CFO of SG Fleet Group since July 2006 and has significant experience in the fleet management and leasing industry. He is responsible for the effective management of the finance, treasury and corporate governance functions across the Group. Prior to joining the Group, Kevin was responsible for special projects at Super Group Limited, including the execution of acquisitions, disposals and due diligence. Kevin was also a member of the management committees of the Automotive Parts, Commercial Dealerships and Supply Chain Divisions. Prior to joining Super Group, Kevin worked in the audit and corporate finance divisions of KPMG South Africa for six years.

Other current directorships:

None

Former directorships (last 3 years):

None

Special responsibilities:

None

Interests in shares:

1,025,112 ordinary shares in the Company

Interests in options:

1,250,000 options over ordinary shares in the Company

Colin Brown

Alternate Director for Peter Mountford

Qualifications:

Bachelor of Accounting Science degree from the University of South Africa ('UNISA'), Honours Bachelor of Accounting Science degree from UNISA, Certificate in the Theory of Accounting from UNISA, Chartered Accountant (South Africa), Master in Business Leadership degree from the UNISA School of Business Leadership

Experience and expertise:

Colin provided support services to Super Group Limited's treasury activities in Johannesburg from June 2009 to February 2010, and was appointed to the Super Group Limited's board as CFO in February 2010. Prior to that, Colin was CFO and a member of the board of Celcom Group Limited, a business in the mobile phone industry and previously listed on the Alternative Exchange ('AltX') of the Johannesburg Stock Exchange ('JSE'). Colin has also held the Financial Director position at Electronic Data Systems ('EDS') Africa Limited and Fujitsu Services South Africa, both multi-national companies in the information technology services industry.

Other current directorships:

Super Group Limited (JSE: SPG), Bluefin Investments Limited (Mauritius)

Former directorships (last 3 years):

None

Special responsibilities:

Alternative director and member of the Audit, Risk and Compliance Committee for Peter Mountford

Interests in shares:

108,108 ordinary shares in the Company

'Other current directorships' set out above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Directors' Report

30 June 2016

Company secretary

Sarah Anne Edwards (LLB (Hons), Grad Dip Legal Practice) has been Legal Counsel of the Group since April 2012 and was appointed as Company Secretary on 1 July 2015. In addition to her duties as Company Secretary, Sarah is responsible for providing corporate and commercial legal advice and support as well as managing various regulatory and compliance matters for the Group. Sarah first practised as a lawyer at Blake Dawson Waldron (as it was known then) before joining the company secretariat team at NRMA Motoring & Services. Prior to joining the Group, Sarah's in-house legal experience has been primarily in the construction industry, having worked for AE&E Australia Pty Ltd and Tenix Group.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2016, and the number of meetings attended by each Director were:

	Board of Directors		Audit, Risk and Compliance Committee		Nomination and Remuneration Committee	
	Attended	Held	Attended	Held	Attended	Held
Andrew Reitzer	7	7	–	–	4	4
Robbie Blau	7	7	–	–	–	–
Cheryl Bart AO	7	7	4	4	4	4
Graham Maloney	7	7	4	4	–	–
Peter Mountford	7	7	4	4	4	4
Edwin Jankelowitz	5	6	3	3	–	–
Kevin Wundram	6	6	–	–	–	–

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

Colin Brown did not attend any meetings in his capacity as an Alternate Director during the financial year.

Remuneration report (audited)

The remuneration report, which has been audited, details the Key Management Personnel ('KMP') remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms to market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage/alignment of executive compensation; and
- transparency.

The main role of the Nomination and Remuneration Committee ('NRC') is to assist the Board in fulfilling its corporate governance responsibilities and to review and make recommendations in relation to the remuneration arrangements for its Directors and executives. The NRC comprises two independent Non-Executive Directors and one Non-Executive Director and meets regularly throughout the financial year. The CEO and CFO attend certain committee meetings by invitation, where management input is required. The CEO and CFO are not present during any discussions related to their own remuneration arrangements.

The performance of the Group depends on the quality of its Directors and executives. The remuneration philosophy is to attract, motivate and retain high performing, quality executives.

The remuneration framework has been structured to be market competitive and complementary to the reward strategy of the Group.

The reward framework is designed to align executive reward to shareholders' interests. The Board has considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design;
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of Non-Executive Directors and executive remunerations are separate.

Non-Executive Directors' remuneration

Fees and payments to Non-Executive Directors reflect the demands that are made on, and the responsibilities of, these Directors. Non-Executive Directors' fees and payments are reviewed annually by the NRC. The NRC may, from time to time, receive advice from independent remuneration consultants to ensure Non-Executive Directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of other Non-Executive Directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration. Non-Executive Directors do not receive retirement benefits, share options or other cash incentives.

The remuneration of Non-Executive Directors consists of Directors' fees and committee fees. The Chairman of the Board attends all committee meetings but does not receive committee fees in respect of his role as Chairman or member of any committee.

Non-Executive Director fees (Directors' fees and committee fees) (inclusive of superannuation) is summarised as follows:

Name – Position	Fees per annum
Andrew Reitzer – Independent Non-Executive Chairman	\$180,000
Cheryl Bart AO – Independent Non-Executive Director	\$107,500
Graham Maloney – Independent Non-Executive Director	\$110,000
Peter Mountford – Non-Executive Director	\$107,500
Edwin Jankelowitz – Independent Non-Executive Director	\$100,000

ASX listing rules require the aggregate Non-Executive Directors remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 12 February 2014, where the shareholders approved the aggregate remuneration be fixed at a maximum of \$1,000,000 per annum.

Directors' Report

30 June 2016

Executive remuneration

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base salary and non-monetary benefits;
- short-term performance incentives;
- share-based payments; and
- other remuneration, such as superannuation and long service leave.

The combination of these comprise the executive's total remuneration.

Total Fixed Remuneration ('TFR') consisting of base salary, annual leave, superannuation and non-monetary benefits, is reviewed annually by the NRC, based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators (KPI's). A performance modifier applies in relation to award of the STI. For an

executive to receive payment under the STI program, their performance has to be regarded as entirely satisfactory. Where an executive is regarded as below competent, the award under the STI program will be adjusted by the NRC.

Long-term incentives ('LTI') are set periodically for KMP ('Participants') in order to align remuneration with the creation of shareholder value over the long term. LTI include long service leave and share-based payments. LTI to Participants are made under the Equity Incentive Plan ('EIP') and are currently delivered in the form of share options. The number of options granted is based on a fixed percentage of the relevant Participant's TFR and is issued to the Participant at no cost.

Options granted to KMP usually vest over three years (the 'Performance Period'), subject to the satisfaction of performance conditions. For the 2014 LTI offer, the Performance Period was from the Group's listing and concludes on 30 June 2017, a period of 39 months.

The performance conditions for the LTI options are currently based on the compound annual growth rate ('CAGR') of the Group's earnings per share ('EPS'). EPS was selected as the performance condition for the LTI since it is a measure of economic profit and is a key driver of the share price which is a key component in delivering sustained growth in shareholder wealth. The Performance Period and applicable performance conditions for any future LTI opportunities will be determined by the Board and specified in the relevant offer document.

The percentage of options that vest and become exercisable, if any, is determined by reference to the vesting schedule, summarised as follows:

CAGR of EPS over the Performance Period	% of options that become exercisable
Less than 5%	Nil
5% (Threshold performance)	30%
Between 5% and 15%	Straight-line pro-rata vesting between 30% and 100%
15% or above (Stretch performance)	100%

Any options that remain unvested at the end of the Performance Period will lapse immediately. The Participant must exercise any vested options within 12 months of vesting. After 12 months, any unexercised options will lapse. The Participant is entitled to receive one share for each option that vests and is exercised. The Board may make an equivalent cash payment in lieu of providing shares to the participant. Any cash payment is at the Group's discretion only.

The options do not carry dividends or voting rights prior to vesting and exercise. Participants must not sell, transfer, encumber, hedge or otherwise deal with the options.

The EIP provides the Board with broad 'clawback' powers if, amongst other things, the Participant has: acted fraudulently or dishonestly, engaged in gross misconduct or has acted in a manner that has brought the Group into disrepute; or there is a material financial misstatement; or the Group is required or entitled under law or company policy to reclaim remuneration from the Participant; or the Participant's entitlements vest as a result of fraud, dishonesty or breach of obligations of any other person and the Board is of the opinion that the incentives would not have otherwise vested.

If the Participant ceases employment for cause, the unvested options automatically lapse unless the Board determines otherwise. In other circumstances, the options will remain on issue with a broad discretion for the Board to vest or lapse some or all of the options. The Board will ordinarily lapse options in the case of resignation.

Where there may be a change of control event, the Board has the discretion to accelerate vesting of some or all of the options and the Board will notify the Participant of the date on which any vested but unexercised options will expire. Where only some of the options are vested on a change of control event, the remainder of the options will immediately lapse.

The EIP also provides flexibility for the Group to grant, subject to the terms of individual offers, performance rights and restricted shares.

Group performance and link to remuneration

The financial performance measure driving STI payment outcomes for KMP for the year ended 30 June 2016 and future years is determined on a straight-line basis, based on the Group achieving EPS growth of between 5.0% and 15.0% over the previous financial year. No award is made if the Group's EPS growth is less than 5.0% over the previous financial year. The proportion of the maximum STI awarded to the KMP is at the discretion of the Board.

The performance measure that drives LTI vesting is the CAGR of the Group's EPS over the relevant performance period. The Group's EPS for the year ended 30 June 2016 was 18.94 cents per share.

Voting and comments made at the Company's 2015 Annual General Meeting ('AGM')

At the 2015 AGM, 99.9% of the votes received supported the adoption of the remuneration report for the period ended 30 June 2015. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

Details of the remuneration of the KMP of the Group are set out in the following tables.

The KMP of the Group consisted of the Directors of SG Fleet Group Limited and the following persons:

- Andy Mulcaster – Managing Director, Australia
- David Fernandes – Managing Director, United Kingdom
- Geoff Tipene – Managing Director, New Zealand
- Matthew Reinehr – Managing Director, nlc (appointed on 1 December 2015)

Directors' Report

30 June 2016

2016	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees \$	Cash bonus*** \$	Non-monetary \$	Super-annuation \$	Leave benefits \$	Equity-settled options \$	
<i>Non-Executive Directors:</i>							
Andrew Reitzer (Chairman)	164,384	–	–	15,616	–	–	180,000
Cheryl Bart AO	98,173	–	–	9,327	–	–	107,500
Graham Maloney	110,000	–	–	–	–	–	110,000
Peter Mountford	107,500	–	–	–	–	–	107,500
Edwin Jankelowitz*	79,616	–	–	7,564	–	–	87,180
<i>Executive Directors:</i>							
Robbie Blau (CEO)	666,326	370,187	–	19,308	21,730	358,601	1,436,152
Kevin Wundram (CFO)	343,597	158,394	–	19,308	7,878	147,083	676,260
<i>Other Key Management Personnel:</i>							
Andy Mulcaster	357,819	137,004	–	29,003	4,159	107,298	635,283
David Fernandes**	298,044	116,650	15,478	28,314	9,812	79,667	547,965
Geoff Tipene**	190,951	70,977	22,182	5,861	–	44,207	334,178
Matthew Reinehr*	154,198	41,029	–	11,856	8,674	–	215,757
	2,570,608	894,241	37,660	146,157	52,253	736,856	4,437,775

* Represents remuneration from date of appointment as KMP for Edwin Jankelowitz on 18 August 2015 and Matthew Reinehr on 1 December 2015.

** Total remuneration in local currency paid to David Fernandes and Geoff Tipene was GBP 271,705 and NZD 361,525 respectively.

*** Cash bonus represents amounts payable to KMPs representing 25% of 2015 STI and 50% of 2016 STI.

Colin Brown (Alternate Director) received no remuneration during the year ended 30 June 2016.

2015	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus**	Non-monetary	Super-annuation	Leave benefits	Equity-settled options	
	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Andrew Reitzer (Chairman)	150,685	–	–	14,315	–	–	165,000
Cheryl Bart AO	84,475	–	–	8,025	–	–	92,500
Graham Maloney	95,000	–	–	–	–	–	95,000
Peter Mountford	92,500	–	–	–	–	–	92,500
<i>Executive Directors:</i>							
Robbie Blau (CEO)	621,217	345,563	–	18,783	10,101	114,014	1,109,678
Kevin Wundram (CFO and Alternate Director)	331,217	151,184	–	18,783	5,299	46,764	553,247
<i>Other Key Management Personnel:</i>							
Andy Mulcaster	359,600	123,113	–	16,348	5,703	34,115	538,879
David Fernandes*	281,224	97,117	17,908	13,182	17,037	25,330	451,798
Geoff Tipene*	186,862	67,006	23,807	7,669	–	14,055	299,399
Annie Margossian-Kenny***	85,888	30,916	–	11,097	1,426	20,176	149,503
	2,288,668	814,899	41,715	108,202	39,566	254,454	3,547,504

* Total remuneration in local currency paid to David Fernandes and Geoff Tipene was GBP 239,263 and NZD 321,682 respectively.

** Cash bonus represents amounts payable to KMPs representing 75% of 2015 STI.

*** Annie Margossian-Kenny ceased to be a KMP at the end of 30 June 2015.

Non-Executive Directors' salaries are 100% fixed. The fixed proportion and the proportion of remuneration linked to performance of Executive Directors and KMP are as follows:

Name	Fixed remuneration		At risk – STI		At risk – LTI	
	2016	2015	2016	2015	2016	2015
<i>Executive Directors:</i>						
Robbie Blau	49%	59%	26%	31%	25%	10%
Kevin Wundram	55%	65%	23%	27%	22%	8%
<i>Other Key Management Personnel:</i>						
Andy Mulcaster	62%	71%	21%	23%	17%	6%
David Fernandes	64%	73%	21%	21%	15%	6%
Geoff Tipene	66%	73%	21%	22%	13%	5%
Annie Margossian-Kenny	–	66%	–	21%	–	13%
Matthew Reinehr	81%	–	19%	–	–	–

Directors' Report

30 June 2016

The proportion of the cash bonus paid/payable or forfeited is as follows:

Name	Cash bonus paid/payable		Cash bonus forfeited	
	2016	2015	2016	2015
<i>Executive Directors:</i>				
Robbie Blau	100%	100%	–	–
Kevin Wundram	100%	100%	–	–
<i>Other Key Management Personnel:</i>				
Andy Mulcaster	100%	100%	–	–
Geoff Tipene	100%	100%	–	–
David Fernandes	100%	100%	–	–
Annie Margossian-Kenny	–	100%	–	–
Matthew Reinehr	100%	–	–	–

Service agreements

Remuneration and other terms of employment for KMP are formalised in service agreements. Details of these agreements are as follows:

Robbie Blau – CEO

- Agreement term: Ongoing from 1 July 2006
- TFR of \$680,000 per annum, which includes base salary, statutory superannuation contributions and any salary sacrifice arrangements
- STI: award of between 22.5% and 75% of TFR, on a straight-line basis based on EPS growth of between 5% and 15% over the previous financial year. The STI is subject to a 12 month payment deferral of 50%
- The STI earned for 2016 amounted to \$510,000. The payment of 50% of the 2016 STI, amounting to \$255,000 has been deferred until 30 June 2017 and is payable subject to employment condition
- LTI Opportunity: 120% of TFR
- Termination arrangements:
 - for cause: immediate termination
 - for poor performance: 4 weeks' notice by the Company after procedural fairness has been afforded
 - redundancy: 4 weeks' notice by the Company, 1 year's TFR
 - material change: 4 weeks' notice by the executive, 1 year's TFR
 - without cause: 4 weeks' notice by the Company, 1 year's TFR
 - resignation: 3 months' notice by the executive
 - illness/mental disability: 26 weeks' base salary

Kevin Wundram – CFO

- Agreement term: Ongoing from 1 June 2006
- TFR of \$360,000 per annum, which includes base salary, statutory superannuation contributions and any salary sacrifice arrangements
- STI: award of between 18% and 60% of TFR, on a straight-line basis based on EPS growth of between 5% and 15% over the previous financial year. The STI is subject to a 12 month payment deferral of 50%
- The STI earned for 2016 amounted to \$216,000. The payment of 50% of the 2016 STI, amounting to \$108,000 has been deferred until 30 June 2017 and is payable subject to employment condition
- LTI Opportunity: 90% of TFR
- Termination arrangements:
 - for cause: immediate termination
 - for poor performance: 4 weeks' notice by the Company after procedural fairness has been afforded
 - redundancy: 4 weeks' notice by the Company, 48 weeks' TFR
 - material change: 4 weeks' notice by the executive, 48 weeks' TFR
 - without cause: 4 weeks' notice by the Company, 48 weeks' TFR
 - resignation: 3 months' notice by the executive
 - illness/mental disability: 26 weeks' base salary

Andy Mulcaster – Managing Director, Australia

- Agreement term: Ongoing from 1 August 2006
- TFR of \$383,870 per annum, which includes base salary, statutory superannuation contributions and any salary sacrifice arrangements
- STI: award of between 15% and 50% of TFR, on a straight-line basis based on EPS growth of between 5% and 15% over the previous financial year. The STI is subject to a 12 month payment deferral of 50%
- The STI earned for 2016 amounted to \$191,935. The payment of 50% of the 2016 STI, amounting to \$95,967 has been deferred until 30 June 2017 and is payable subject to employment condition
- LTI Opportunity: 60% of TFR
- Termination arrangements:
 - for cause: immediate termination
 - for poor performance: 4 weeks' notice by the Company after procedural fairness has been afforded
 - redundancy: 4 weeks' notice by the Company, 48 weeks' TFR
 - material change: 4 weeks' notice by the executive, 48 weeks' TFR
 - without cause: 4 weeks' notice by the Company, 48 weeks' TFR
 - resignation: 3 months' notice by the executive
 - illness/mental disability: 26 weeks' base salary

David Fernandes – Managing Director, United Kingdom

- Agreement term: Ongoing from 9 October 2006
- TFR of £159,583 per annum, which includes base salary, statutory superannuation contributions and any salary sacrifice arrangements
- STI: award of between 15% and 50% of TFR, on a straight-line basis based on EPS growth of between 5% and 15% over the previous financial year. The STI is subject to a 12 month payment deferral of 50%
- The STI earned for 2016 amounted to £79,792. The payment of 50% of the 2016 STI, amounting to £39,896 has been deferred until 30 June 2017 and is payable subject to employment condition
- LTI Opportunity: 60% of TFR
- Termination arrangements:
 - for cause: immediate termination
 - for poor performance: 4 weeks' notice by the Company after procedural fairness has been afforded
 - redundancy: 4 weeks' notice by the Company, 48 weeks' TFR
 - material change: 4 weeks' notice by the executive, 48 weeks' TFR
 - without cause: 4 weeks' notice by the Company, 48 weeks' TFR
 - resignation: 3 months' notice by the executive
 - illness/mental disability: 26 weeks' base salary

Geoff Tipene – Managing Director, New Zealand

- Agreement term: Ongoing from 1 February 2011
- TFR of NZD 211,150 per annum, which includes base salary, statutory superannuation contributions and any salary sacrifice arrangements
- STI: award of between 15% and 50% of TFR, on a straight-line basis based on EPS growth of between 5% and 15% over the previous financial year. The STI is subject to a 12 month payment deferral of 50%. Kiwi Saver of 3% is payable on this STI.
- The STI earned for 2016 amounted to NZD 105,575. The payment of 50% of the 2016 STI, amounting to NZD 52,788 has been deferred until 30 June 2017 and is payable subject to employment condition
- LTI Opportunity: 60% of TFR
- Termination arrangements:
 - for cause: immediate termination
 - for poor performance: 4 weeks' notice by the Company after procedural fairness has been afforded
 - redundancy notice: 4 weeks' notice by the Company
 - redundancy severance <1 year Nil; 1-2 years 5 weeks; 2-3 years 8.75 weeks; 3-4 years 12.5 weeks, 4-5 years 15 weeks; 5-6 years 17.5 weeks and >6 years 20 weeks
 - without cause: 4 months' notice by the Company
 - resignation: 3 months' notice by the executive

Matt Reinehr – Managing Director, nlc

- Agreement term: Ongoing from 1 December 2015
- TFR of \$281,343 per annum, which includes base salary, statutory superannuation contributions and any salary sacrifice arrangements
- STI: award of between 15% and 50% of TFR, on a straight-line basis based on EPS growth of between 5% and 15% over the previous financial year. The STI is subject to a 12 month payment deferral of 50%.
- The STI earned for 2016 amounted to \$82,058. The payment of 50% of the 2016 STI, amounting to \$41,029 has been deferred until 30 June 2017 and is payable subject to employment condition
- Termination arrangements:
 - for cause: immediate termination
 - without cause: 6 months' notice by the Company
 - resignation: 6 months' notice by the executive after the initial term of 36 months
 - illness/mental disability: 26 weeks' TFR

Directors' Report

30 June 2016

Share-based compensation

Issue of shares

There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2016 (2015: Nil).

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of Directors and other KMP in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
4 March 2014	30 June 2017	30 June 2018	\$1.85	\$0.252

Options granted carry no dividend or voting rights and can be exercised only once the vesting conditions have been met until their expiry date.

There were no options over ordinary shares granted to or vested in Directors and other KMP as part of compensation during the year ended 30 June 2016 (2015: Nil).

Additional information

The earnings of the Group for the three years to 30 June 2016 are summarised below:

	2016 \$'000	2015 \$'000	2014 \$'000
Revenue	211,971	171,377	64,083
Profit after income tax	46,977	40,482	15,620
Dividends paid	27,997	21,175	–

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2016	2015	2014
Share price at financial year end (\$)	3.64	2.47	1.80
Basic earnings per share (cents per share)	18.94	16.68	9.13

Share price at IPO was \$1.85 per share.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
Andrew Reitzer	81,081	–	–	–	81,081
Robbie Blau	6,756,425	–	–	–	6,756,425
Cheryl Bart AO	27,032	–	–	–	27,032
Graham Maloney	27,027	–	–	–	27,027
Peter Mountford	540,540	–	–	–	540,540
Edwin Jankelowitz	–	–	10,000	–	10,000
Kevin Wundram	1,863,840	–	–	(838,728)	1,025,112
Colin Brown	108,108	–	–	–	108,108
Andy Mulcaster	1,630,860	–	–	(800,000)	830,860
David Fernandes	1,630,860	–	–	–	1,630,860
Geoff Tipene	52,000	–	–	(16,000)	36,000
Matthew Reinehr*	–	–	9,100,000	125,000	9,225,000
	12,717,773	–	9,110,000	(1,529,728)	20,298,045

* 9,100,000 relates to part of the consideration for the nlc acquisition. 125,000 shares relates to shares held prior to the nlc acquisition.

Option holding

The number of options over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<i>Options over ordinary shares</i>					
Robbie Blau	3,047,619	–	–	–	3,047,619
Kevin Wundram	1,250,000	–	–	–	1,250,000
Andy Mulcaster	911,890	–	–	–	911,890
David Fernandes	677,063	–	–	–	677,063
Geoff Tipene	375,695	–	–	–	375,695
	6,262,267	–	–	–	6,262,267

* No options were vested or forfeited during the years ended 30 June 2016 and 30 June 2015.

Directors' Report

30 June 2016

Use of remuneration consultants

During the financial year ended 30 June 2016, the Group engaged Mercer Consulting (Australia) Pty Ltd ('Mercer') to review its existing remuneration policies and provide recommendations on how to improve its incentive programs. The recommendations made by Mercer are still under consideration by the remuneration committee of the Board of Directors.

An agreed set of protocols were put in place to ensure that the remuneration recommendations would be free from undue influence from key management personnel. These protocols include requiring that the consultant not communicate with affected key management personnel without a member of the remuneration and nomination committee being present, and that the consultant not provide any information relating to the outcome of the engagement with the affected key management personnel. The Board is also required to make inquiries of the consultant's processes at the conclusion of the engagement to ensure that they are satisfied that any recommendations made have been free from undue influence. The Board is satisfied that these protocols were followed and as such there was no undue influence.

This concludes the remuneration report, which has been audited.

Shares under option

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

Grant date	Expiry date	Exercise price	Number under option
4 March 2014	30 June 2018	\$1.85	8,086,046

Shares issued on the exercise of options

There were no ordinary shares of SG Fleet Group Limited issued on the exercise of options during the year ended 30 June 2016 and up to the date of this report.

Indemnity and insurance of officers

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

The Company's subsidiary, SG Fleet Australia Pty Limited on behalf of the Company paid a premium in respect of a contract to insure the Directors and executives of the Company and of any related bodies corporates defined in the insurance policy, against a liability to the extent permitted by the Corporations Act 2001.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor. The Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

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

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 32 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 32 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191, dated 24 March 2015, and consequently the amounts in this report have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 immediately follows this Directors' report.

Auditor

KPMG continues in office in accordance with section 327 of the Corporations Act 2001.

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

On behalf of the Directors



Andrew Reitzer
Chairman

15 August 2016
Sydney



Robbie Blau
Chief Executive Officer

Auditor's Independence Declaration



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

To: the directors of SG Fleet Group Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2016 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads 'KPMG'.

KPMG

A handwritten signature in black ink that reads 'Michael O Connell'.

Michael O Connell
Partner

Sydney
15 August 2016

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

Financial Report

For the year ended 30 June 2016

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Statement of Profit or Loss

For the year ended 30 June 2016

	Note	Consolidated	
		2016 \$'000	2015 \$'000
Revenue	5	211,971	171,377
Expenses			
Fleet management costs		(51,647)	(44,471)
Employee benefits expense		(53,837)	(43,603)
Occupancy costs		(4,958)	(4,056)
Depreciation, amortisation and impairment	6	(10,707)	(7,155)
Technology costs		(3,093)	(3,243)
Other expenses		(10,778)	(6,565)
Finance costs	6	(8,589)	(3,518)
Profit before income tax expense		68,362	58,766
Income tax expense	7	(21,385)	(18,284)
Profit after income tax expense for the year attributable to the owners of SG Fleet Group Limited	27	46,977	40,482
		Cents	Cents
Basic earnings per share	42	18.94	16.68
Diluted earnings per share	42	18.69	16.67

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

Statement of Other Comprehensive Income

For the year ended 30 June 2016

	Note	Consolidated	
		2016 \$'000	2015 \$'000
Profit after income tax expense for the year attributable to the owners of SG Fleet Group Limited	27	46,977	40,482
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation difference for foreign operations		(1,514)	729
Effective portion of changes in fair value of cash flow hedges, net of tax		(1,157)	(7)
Other comprehensive income for the year, net of tax		(2,671)	722
Total comprehensive income for the year attributable to the owners of SG Fleet Group Limited		44,306	41,204

Statement of Financial Position

As at 30 June 2016

	Note	Consolidated	
		2016 \$'000	2015 \$'000
Assets			
Cash and cash equivalents	8	81,693	89,143
Finance, trade and other receivables	9	48,777	40,072
Inventories	10	5,226	4,921
Income tax refund due	11	160	–
Leased motor vehicle assets	12	16,130	17,664
Deferred tax	13	–	14,483
Property, plant and equipment	14	2,828	1,003
Intangibles	15	364,155	142,692
Total assets		518,969	309,978
Liabilities			
Trade and other payables	16	63,460	46,933
Derivative financial instruments	17	3,889	7
Income tax	18	–	8,982
Employee benefits	20	7,114	4,943
Deferred tax	19	1,256	–
Residual risk provision	21	10,213	12,368
Borrowings	22	146,605	43,868
Vehicle maintenance funds	23	58,687	17,948
Deferred income	24	26,522	25,547
Total liabilities		317,746	160,596
Net assets		201,223	149,382
Equity			
Issued capital	25	267,348	232,768
Reserves	26	(120,032)	(118,313)
Retained profits	27	53,907	34,927
Total equity		201,223	149,382

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

Statement of Changes in Equity

For the year ended 30 June 2016

Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2014	232,768	(119,372)	15,620	129,016
Profit after income tax expense for the year	–	–	40,482	40,482
Other comprehensive income for the year, net of tax	–	722	–	722
Total comprehensive income for the year	–	722	40,482	41,204
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 43)	–	337	–	337
Dividends paid (note 28)	–	–	(21,175)	(21,175)
Balance at 30 June 2015	232,768	(118,313)	34,927	149,382
Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2015	232,768	(118,313)	34,927	149,382
Profit after income tax expense for the year	–	–	46,977	46,977
Other comprehensive income for the year, net of tax	–	(2,671)	–	(2,671)
Total comprehensive income for the year	–	(2,671)	46,977	44,306
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 25)	34,580	–	–	34,580
Share-based payments (note 43)	–	952	–	952
Dividends paid (note 28)	–	–	(27,997)	(27,997)
Balance at 30 June 2016	267,348	(120,032)	53,907	201,223

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

Statement of Cash Flows

For the year ended 30 June 2016

	Note	Consolidated	
		2016 \$'000	2015 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		228,141	191,231
Payments to suppliers and employees (inclusive of GST)		(137,383)	(116,919)
Interest received		1,963	1,951
Interest and other finance costs paid		(6,320)	(3,518)
Income taxes paid		(30,049)	(11,213)
Net cash from operating activities	41	56,352	61,532
Cash flows from investing activities			
Payment for purchase of subsidiary, net of cash acquired	38	(127,796)	–
Proceeds from disposal of lease portfolio assets	12	19,175	16,895
Acquisition of lease portfolio assets	12	(23,711)	(24,223)
Payments for property, plant and equipment	14	(1,882)	(305)
Payments for intangibles	15	(2,999)	(1,965)
Proceeds from disposal of property, plant and equipment		60	–
Net cash used in investing activities		(137,153)	(9,598)
Cash flows from financing activities			
Proceeds from borrowings		157,442	13,117
Repayment of borrowings		(54,373)	(13,349)
Dividends paid	28	(27,997)	(21,175)
Net cash from/(used in) financing activities		75,072	(21,407)
Net increase/(decrease) in cash and cash equivalents		(5,729)	30,527
Cash and cash equivalents at the beginning of the financial year		89,143	57,906
Effects of exchange rate changes on cash and cash equivalents		(1,721)	710
Cash and cash equivalents at the end of the financial year	8	81,693	89,143

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

Notes to the Financial Statements

30 June 2016

Note 1. General information

The financial statements cover SG Fleet Group Limited as a Group consisting of SG Fleet Group Limited (the 'Company' or 'parent entity') and the subsidiaries it controlled at the end of, or during, the year (the 'Group'). The financial statements are presented in Australian Dollars, which is SG Fleet Group Limited's functional and presentation currency.

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

Level 2, Building 3
20 Bridge Street
Pymble NSW 2073

During the financial year the principal continuing activities of the Group consisted of motor vehicle fleet management, vehicle leasing, consumer vehicle finance and salary packaging services.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 15 August 2016. The Directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

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

New, revised or amending Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial year.

Basis of preparation

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

Historical cost convention

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

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 37.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of SG Fleet Group Limited as at 30 June 2016 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has control at the end of, or during the year. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

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

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

Notes to the Financial Statements

30 June 2016

Note 2. Significant accounting policies continued

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

The financial statements are presented in Australian Dollars, which is SG Fleet Group Limited's functional and presentation currency.

Foreign currency transactions

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

Foreign operations

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

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

Revenue recognition

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

Management and maintenance income

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

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

Additional products and services

Revenue from the sale of additional products and services is recognised when it is received or when the right to receive payment is established.

Funding commissions

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

End of lease income

Income earned after the expiry of the lease is recognised when it is received or when the right to receive payment is established.

Rental income

Rental income from operating leases is recognised in profit or loss on a straight line basis over the lease term.

Other income

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

Interest

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

Income tax

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

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

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

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

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

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

SG Fleet Group Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

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

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

Cash and cash equivalents

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

Finance, trade and other receivables

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

For finance lease and contract purchase agreements see 'Leases – Group as lessor' accounting policy.

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

Inventories

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

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

Derivative financial instruments

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

Cash flow hedges

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

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

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

Notes to the Financial Statements

30 June 2016

Note 2. Significant accounting policies continued

Property, plant and equipment

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

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

Leasehold improvements	five years
Fixtures and fittings	three to eight years
Motor vehicles	four years

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

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

For leased motor vehicles see 'Leases – Group as lessor – leased motor vehicles assets' accounting policy.

Leases

Group as lessee

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

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

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

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

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

Group as lessor

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

Group as lessor – leased motor vehicle assets

Lease motor vehicle assets represents full maintenance lease assets which are stated at historical cost less accumulated depreciation. The cost of leased motor vehicle assets includes the purchase price, non-refundable purchase taxes, and other expenditure that is directly attributable to the acquisition, including costs incurred to bring the asset to a working condition such that it is available for intended use.

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

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

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method of amortisation and the useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

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

Customer contracts

The customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite useful lives of 10 years.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite useful lives of between two and eight years.

Brand name

The brand name acquired in a business combination is amortised on a straight-line basis over the period of its expected benefit, being a finite useful life of 10 years.

Impairment of non-financial assets

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

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

Trade and other payables

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

Borrowings

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

Maintenance deferred income liability

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

Deferred income is recognised based on the differences in maintenance fee derived in accordance with the contract billing cycle and income determined based on stage of completion at the reporting date. Refer to revenue recognition policy for maintenance income above.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions

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

Residual values

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

Notes to the Financial Statements

30 June 2016

Note 2. Significant accounting policies continued

Employee benefits

Short-term employee benefits

Employee benefits expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for employee benefits not expected to be settled within 12 months of the reporting date is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date based on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

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

Share-based payments

Equity-settled share-based compensation benefits are provided to employees.

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

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

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods. Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

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

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

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

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Vehicle maintenance funds

Vehicle maintenance funds represents amounts collected from customers for vehicles under management, with such amounts subsequently used for payments for ongoing vehicle maintenance expenses such as fuel, service cost, registration and other charges. Any unused amounts at the end of the lease period are refunded to the customers.

Issued capital

Ordinary shares are classified as equity.

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

Dividends

Dividends are recognised when declared during the financial year and are no longer at the discretion of the Company.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of SG Fleet Group Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191, dated 24 March 2015, and consequently the amounts in this report have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2016. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. New hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. The Group will adopt this standard from 1 July 2018 but the impact of its adoption is not likely to be material.

AASB 15 Revenue from Contracts with Customers

This standard is currently applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group expects to adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the Group.

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Note 2. Significant accounting policies continued **New Accounting Standards and Interpretations not yet mandatory or early adopted** continued

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. For lessee accounting, the standard eliminates the 'operating lease' and 'finance lease' classification required by AASB 117 'Leases'. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) components. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Group expects to adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the Group.

Note 3. Critical accounting judgements, estimates and assumptions

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

Revenue from maintenance income

As discussed in note 2, the Group estimates the maintenance income on a stage of completion approach. These calculations require the use of assumptions, including an estimation of the stage of completion and the profit margin to be achieved over the life of the contract.

Goodwill and other indefinite life intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units, to which these assets belong, have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Residual values

As discussed in note 2, the Group has entered into various agreements with its financiers relating to residual value risk inherent in operating lease assets being transferred to the Group at the end of the underlying lease agreement. A provision is raised where the forecast loss on disposal of the assets in the pool exceeds the expected future fee income that the pool will generate. The expected future income is estimated based on past experience and likely market conditions at the time of disposal of the assets.

Note 4. Operating segments

Identification of reportable operating segments

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

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements. Australian segment information for 30 June 2016 includes information relating to nlc.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Major customers

There are no major customers that contributed more than 10% of revenue to the Group.

Operating segment information

Consolidated – 2016	Australia \$'000	New Zealand \$'000	United Kingdom \$'000	Corporate \$'000	Other segments \$'000	Total \$'000
Revenue						
Operating revenue from external customers	200,907	4,314	5,185	–	(398)	210,008
Interest	1,938	15	10	–	–	1,963
Total revenue	202,845	4,329	5,195	–	(398)	211,971
EBITDA	89,200	1,734	711	(3,982)	(5)	87,658
Depreciation and amortisation	(7,552)	(1,252)	(1,903)	–	–	(10,707)
Finance costs	(536)	(253)	(265)	(7,540)	5	(8,589)
Profit/(loss) before income tax expense	81,112	229	(1,457)	(11,522)	–	68,362
Income tax expense						(21,385)
Profit after income tax expense						46,977
Assets						
Segment assets	466,071	12,402	40,496	–	–	518,969
Total assets						518,969
Liabilities						
Segment liabilities	163,877	9,029	6,306	138,534	–	317,746
Total liabilities						317,746

Notes to the Financial Statements

30 June 2016

Note 4. Operating segments continued

Consolidated – 2015	Australia \$'000	New Zealand \$'000	United Kingdom \$'000	Corporate \$'000	Other segments \$'000	Total \$'000
Revenue						
Operating revenue from external customers	162,078	2,596	5,106	–	(354)	169,426
Interest	1,916	24	9	2	–	1,951
Total revenue	163,994	2,620	5,115	2	(354)	171,377
EBITDA						
Depreciation and amortisation	(3,978)	(643)	(2,477)	(57)	–	(7,155)
Finance costs	(580)	(3)	(273)	(2,647)	(15)	(3,518)
Profit/(loss) before income tax expense	64,475	(383)	(1,610)	(3,716)	–	58,766
Income tax expense						(18,284)
Profit after income tax expense						40,482
Assets						
Segment assets	287,558	6,261	16,159	–	–	309,978
Total assets						309,978
Liabilities						
Segment liabilities	116,323	3,293	8,730	32,250	–	160,596
Total liabilities						160,596

Note 5. Revenue

	Consolidated	
	2016 \$'000	2015 \$'000
<i>Operating revenue</i>		
Management and maintenance income	69,844	63,970
Additional products and services	68,443	48,771
Funding commissions	41,214	29,305
End of lease income	12,596	11,275
Rental income	12,157	10,819
Other income	5,754	5,286
	210,008	169,426
<i>Other revenue</i>		
Interest	1,963	1,951
Revenue	211,971	171,377

Note 6. Expenses

	Consolidated	
	2016 \$'000	2015 \$'000
Profit before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Leasehold improvements	9	7
Fixtures and fittings	641	431
Motor vehicles	65	59
Leased motor vehicle assets	5,970	6,020
Total depreciation	6,685	6,517
<i>Amortisation</i>		
Brand name	455	–
Customer contracts	2,543	–
Software	1,024	581
Total amortisation	4,022	581
Total depreciation and amortisation	10,707	7,098
<i>Impairment</i>		
Intangibles – customer contracts	–	57
<i>Finance costs</i>		
External borrowing costs for corporate debt	5,290	2,664
External borrowing costs for lease portfolio	1,039	765
Net foreign exchange losses (gains)	(5)	89
Net movement in fair value of derivatives	2,265	–
Total finance costs	8,589	3,518
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	5,717	4,648
<i>Superannuation expense</i>		
Defined contribution superannuation expense	3,951	3,136

Notes to the Financial Statements

30 June 2016

Note 7. Income tax expense

	Consolidated	
	2016 \$'000	2015 \$'000
<i>Income tax expense</i>		
Current tax	20,131	17,735
Deferred tax – origination and reversal of temporary differences	1,254	549
Aggregate income tax expense	21,385	18,284
Deferred tax included in income tax expense comprises:		
Decrease in deferred tax assets (note 13)	14,483	549
Decrease in deferred tax liabilities (note 19)	(13,229)	–
Deferred tax – origination and reversal of temporary differences	1,254	549
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit before income tax expense	68,362	58,766
Tax at the statutory tax rate of 30%	20,509	17,630
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	79	43
Non-deductible expenses	380	18
	20,968	17,691
Current year tax losses not recognised	224	437
Difference in overseas tax rates	140	156
Adjustment recognised for prior periods	53	–
Income tax expense	21,385	18,284

	Consolidated	
	2016 \$'000	2015 \$'000
<i>Amounts credited directly to equity</i>		
Deferred tax liabilities (note 19)	(456)	–
<i>Tax losses not recognised</i>		
Unused tax losses and temporary differences for which no deferred tax asset has been recognised	11,730	13,100
Potential tax benefit @ 30%	3,519	3,930

The above potential tax benefit for tax losses and temporary differences, relating to United Kingdom and New Zealand, has not been recognised in the statement of financial position.

Note 8. Cash and cash equivalents

	Consolidated	
	2016 \$'000	2015 \$'000
Cash at bank	64,089	79,210
Secured deposits	17,604	9,933
	81,693	89,143
Amount expected to be recovered within 12 months	81,693	89,143

Secured deposits represents cash held by the Group as required under the funding arrangement between the Group and the financiers under its lease portfolio facilities and are not available as free cash for the purpose of operations of the Group.

Note 9. Finance, trade and other receivables

	Consolidated	
	2016 \$'000	2015 \$'000
Trade receivables	40,711	33,102
Less: Provision for impairment of receivables	(68)	(40)
	40,643	33,062
Prepayments	8,130	6,954
Finance lease receivables	4	56
	48,777	40,072
Amount expected to be recovered within 12 months	48,777	40,062
Amount expected to be recovered after more than 12 months	–	10
	48,777	40,072

Impairment of receivables

The ageing of the impaired receivables provided for above are within one year overdue.

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

	Consolidated	
	2016 \$'000	2015 \$'000
Opening balance	40	56
Additional provisions recognised	28	–
Additions through business combinations	5	–
Unused amounts reversed	(5)	(16)
Closing balance	68	40

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

Notes to the Financial Statements

30 June 2016

Note 9. Finance, trade and other receivables continued

Past due but not impaired

Customers with balances past due but without provision for impairment of receivables amount to \$917,000 as at 30 June 2016 (\$257,000 as at 30 June 2015).

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

	Consolidated	
	2016 \$'000	2015 \$'000
Within one year overdue	917	257

	Consolidated	
	2016 \$'000	2015 \$'000

Finance lessor commitments

Committed at the reporting date and recognised as assets, receivable:

Within one year	4	53
One to five years	–	10
Total commitment	4	63
Less: Future finance charges	–	(7)
Net commitment recognised as assets	4	56

Note 10. Inventories

	Consolidated	
	2016 \$'000	2015 \$'000
End-of-term operating lease assets held for disposal	5,226	4,921
Amount expected to be recovered within 12 months	5,226	4,921

Note 11. Income tax refund due

	Consolidated	
	2016 \$'000	2015 \$'000
Income tax refund due	160	–
Amount expected to be recovered within 12 months	160	–

Note 12. Leased motor vehicle assets

	Consolidated	
	2016 \$'000	2015 \$'000
Lease motor vehicle assets – at cost	23,589	26,929
Less: Accumulated depreciation	(7,125)	(8,813)
Less: Impairment	(334)	(452)
	16,130	17,664
Amount expected to be recovered within 12 months	2,993	6,064
Amount expected to be recovered after more than 12 months	13,137	11,600
	16,130	17,664

Reconciliations

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

Consolidated	Leased assets \$'000	Total \$'000
Balance at 1 July 2014	15,688	15,688
Additions	24,223	24,223
Disposals	(16,895)	(16,895)
Revaluation increments	61	61
Exchange differences	607	607
Depreciation expense	(6,020)	(6,020)
Balance at 30 June 2015	17,664	17,664
Additions	23,711	23,711
Disposals	(19,175)	(19,175)
Revaluation increments	74	74
Exchange differences	(174)	(174)
Depreciation expense	(5,970)	(5,970)
Balance at 30 June 2016	16,130	16,130

Notes to the Financial Statements

30 June 2016

Note 13. Deferred tax

	Consolidated	
	2016 \$'000	2015 \$'000
<i>Deferred tax asset comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Property, plant and equipment	–	85
Employee benefits	–	1,451
Deferred expenses	–	1,608
Provisions	–	3,741
Doubtful debts	–	240
Deferred income	–	6,429
Prepayments	–	(1,824)
Accrued expenses	–	2,753
Deferred tax asset	–	14,483
Amount expected to be recovered after more than 12 months	–	14,483
<i>Movements:</i>		
Opening balance	14,483	15,032
Charged to profit or loss (note 7)	(14,483)	(549)
Closing balance	–	14,483

Note 14. Property, plant and equipment

	Consolidated	
	2016 \$'000	2015 \$'000
Leasehold improvements – at cost	679	679
Less: Accumulated depreciation	(669)	(660)
	10	19
Fixtures and fittings – at cost	6,363	2,851
Less: Accumulated depreciation	(3,686)	(1,960)
	2,677	891
Motor vehicles – at cost	260	220
Less: Accumulated depreciation	(119)	(127)
	141	93
	2,828	1,003
Amount expected to be recovered after more than 12 months	2,828	1,003

Reconciliations

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

Consolidated	Leasehold improvements \$'000	Fixtures and fittings \$'000	Motor vehicles \$'000	Total \$'000
Balance at 1 July 2014	26	1,016	157	1,199
Additions	–	305	–	305
Exchange differences	–	1	(5)	(4)
Depreciation expense	(7)	(431)	(59)	(497)
Balance at 30 June 2015	19	891	93	1,003
Additions	–	1,763	119	1,882
Additions through business combinations (note 38)	–	666	–	666
Disposals	–	–	(16)	(16)
Exchange differences	–	(2)	10	8
Depreciation expense	(9)	(641)	(65)	(715)
Balance at 30 June 2016	10	2,677	141	2,828

Note 15. Intangibles

	Consolidated	
	2016 \$'000	2015 \$'000
Goodwill – at cost	305,771	136,460
Brand name – at cost	7,800	–
Less: Accumulated amortisation	(455)	–
	7,345	–
Customer contracts – at cost	45,328	1,728
Less: Accumulated amortisation	(2,543)	–
Less: Impairment	(1,079)	(1,079)
	41,706	649
Software – at cost	12,015	6,690
Less: Accumulated amortisation	(2,682)	(1,107)
	9,333	5,583
	364,155	142,692
Amount expected to be recovered after more than 12 months	364,155	142,692

Notes to the Financial Statements

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Note 15. Intangibles continued

Reconciliations

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

Consolidated	Goodwill \$'000	Brand name \$'000	Customer contracts \$'000	Software \$'000	Total \$'000
Balance at 1 July 2014	136,460	–	706	4,199	141,365
Additions	–	–	–	1,965	1,965
Impairment of assets	–	–	(57)	–	(57)
Amortisation expense	–	–	–	(581)	(581)
Balance at 30 June 2015	136,460	–	649	5,583	142,692
Additions	–	–	–	2,999	2,999
Additions through business combinations (note 38)	169,311	7,800	43,600	1,775	222,486
Amortisation expense	–	(455)	(2,543)	(1,024)	(4,022)
Balance at 30 June 2016	305,771	7,345	41,706	9,333	364,155

Goodwill acquired through business combinations have been allocated to the following cash-generating units ('CGUs'):

	Consolidated	
	2016 \$'000	2015 \$'000
SG Fleet CGU	136,460	136,460
n/c CGU	169,311	–
Total	305,771	136,460

Impairment testing for goodwill

The impairment test was based on a value-in-use approach. The recoverable amount was determined to be higher than the carrying amount and therefore no impairment loss was recognised. Value-in-use was determined by discounting the future cash flows based on the following key assumptions:

- cash flows were projected based on actual operating results and the four-year business plan. Cash flow beyond Year 4 was projected at a growth rate of 0% (2015: 0%) for both CGUs;
- 7.8% (2015: 7.5%) per annum projected revenue growth rate for SG Fleet CGU and 13% per annum projected revenue growth rate for n/c CGU;
- direct costs were forecast based on the margins historically achieved by the business;
- overheads were forecast based on current levels adjusted for inflationary increases; and
- the Company's pre-tax weighted average cost of capital was applied in determining the recoverable amount. The discount rate of 11.03% (2015: 11.70%) was estimated using the Capital Asset Pricing model for both CGUs.

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

Sensitivity analysis

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

Note 16. Trade and other payables

	Consolidated	
	2016 \$'000	2015 \$'000
Trade payables	56,486	39,148
Accrued expenses	6,974	7,785
	63,460	46,933
Amount expected to be settled within 12 months	63,460	46,933

Refer to note 29 for further information on financial instruments.

Trade payables include residual values payable to financiers, which are secured by the underlying operating lease asset and a cash lock-up of \$11,265,000 (2015: \$9,933,000) and bank guarantees.

Note 17. Derivative financial instruments

	Consolidated	
	2016 \$'000	2015 \$'000
Interest rate swap contracts – cash flow hedges	3,889	7
Amount expected to be settled after more than 12 months	3,889	7

Refer to note 29 for further information on financial instruments.

Refer to note 30 for further information on fair value measurement.

Note 18. Income tax

	Consolidated	
	2016 \$'000	2015 \$'000
Provision for income tax	–	8,982
Amount expected to be settled within 12 months	–	8,982

Notes to the Financial Statements

30 June 2016

Note 19. Deferred tax

	Consolidated	
	2016 \$'000	2015 \$'000
<i>Deferred tax liability comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Property, plant and equipment	471	–
Prepayments	1,837	–
Intangibles	14,520	–
Employee benefits	(2,094)	–
Accrued expenses	(3,341)	–
Provisions	(3,107)	–
Doubtful debts	(21)	–
Deferred income	(4,302)	–
Accrued expenses	(1,571)	–
Derivative financial instruments	(680)	–
	1,712	–
Amounts recognised in equity:		
Derivative financial instruments	(456)	–
Deferred tax liability	1,256	–
Amount expected to be settled after more than 12 months	1,256	–
<i>Movements:</i>		
Credited to profit or loss (note 7)	(13,229)	–
Credited to equity (note 7)	(456)	–
Additions through business combinations (note 38)	14,941	–
Closing balance	1,256	–

Note 20. Employee benefits

	Consolidated	
	2016 \$'000	2015 \$'000
Annual leave	3,160	2,457
Long service leave	3,954	2,486
	7,114	4,943
Amount expected to be settled within 12 months	6,053	2,457
Amount expected to be settled after more than 12 months	1,061	2,486
	7,114	4,943

Note 21. Residual risk provision

	Consolidated	
	2016 \$'000	2015 \$'000
Residual risk	10,213	12,368
Amount expected to be settled within 12 months	4,097	4,159
Amount expected to be settled after more than 12 months	6,116	8,209
	10,213	12,368

Residual risk provision

The provision is to recognise the future liability relating to residual value exposures as described in notes 2 and 3.

Movements in provisions

Movements in the provision during the current financial period is set out below:

Consolidated – 2016	Residual risk \$'000
Carrying amount at the start of the year	12,368
Additional provisions recognised	507
Residual value losses debited to the provision	(2,659)
Exchange differences	(3)
Carrying amount at the end of the year	10,213

Note 22. Borrowings

	Consolidated	
	2016 \$'000	2015 \$'000
Bank loans	134,750	32,250
Lease portfolio liabilities	11,855	11,618
	146,605	43,868
Amount expected to be settled within 12 months	19,626	6,162
Amount expected to be settled after more than 12 months	126,979	37,706
	146,605	43,868

Refer to note 29 for further information on financial instruments.

Notes to the Financial Statements

30 June 2016

Note 22. Borrowings continued

Total secured liabilities

The total secured liabilities are as follows:

	Consolidated	
	2016 \$'000	2015 \$'000
Bank loans	134,750	32,250
Lease portfolio liabilities	11,855	11,618
	146,605	43,868

Assets pledged as security

Assets pledged as security for borrowings are:

Banking facilities

The banking facility is secured by guarantees and indemnities as well as fixed and floating charges or composite guarantees and debentures issued by the Group. The facilities are repayable by payment of \$3,750,000 every quarter for next four years and a bullet payment of \$82,250,000 on maturity date 29 November 2019.

Lease portfolio liabilities

The lease portfolio liabilities are secured by the underlying funded assets and lease agreements, together with irrevocable letter of credit, cash lock-ups and guarantees. These facilities are interest bearing and are repaid monthly in accordance with the amortisation schedule of the underlying assets.

Residual values payable to financiers

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

Financing arrangements

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

	Consolidated	
	2016 \$'000	2015 \$'000
Total facilities		
Banking facilities	160,344	56,742
Lease portfolio facilities	40,484	40,714
	200,828	97,456
Used at the reporting date		
Banking facilities	152,147	49,157
Lease portfolio facilities	11,855	11,617
	164,002	60,774
Unused at the reporting date		
Banking facilities	8,197	7,585
Lease portfolio facilities	28,629	29,097
	36,826	36,682

Note 23. Vehicle maintenance funds

	Consolidated	
	2016 \$'000	2015 \$'000
Vehicle maintenance funds	58,687	17,948
Amount expected to be settled within 12 months	29,032	5,946
Amount expected to be settled after more than 12 months	29,655	12,002
	58,687	17,948

Note 24. Deferred income

	Consolidated	
	2016 \$'000	2015 \$'000
Deferred income	26,522	25,547
Amount expected to be settled within 12 months	12,399	4,117
Amount expected to be settled after more than 12 months	14,123	21,430
	26,522	25,547

Note 25. Issued capital

	Consolidated			
	2016 Shares	2015 Shares	2016 \$'000	2015 \$'000
Ordinary shares – fully paid	251,791,826	242,691,826	267,348	232,768

Movements in ordinary share capital

Details	Date	Shares		\$'000
Balance	1 July 2014	242,691,826		232,768
Balance	30 June 2015	242,691,826		232,768
Shares issued on acquisition of nlc Pty Ltd (Note 38)	30 November 2015	9,100,000	\$3.80	34,580
Balance	30 June 2016	251,791,826		267,348

Ordinary shares

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

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

Notes to the Financial Statements

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Note 25. Issued capital continued

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital. The Group monitors capital on the basis of its gearing ratio. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

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

The capital risk management policy remains unchanged from the 30 June 2015 Annual Report.

Note 26. Reserves

	Consolidated	
	2016 \$'000	2015 \$'000
Foreign currency reserve	(1,121)	393
Hedging reserve – cash flow hedges	(1,164)	(7)
Share-based payments reserve	1,411	459
Capital reserve	(119,158)	(119,158)
	(120,032)	(118,313)

Foreign currency reserve

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

Hedging reserve – cash flow hedges

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

Share-based payments reserve

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

Capital reserve

The reserve is used to recognise contributions from or to SG Fleet Group Limited and its controlled subsidiaries by shareholders.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency \$'000	Cash flow hedge \$'000	Share-based payments \$'000	Capital \$'000	Total \$'000
Balance at 1 July 2014	(336)	–	122	(119,158)	(119,372)
Foreign currency translation	729	–	–	–	729
Movement in hedge	–	(7)	–	–	(7)
Share-based payments	–	–	337	–	337
Balance at 30 June 2015	393	(7)	459	(119,158)	(118,313)
Foreign currency translation	(1,514)	–	–	–	(1,514)
Movement in hedges – gross	–	(1,613)	–	–	(1,613)
Deferred tax	–	456	–	–	456
Share-based payments	–	–	952	–	952
Balance at 30 June 2016	(1,121)	(1,164)	1,411	(119,158)	(120,032)

Note 27. Retained profits

	Consolidated	
	2016 \$'000	2015 \$'000
Retained profits at the beginning of the financial year	34,927	15,620
Profit after income tax expense for the year	46,977	40,482
Dividends paid (note 28)	(27,997)	(21,175)
Retained profits at the end of the financial year	53,907	34,927

Note 28. Dividends

Dividends

Dividends paid during the financial year were as follows:

	Consolidated	
	2016 \$'000	2015 \$'000
Fully franked final dividend for the year ended 30 June 2015 of 6.117 cents per share paid on 22 October 2015 (2015: 4 cents)	14,845	9,708
Fully franked interim dividend for the year ended 30 June 2016 of 5.223 cents per share paid on 21 April 2016 (2015: 4.725 cents)	13,152	11,467
	27,997	21,175

On 15 August 2016, the Directors declared a fully franked final dividend for the year ended 30 June 2016 of 7.630 cents per ordinary shares, to be paid on 20 October 2016 to eligible shareholders on the register as at 29 September 2016. This equates to a total estimated distribution of \$19,212,000, based on the number of ordinary shares on issue as at 30 June 2016. The financial effect of dividends declared after the reporting date are not reflected in the 30 June 2016 financial statements and will be recognised in subsequent financial reports.

Notes to the Financial Statements

30 June 2016

Note 28. Dividends continued

Franking credits

	Consolidated	
	2016 \$'000	2015 \$'000
Franking credits available for subsequent financial years based on a tax rate of 30%	30,415	22,293

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

The franking credits above excludes exempting credits.

Note 29. Financial instruments

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Board has overall responsibility for the establishment and oversight of the risk management framework. The Audit, Risk and Compliance Committee, a sub-committee of the Board, has responsibility for managing risk. The Committee reports to the Board on its activities.

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

Market risk

Foreign currency risk

The Group is not exposed to any significant foreign currency risk, except for translation of financial assets and liabilities of foreign subsidiaries into presentation currency.

Price risk

The Group is not exposed to any significant price risk.

Interest rate risk

The Group's main interest rate risk arises from its borrowings and cash at bank. Borrowings and cash at bank issued at variable rates expose the Group to interest rate risk. Borrowings issued at fixed rates expose the Group to fair value risk. The policy is to ensure that at least 60% of its exposure to changes in interest rates on general borrowings, other than lease portfolio borrowings, is on a fixed rate basis. Lease portfolio borrowings are entered into on a fixed interest rate basis, except for lease portfolio borrowings utilised to fund lease portfolio assets in inertia which are entered into on a variable rate basis.

As at the reporting date, the Group had the following variable rate bank accounts and other facilities after impact of hedging instruments:

Consolidated	2016 Balance \$'000	2015 Balance \$'000
Bank loans	(33,688)	–
Lease portfolio facilities	(1,071)	(3,149)
Residual value payables to financiers	(2,795)	(5,522)
Cash at bank	64,089	79,210
Secured deposits	17,604	9,933
Net exposure to cash flow interest rate risk	44,139	80,472

An official increase/decrease in interest rates of 50 (2015: 50) basis points would have a favourable/adverse effect on profit before tax and equity of \$221,000 (2015: \$402,000) per annum. The percentage change is based on the expected volatility of interest rates using market data and analyst's forecasts.

Derivatives interest rate swap

The Group has entered into interest rate swap contracts with notional/principal value as at 30 June 2016 of \$107,355,000 (2015: \$1,837,000). The interest rate contract hedge the Group's risk against increase in variable interest rate. The contracts matures in 2019-2020 financial year. Weighted average fixed rate is 3.09% (2015: 3.37%).

Credit risk

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

Liquidity risk

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

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

Financing arrangements

Unused borrowing facilities at the reporting date:

	Consolidated	
	2016 \$'000	2015 \$'000
Banking facilities	8,197	7,585
Lease portfolio facilities	28,629	29,097
	36,826	36,682

Notes to the Financial Statements

30 June 2016

Note 29. Financial instruments continued

Remaining contractual maturities

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

	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
Consolidated – 2016					

Non-derivatives

Non-interest bearing

Trade payables	53,692	–	–	–	53,692
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Interest-bearing – variable

Bank loans	4,975	4,830	27,556	–	37,361
Lease portfolio liabilities	1,088	–	–	–	1,088
Residual value payable to financiers	2,810	–	–	–	2,810

Interest-bearing – fixed rate

Bank loans	16,092	15,583	84,170	–	115,845
Lease portfolio facilities	3,981	2,942	4,742	–	11,665

Total non-derivatives	82,638	23,355	116,468	–	222,461
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Derivatives

Interest rate swaps net settled	–	–	3,889	–	3,889
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Total derivatives	–	–	3,889	–	3,889
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	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
Consolidated – 2015					

Non-derivatives

Non-interest bearing

Trade payables	33,626	–	–	–	33,626
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Interest-bearing – variable

Lease portfolio liabilities	3,203	–	–	–	3,203
Residual value payable to financiers	5,553	–	–	–	5,553

Interest-bearing – fixed rate

Bank loans	2,099	2,099	35,399	–	39,597
Lease portfolio facilities	3,337	2,975	2,781	–	9,093

Total non-derivatives	47,818	5,074	38,180	–	91,072
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Derivatives

Interest rate swaps net settled	–	–	7	–	7
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Total derivatives	–	–	7	–	7
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The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 30. Fair value measurement

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Consolidated – 2016	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Liabilities</i>				
Derivative financial instruments – Interest rate swap contracts	–	3,889	–	3,889
Total liabilities	–	3,889	–	3,889

Consolidated – 2015	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Liabilities</i>				
Derivative financial instruments – Interest rate swap contracts	–	7	–	7
Total liabilities	–	7	–	7

There were no transfers between levels during the financial year.

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

Valuation techniques for fair value measurements categorised within level 2 and level 3

Derivative financial instruments have been valued using quoted market rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

Note 31. Key management personnel disclosures

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	2016 \$	2015 \$
Short-term employee benefits	3,502,509	3,145,282
Post-employment benefits	146,157	108,202
Long-term benefits	52,253	39,566
Share-based payments	736,856	254,454
	4,437,775	3,547,504

Notes to the Financial Statements

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Note 32. Remuneration of auditors

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

	Consolidated	
	2016 \$	2015 \$
<i>Audit services – KPMG</i>		
Audit or review of the financial statements	436,673	340,787
<i>Other services – KPMG</i>		
Tax services	97,281	51,882
Corporate advisory	497,297	130,242
	594,578	182,124
	1,031,251	522,911

Note 33. Commitments – operating lease receivable

	Consolidated	
	2016 \$'000	2015 \$'000
Committed at the reporting date, receivable:		
Within one year	4,264	4,091
One to five years	5,052	3,780
	9,316	7,871

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

Note 34. Contingent liabilities

The Group has entered into agreements with its lease portfolio financiers under which the residual value risk inherent in operating leases is transferred from the financier of the asset to the Group at the end of the lease. Under these agreements, at the end of the contractual lease term for each vehicle, the Group is obliged to pay the guaranteed residual value amount to the financier. The company then sells the vehicles and realises a profit or loss on sale. Bank guarantees and letters of credit have been issued to lease portfolio financiers as security for these obligations.

An amount of \$10,213,000 (2015: \$12,368,000) has been recognised as a residual value provision, calculated on an onerous pool basis, to cover potential shortfalls on the disposal of these vehicles.

The Group has executed certain guarantees and indemnities, as well as fixed and floating charges over the assets of the Group in favour of funders as security for banking and lease portfolio facilities provided to the Group.

Note 35. Commitments for expenditure

	Consolidated	
	2016 \$'000	2015 \$'000
<i>Lease commitments – operating</i>		
Committed at the reporting date but not recognised as liabilities:		
Within one year	3,249	2,657
One to five years	7,318	3,441
More than five years	376	25
	<u>10,943</u>	<u>6,123</u>
<i>Capital commitments</i>		
Committed at the reporting date but not recognised as liabilities:		
Intangible assets	1,309	3,057

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

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

Note 36. Related party transactions

Parent entities

SG Fleet Group Limited is the parent entity. The ultimate parent entity is Super Group Limited, incorporated in South Africa and listed on the Johannesburg Stock Exchange.

Subsidiaries

Interests in subsidiaries are set out in note 39.

Key management personnel

Disclosures relating to key management personnel are set out in note 31 and the remuneration report included in the Directors' report.

Transactions with related parties

There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

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Note 37. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2016 \$'000	2015 \$'000
Loss after income tax	(3,221)	(709)
Total comprehensive income	(3,221)	(709)

Statement of financial position

	Parent	
	2016 \$'000	2015 \$'000
Total current assets	155	–
Total assets	484,367	446,712
Total current liabilities	–	8,991
Total liabilities	60,250	25,957
Equity		
Issued capital	477,736	443,156
Accumulated losses	(53,619)	(22,401)
Total equity	424,117	420,755

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity and its subsidiaries are party to a deed of cross guarantee under which each company guarantees the debts of the others. No deficiencies of assets exist in any of these subsidiaries. Refer to note 40 for further details.

The parent entity has also provided guarantees and indemnities for bank facilities. Refer to note 22 for further details.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2016 and 30 June 2015.

Capital commitments – Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment at as 30 June 2016 and 30 June 2015.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity; and
- dividends received from subsidiaries are recognised as other income by the parent entity.

Note 38. Business combinations

On 30 November 2015, the Group acquired 100% of the ordinary shares of nlc Pty Limited and its subsidiaries ('nlc') for the total consideration transferred of \$211,350,000.

nlc is a specialist manager and provider of novated lease, consumer vehicle finance and vehicle sourcing services. The goodwill of \$169,311,000 is attributable to the expected synergies and cross-selling opportunities that will arise from the acquisition, the future growth prospects of new products and initiatives together with the skills base and operating processes within the acquired entity. In the seven months to 30 June 2016, nlc contributed revenue of \$33,595,000 and profit before tax of \$10,420,000 to the group results, before the acquisition related expenses referred to below. If the acquisition had occurred on 1 July 2015, management estimates that the consolidated revenue of the Group would have been \$232,609,000 and consolidated profit before tax of the Group for the year would have been \$79,613,000, before the acquisition related expenses referred below. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 July 2015.

None of the goodwill recognised is expected to be deductible for income tax purpose.

The fair value of 9,100,000 ordinary shares issued to settle part of the consideration was based on the listed share price of the Company at 30 November 2015 of \$3.80 per share.

The Group incurred acquisition-related costs of \$3,284,000 on transaction advisory, legal fees and due diligence costs relating to the nlc acquisition. These costs have been included in other expenses in the Group's statement of profit or loss. The Group also expensed \$2,265,000 in non-cash finance costs relating to the restructure of the Group's debt facilities for the nlc acquisition. These costs have been included in finance costs in the Group's statement of profit or loss.

The values identified in relation to the acquisition of nlc are final as at 30 June 2016.

Notes to the Financial Statements

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Note 38. Business combinations continued

Details of the acquisition are as follows:

	Fair value \$'000
Cash and cash equivalents	48,974
Trade receivables	4,360
Prepayments	400
Inventories	179
Property, plant and equipment	666
Brand name	7,800
Customer contracts	43,600
Software	1,775
Trade payables	(9,923)
Provision for income tax	(776)
Deferred tax liability	(14,941)
Employee benefits	(1,367)
Vehicle maintenance funds	(37,313)
Deferred income	(1,395)
Net assets acquired	42,039
Goodwill	169,311
Acquisition-date fair value of the total consideration transferred	211,350
Representing:	
Cash paid or payable to vendor	176,770
SG Fleet Group Limited shares issued to vendor	34,580
	211,350
Cash used to acquire business, net of cash acquired:	
Cash paid to vendor	176,770
Less: cash and cash equivalents	(48,974)
Net cash used	127,796

All trade receivables are expected to be collectable at the acquisition date.

Note 39. Interests in subsidiaries

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

Name	Principal place of business/ Country of incorporation	Ownership interest	
		2016 %	2015 %
SG Fleet Solutions Pty Limited	Australia	100.00%	100.00%
SG Fleet Holdings Pty Limited	Australia	100.00%	100.00%
SG Fleet Finance Pty Limited	Australia	100.00%	100.00%
SG Fleet Investments Pty Ltd	Australia	100.00%	100.00%
SG Fleet Management Pty Limited	Australia	100.00%	100.00%
SG Fleet Australia Pty Limited	Australia	100.00%	100.00%
Fleet Care Services Pty Limited	Australia	100.00%	100.00%
SG Fleet Salary Packaging Pty Limited	Australia	100.00%	100.00%
Beta Dimensions Pty Limited	Australia	100.00%	100.00%
SMB Car Sales Pty Limited	Australia	100.00%	100.00%
NLC Pty Limited	Australia	100.00%	–
NLC Finance Pty Ltd	Australia	100.00%	–
NLC Insurance Pty Ltd	Australia	100.00%	–
Vehicle Insurance Underwriters Pty Ltd	Australia	100.00%	–
NLC Administration Pty Limited	Australia	100.00%	–
Kerr Reinehr Group Pty Limited	Australia	100.00%	–
NLC Services Pty Limited	Australia	100.00%	–
SG Fleet NZ Limited	New Zealand	100.00%	100.00%
SG Fleet UK Limited	United Kingdom	100.00%	100.00%
SG Fleet UK Holdings Limited	United Kingdom	100.00%	–

Notes to the Financial Statements

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Note 40. Deed of cross guarantee

The following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others:

SG Fleet Group Limited (holding entity)
SG Fleet Solutions Pty Limited*
SG Fleet Holdings Pty Limited*
SG Fleet Finance Pty Limited*
SG Fleet Investments Pty Ltd*
SG Fleet Management Pty Limited*
SG Fleet Australia Pty Limited*
Fleet Care Services Pty Limited*
SG Fleet Salary Packaging Pty Limited*
Beta Dimensions Pty Limited*
SMB Car Sales Pty Limited*
NLC Pty Limited*
NLC Finance Pty Ltd
NLC Insurance Pty Ltd
Vehicle Insurance Underwriters Pty Ltd
NLC Administration Pty Limited*
Kerr Reinehr Group Pty Limited*
NLC Services Pty Limited*
SG Fleet NZ Limited
SG Fleet UK Limited

The entities (denoted above by an asterisk (*)) have opted in to obtain relief from the requirement of having to prepare financial statements and Directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission ('ASIC').

The above companies represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the deed of cross guarantee that are controlled by SG Fleet Group Limited, they also represent the 'Extended Closed Group'.

The statement of profit or loss, statement of other comprehensive income and statement of financial position for the Closed Group are the same as the Group and therefore have not been separately disclosed.

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

	Consolidated	
	2016 \$'000	2015 \$'000
Profit after income tax expense for the year	46,977	40,482
Adjustments for:		
Depreciation and amortisation	10,707	7,098
Impairment of intangibles	–	57
Net gain on sale of non-current assets	(44)	–
Share-based payments	952	337
Leased motor vehicles – fair value increments	(74)	(61)
Net movement in fair value of derivatives	2,265	–
Change in operating assets and liabilities:		
Decrease/(increase) in finance, trade and other receivables	(3,215)	1,669
Increase in inventories	(126)	(278)
Increase in income tax refund due	(160)	–
Decrease in deferred tax assets	14,483	549
Increase in prepayments	(730)	–
Increase in trade and other payables	10,075	5,953
Increase/(decrease) in provision for income tax	(9,758)	6,522
Decrease in deferred tax liabilities	(13,229)	–
Increase in employee benefits	804	355
Decrease in other provisions	(2,155)	(3,581)
Decrease/(increase) in deferred income	(420)	2,430
Net cash from operating activities	56,352	61,532

Notes to the Financial Statements

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Note 42. Earnings per share

	Consolidated	
	2016 \$'000	2015 \$'000
Profit after income tax attributable to the owners of SG Fleet Group Limited	46,977	40,482
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	248,012,591	242,691,826
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	3,381,165	113,454
Weighted average number of ordinary shares used in calculating diluted earnings per share	251,393,756	242,805,280
	Cents	Cents
Basic earnings per share	18.94	16.68
Diluted earnings per share	18.69	16.67

Note 43. Share-based payments

The Group has a share option plan to incentivise certain employees and Key Management Personnel. The share-based payment expense for the year was \$952,000 (2015: \$337,000). The share option plan is subject to a service condition and a performance condition. The performance condition is based on the compound annual growth rate ('CAGR') of the Group's earnings per share.

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

2016

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the year
04/03/2014	30/06/2018	\$1.85	8,086,046	–	–	–	8,086,046
			8,086,046	–	–	–	8,086,046

The weighted average remaining contractual life of options outstanding at the end of the financial period was one year (2015: two years).

Note 44. Events after the reporting period

On 4 August 2016, the Group acquired UK-based company Fleet Hire Holdings ('Fleet Hire'), a provider of contract hire, salary sacrifice, short-term rental and fleet management services, for a total value of £25.7 million, comprised of a purchase price of £19.6 million and lease portfolio debt net of cash of £6.1 million. The Group is in the process of determining the initial accounting and purchase price allocation of Fleet Hire and will provide such information in the interim financial report ending 31 December 2016.

Apart from the dividend declared and the Fleet Hire acquisition, no other matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Directors' Declaration

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 40 to the financial statements.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.

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

On behalf of the Directors



Andrew Reitzer
Chairman

15 August 2016
Sydney



Robbie Blau
Chief Executive Officer

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

Report on the financial report

We have audited the accompanying financial report of SG Fleet Group Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2016, and consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 44 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

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

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

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

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

Independence

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

Auditor's opinion

In our opinion:

- (a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2.

Report on the remuneration report

We have audited the remuneration report included in pages 10 to 19 of the directors' report for the year ended 30 June 2016. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of SG Fleet Group Limited for the year ended 30 June 2016, complies with Section 300A of the *Corporations Act 2001*.



KPMG



Michael O'Connell

Partner

Sydney
15 August 2016

Shareholder Information

The shareholder information set out below was applicable as at 31 July 2016.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Number of holders of options over ordinary shares
1 to 1,000	312	–
1,001 to 5,000	415	–
5,001 to 10,000	278	–
10,001 to 100,000	386	–
100,001 and over	63	9
	1,454	9
Holding less than a marketable parcel	36	–

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
Bluefin Investments Limited	131,044,373	52.04
J P Morgan Nominees Australia Limited	17,910,119	7.11
BNP Paribas Noms Pty Ltd (DRP)	13,966,154	5.55
Citicorp Nominees Pty Limited	11,992,195	4.76
National Nominees Limited	11,227,135	4.46
Lanlow Pty Ltd (Matt & Sally Reinehr Fam A/C)	9,100,000	3.61
HSBC Custody Nominees (Australia) Limited	8,054,605	3.20
Robert Pinkas Blau	6,756,425	2.68
RBC Investor Services Australia Pty Limited (VFA A/C)	5,466,170	2.17
RBC Investor Services Australia Nominees Pty Limited (PI Pooled A/C)	2,039,130	0.81
Mr David John Fernandes	1,630,860	0.65
Mr Kevin Victor Wundram	1,025,112	0.41
Aust Executor Trustees Ltd (DS Capital Growth Fund)	943,575	0.37
Invia Custodian Pty Limited (Best Superannuation P/L A/C)	895,234	0.36
Pacific Custodians Pty Limited (Equity Plans Tst A/C)	843,356	0.33
Andrew Brian Mulcaster + Helen Jane Mulcaster (Mulcaster Superfund A/C)	806,255	0.32
Brispot Nominees Pty Ltd (House Head Nominee No 1 A/C)	692,440	0.28
Australian Executor Trustees Limited (No 1 Account)	618,863	0.25
Annie Margossian-Kenny + Scott Andrew Kenny (KASM Superfund A/C)	575,005	0.23
Cobragemsuper Pty Ltd (Cobragem Superfund A/C)	550,000	0.22
	226,137,006	89.81

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares	8,086,046	9

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Bluefin Investments Limited	131,344,755	52.16

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

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

There are no other classes of equity securities.

Restricted securities

Class	Expiry date	Number of shares
Fully Paid Ordinary Shares	28 February 2017	853,131
Fully Paid Ordinary Shares	16 August 2016	4,550,000
Fully Paid Ordinary Shares	15 August 2017	4,550,000
		9,953,131

Corporate Directory

Directors

Andrew Reitzer – Independent Non-Executive Chairman
Robbie Blau – Chief Executive Officer
Cheryl Bart AO – Independent Non-Executive Director
Graham Maloney – Independent Non-Executive Director
Peter Mountford – Non-Executive Director
Kevin Wundram – Chief Financial Officer
Edwin Jankelowitz – Independent Non-Executive Director
Colin Brown – Alternate Director for Peter Mountford

Company secretary

Sarah Anne Edwards

Notice of annual general meeting

The details of the annual general meeting of SG Fleet Group Limited are:

Bridge Room, Level 1
Hobart Room, Lobby Level
The Sofitel Sydney Wentworth
61-101 Phillip Street
Sydney NSW 2000
3:00 PM on Thursday 27 October 2016

Registered office

Level 2, Building 3
20 Bridge Street
Pymble NSW 2073
Telephone: +61 2 9494 1000
Facsimile: +61 2 9391 5656

Principal place of business

Level 2, Building 3
20 Bridge Street
Pymble NSW 2073
Telephone: +61 2 9494 1000
Facsimile: +61 2 9391 5656
E-mail: globalenquiries@sgfleet.com

Share register

The Registrar
Computershare Investor Services Pty Ltd
Level 4, 60 Carrington Street, Sydney, NSW 2000
Telephone: 1300 787 272
E-mail: web.queries@computershare.com.au
Website: www.investorcentre.com

Auditor

KPMG
International Tower 3
300 Barangaroo Avenue
Sydney NSW 2000

Stock exchange listing

SG Fleet Group Limited shares are listed on the Australian Securities Exchange (ASX code: SGF)

Website

www.sgfleet.com

Corporate Governance Statement

Corporate Governance Statement which is approved at the same time as the Annual Report can be found at <http://investors.sgfleet.com/Investors/?page=Corporate-Governance-Statement>

Enquiries

investorenquiries@sgfleet.com

Notice is given that the Annual General Meeting of SG Fleet Group Limited (the Company) will be held on Thursday 27 October 2016 at the Hobart Room, Lobby Level, the Sofitel Sydney Wentworth, 61-101 Phillip Street, Sydney, NSW commencing at 3.00 pm AEDT.

Business of the Meeting

1. Financial Report, Directors' Report and Auditor's Report

To receive and consider the Financial Report of the Company and the Reports of the Directors and Auditor for the financial year ended 30 June 2016.

2. Remuneration Report

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That the Remuneration Report for the financial year ended 30 June 2016 be adopted".

Note: A voting exclusion statement applies to this resolution. The vote on this resolution is advisory only and does not bind the Directors or the Company.

3. Re-election of Mr Andrew Reitzer

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Andrew Reitzer, who retires by rotation and being eligible, be re-elected as a Director of the Company".

4. Re-election of Ms Cheryl Bart

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Cheryl Sarah Bart, who retires by rotation and being eligible, be re-elected as a Director of the Company".

5. Re-election of Mr Peter Mountford

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Peter William Mountford, who retires by rotation and being eligible, be re-elected as a Director of the Company".

6. Renewal of proportional takeover approval provisions

To consider and, if thought fit, to pass the following resolution as a special resolution:

“That the proportional takeover provisions contained in Rule 6 of the Company’s Constitution be renewed for a further 3 years with effect from the date of the Meeting.”

Further information about each item of business is set out in the Explanatory Notes accompanying and forming part of this Notice of Annual General Meeting.

Voting Exclusions

Item 2 (Remuneration Report)

In accordance with the Corporations Act 2001 (Cth) (Corporations Act), the Company will disregard any votes cast on Item 2:

- (a) by or on behalf of a member of the Company’s key management personnel (KMP) named in the Remuneration Report and their closely related parties (such as close family members or any controlled entities), regardless of the capacity in which the votes are cast; and
- (b) as a proxy by a person who is a member of the KMP on the date of the Annual General Meeting and their closely related parties.

However, the Company will not disregard any votes if they are cast as proxy for a person entitled to vote on Item 2:

- (a) in accordance with a direction on the Proxy Form; or
- (b) by the Chairman of the Meeting pursuant to an express authorisation to vote as the proxy decides, even though Item 2 is connected with the remuneration of the Company’s KMP.

Dated 23 September 2016

By order of the Board

Sarah Edwards

Company Secretary

Notes on Voting

Voting Entitlement

The Board has determined that persons who are registered as holding shares in the Company at 7.00 pm (AEDT) on Tuesday 25 October 2016 will be entitled to attend and vote at the Meeting. Share transfers registered after that time will be disregarded in determining entitlements to attend and vote.

Voting at the Meeting

The vote on each resolution will be decided on a show of hands or a poll, as determined by the Chairman of the Meeting in accordance with the Corporations Act and the Company's Constitution.

On a show of hands, each shareholder present in person or by proxy has one vote. On a poll, each shareholder present in person or by proxy has one vote for each fully paid ordinary share in the Company they hold.

Voting by proxy

A shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of the shareholder. A proxy need not be a shareholder, and may be an individual or a body corporate.

A shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes which each proxy is appointed to exercise. Otherwise, each proxy will be entitled to exercise half of the shareholder's votes.

If you wish to appoint a proxy, please complete and submit the Proxy Form accompanying this Notice of Annual General Meeting, by following the instructions contained in the Proxy Form.

Shareholders can direct their proxy how to vote by following the instructions on the Proxy Form, and are encouraged to do so.

Appointing a member of the KMP to act as your proxy

If a shareholder appoints a member of the Company's KMP (which includes Directors) or one of the KMP's closely related parties (such as close family members or any controlled entities) as proxy, they will not be able to cast the shareholder's votes on Item 2, unless they are directed how to vote on Item 2 or the Chairman of the Meeting is appointed as proxy.

If the Chairman of the Meeting is appointed as a shareholder's proxy or becomes their proxy by default, and the shareholder does not mark a voting box for Item 2, then by completing and submitting the Proxy Form, the shareholder will be expressly authorising the Chairman of the Meeting to exercise the proxy in respect of Item 2 as the Chairman decides, even though the Item is connected with the remuneration of the Company's KMP.

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

Notes on Voting

How to lodge a Proxy Form

Proxy Forms may be lodged with the Company's Share Registry in one of the following ways:

- Online:** www.investorvote.com.au
- Mail:** Computershare Investor Services Pty Limited
GPO Box 242
Melbourne Victoria 3001 Australia
- Hand delivery:** Computershare Investor Services Pty Limited
60 Carrington Street
Sydney New South Wales
- Fax:** 1800 783 447 (within Australia) or
+61 3 9473 2555 (outside Australia)

To be effective, your Proxy Form (and any Power of Attorney or other authority under which it is signed or a certified copy), must be received no later than 48 hours prior to the Annual General Meeting (i.e. no later than 3.00pm (AEDT) on Tuesday 25 October 2016).

Attorneys

Where a shareholder appoints an attorney to act on their behalf at the Meeting, this appointment must be made by a duly executed power of attorney. The power of attorney must be provided prior to admission to the Meeting.

Corporations

If a body corporate is a shareholder or a shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it:

- appoints an individual as its corporate representative to exercise its powers at the meeting, in accordance with section 250D of the Corporations Act; and
- provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the meeting.

Evidence of the appointment of a corporate representative must be received prior to admission to the Meeting.

Explanatory Notes

These Explanatory Notes have been prepared to help shareholders understand the business to be put to shareholders at the 2016 Annual General Meeting.

Item 1 – Financial Report, Directors’ Report and Auditor’s Report

As required by the Corporations Act, the Financial Report, Directors’ Report and Auditor’s Report of the Company for the financial year ended 30 June 2016 will be laid before the Annual General Meeting. There is no requirement for shareholders to vote on this Item.

Shareholders will be provided with the opportunity to ask questions or raise comments about the Reports or the management of the Company. Also, a reasonable opportunity will be given to shareholders to ask the Company’s auditor questions relevant to the conduct of the audit, the preparation and content of the Auditor’s Report, the accounting policies adopted by the Company in relation to the preparation of the Financial Report and the independence of the auditor in relation to the conduct of the audit.

Item 2 – Remuneration Report

Under the Corporations Act, the Company is required to submit its Remuneration Report for adoption by shareholders at the Annual General Meeting.

The Company’s Remuneration Report for the financial period ended 30 June 2016 is set out in the Directors’ Report which forms part of the Company’s 2016 Annual Report, a copy of which was provided to shareholders with this Notice of Annual General Meeting.

The Remuneration Report discusses matters including the remuneration policy of the Company, the remuneration paid to Directors and executives who are members of the Company’s KMP, and the relationship between remuneration of those Directors and executives and performance.

The vote on this resolution is advisory only and does not bind the Directors or the Company.

A voting exclusion statement applies to this resolution, as set out in the Notice of Meeting.

Board recommendation

The Directors recommend that shareholders vote in favour of the resolution to adopt the Remuneration Report.

Item 3, 4 and 5 – Election of Directors

Rule 8.1(d) of the Company’s Constitution provides that a Director of the Company must not hold office (without re-election) past the third annual general meeting following the Director’s last election or re-election.

As this is the third Annual General Meeting of the Company since Mr Reitzer, Ms Bart and Mr Mountford were elected, they retire, and being eligible, offer themselves for re-election.

The experience, qualifications and other information about each Director standing for re-election are set out below.

Andrew Reitzer (Independent Non-executive Director and Chairman)

Mr Reitzer was appointed to the Board in February 2014 and has been the Chairman since that time. He is a member of the Company’s Nomination and Remuneration Committee.

Mr Reitzer holds a Bachelor of Commerce and a Master of Business Leadership from the University of South Africa and has over 35 years of global experience in the retailing and wholesaling industry. He has served as the Chief Executive Officer (‘CEO’) of Metcash Limited between 1998 and 2013, and continues as a consultant. Prior to his appointment as CEO of Metcash, Andrew held various management roles at Metro Cash & Carry Limited and was appointed to lead the establishment of Metro’s operations in Israel and Russia and served as the Group Operations Director.

Explanatory Notes

Board recommendation for Item 3

The Directors (Mr Reitzer abstaining) recommend that shareholders vote in favour of the re-election of Mr Reitzer as a Director.

Cheryl Sarah Bart (Independent Non-executive Director)

Ms Bart was appointed to the Board in January 2014, and is a member of the Company's Nomination and Remuneration Committee and Audit, Risk and Compliance Committee.

Ms Bart holds a Bachelor of Commerce and Bachelor of Laws from the University of New South Wales and is a Fellow of the Australian Institute of Company Directors.

Ms Bart is a qualified lawyer and company director with experience across industries including financial services, utilities, energy, broadcasting, football and film. Ms Bart previously worked as a lawyer specialising in Banking and Finance at Mallesons Stephen Jaques (now King & Wood Mallesons). Ms Bart was previously Chairman of ANZ Trustees Ltd, and a director of the Environment Protection Authority of South Australia, the South Australian Film Corporation, Adelaide Film Festival and the Foundation for Alcohol Research and Education ('FARE'). She is the 31st person in the world to complete The Explorer's Grand Slam, and is a Patron of SportsConnect.

Board recommendation for Item 4

The Directors (Ms Bart abstaining) recommend that shareholders vote in favour of the re-election of Ms Bart as a Director.

Peter William Mountford (Non-executive Director)

Mr Mountford was appointed to the Board in February 2014, and is a member of the Company's Nomination and Remuneration Committee and Audit, Risk and Compliance Committee.

Mr Mountford holds a Bachelor of Commerce and Bachelor of Accountancy from the University of the Witwatersrand, he is a Chartered Accountant, holds a Higher Diploma in Taxation from the University of Witwatersrand and MBA (With Distinction) from Warwick University.

Mr Mountford is the nominee for Super Group Limited (the Company's majority shareholder), has over 20 years of senior management experience and currently serves as the CEO of Super Group Limited since 2009. Prior to becoming the CEO of Super Group, he served as the Managing Director of Super Group's Logistics and Transport division and later its Supply Chain division. Peter's experience also includes six years as the CEO of Imperial Holdings' Consumer Logistics division and as Managing Director of South African Breweries Diversified Beverages.

Board recommendation for Item 5

The Directors (Mr Mountford abstaining) recommend that shareholders vote in favour of the re-election of Mr Mountford as a Director.

Item 6 – Renewal of proportional takeover approval provisions

The Company's Constitution currently contains provisions dealing with proportional takeover bids for the Company's shares in accordance with the Corporations Act. The provisions, which are contained in Rule 6 of the Constitution, are designed to assist shareholders to receive proper value for their shares if a proportional takeover bid is made for the Company.

Under the Corporations Act, these provisions must be renewed every three years or they will cease to have effect. The current provisions will automatically cease to have effect in February 2017 unless renewed by the proposed special resolution. These provisions must be renewed at this Annual General Meeting in order to apply to any future proportional takeover offers made after that time.

If these provisions are renewed by shareholders at the meeting, they will be in exactly the same terms as the existing provisions and will operate for three years.

A copy of the Company's current Constitution is available on the Company's website at <http://investors.sgfleet.com/Investors/?page=Policies---Practices>.

Statement under the Corporations Act

The Corporations Act requires that the following information be provided to shareholders when they are considering the inclusion of proportional takeover provisions in a constitution.

Effect of proportional takeover approval provisions

A proportional takeover offer is where an offer is made to each shareholder for a proportion of that shareholder's shares, and not for the shareholder's entire shareholding.

The current provisions of the Constitution state that, if a proportional takeover bid is made, the Directors must ensure that shareholders vote on a resolution to approve the bid on a day that is at least 14 days before the bid period closes (or such later date as is approved by the Australian Securities and Investments Commission).

The vote is decided on a simple majority. Each person who, as at the end of the day on which the first offer under the bid was made, held bid class securities is entitled to vote, but the bidder and its associates are not allowed to vote.

If the resolution is not passed, transfers which would have resulted from the acceptance of a bid will not be registered and the bid will be taken to have been withdrawn. If the bid is approved (or taken to have been approved), the transfers must be registered if they comply with the Corporations Act and the Company's Constitution.

The Directors will breach the Corporations Act if they fail to ensure the approving resolution is voted on. However, if the resolution is not voted on, the bid will be taken to have been approved.

The proportional takeover approval provisions do not apply to full takeover bids and only apply for 3 years after approval. The provisions may be renewed, but only by a special resolution.

Explanatory Notes

Reasons for renewing the provisions

If the proportional takeover approval provisions are not in the Constitution, a proportional takeover bid may enable control of the Company to pass without shareholders having the opportunity to sell all of their shares to the bidder. Shareholders may therefore be exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium for their shares. The proposed proportional takeover provisions decrease this risk because they allow shareholders to decide whether a proportional takeover bid is acceptable and should be permitted to proceed.

Review of proportional takeover provisions

While proportional takeover approval provisions have previously been in force under the Company's Constitution, there have been no full or proportional takeover bids for the Company. Therefore, there is no example against which to review the advantages or disadvantages of the provisions for the Directors and the shareholders.

Potential advantages and disadvantages

The Directors consider that the renewal of the proportional takeover approval provisions has no potential advantages or disadvantages for them. They remain free to make a recommendation as to whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover approval provisions for shareholders of the Company are:

- shareholders have the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- the provisions may help shareholders avoid being locked in as a minority;
- the bargaining power of shareholders is increased (this may help ensure that any partial offer is adequately priced); and
- knowing the view of the majority of shareholders may help each individual shareholder assess the likely outcome of the proportional takeover bid and to decide whether to accept or reject that offer.

The potential disadvantages for shareholders of the Company include:

- proportional takeover bids for shares in the Company may be discouraged;
- shareholders may lose an opportunity of selling some of their shares at a premium; and
- the chance of a proportional takeover bid being successful may be reduced.

The Board considers that the potential advantages for shareholders of the proportional takeover approval provisions outweigh the potential disadvantages. In particular, shareholders as a whole are able to decide whether or not a proportional takeover bid is successful.

No knowledge of any acquisition proposals

At the date of this Notice of Meeting, no Director is aware of a proposal by a person to acquire, or to increase the extent of, a substantial interest in the Company.

Board recommendation

The Directors recommend that shareholders vote in favour of the renewal of the proportional takeover approval provisions in the Company's Constitution.



SG Fleet Group Limited
ABN 40 167 554 574

SGF
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:

**By Mail:**

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

XX

For your vote to be effective it must be received by 3.00pm on Tuesday 25 October 2016

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

- Review your securityholding
- Update your securityholding

Your secure access information is:

SRN/HIN: I999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of SG Fleet Group Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of SG Fleet Group Limited to be held at the Hobart Room, Lobby Level, the Sofitel Sydney Wentworth, 61-101 Phillip Street, Sydney, NSW on Thursday 27 October 2016 at 3.00 pm (AEDT) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Item 2 (except where I/we have indicated a different voting intention below) even though Item 2 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Item 2 by marking the appropriate box in step 2 below.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
2	To Adopt Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Re-election of Mr Andrew Reitzer as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Re-election of Ms Cheryl Bart as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Re-election of Mr Peter Mountford as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	Renewal of proportional takeover approval provisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /

SGF

999999A

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