SG Fleet Group
Integrated Mobility

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

14 August 2017

Results Announcement – Full year ended 30 June 2017

We attach the following:

1. Preliminary Final Report (ASX Appendix 4E) in accordance with ASX Listing Rule 4.3A; and
2. 2017 Annual Report in accordance with ASX Listing Rule 4.5

Kevin Wundram
Company Secretary
SG Fleet Group Limited

For further information, please contact:
Yves Noldus
Corporate Affairs and Investor Relations Executive
SG Fleet Group Limited
02 9494 1095

SG Fleet Group Limited
Appendix 4E
Preliminary final report

SG Fleet Group

1. Company details

Name of entity:	SG Fleet Group Limited
ABN:	40 167 554 574
Reporting period:	For the year ended 30 June 2017
Previous period:	For the year ended 30 June 2016

2. Results for announcement to the market

				$'000
Revenues from ordinary activities	up	38.3%	to	293,225
Profit from ordinary activities after tax attributable to the owners of SG Fleet Group Limited	up	26.9%	to	59,592
Profit for the year attributable to the owners of SG Fleet Group Limited	up	26.9%	to	59,592

The fleet size of the Group as at 30 June 2017 was 146,357 (30 June 2016: 109,448).

Dividends

	Amount per security Cents	Franked amount per security Cents
Final dividend for the year ended 30 June 2016, declared on 15 August 2016. The final dividend was paid on 20 October 2016 to shareholders registered on 29 September 2016.	7.630	7.630
Interim dividend for the year ended 30 June 2017, declared on 13 February 2017. The interim dividend was paid on 20 April 2017 to shareholders registered on 30 March 2017.	7.536	7.536
Final dividend for the year ended 30 June 2017, declared on 14 August 2017. The final dividend will be paid on 17 October 2017 to shareholders registered on 26 September 2017.	9.265	9.265

Comments
The profit for the Group after providing for income tax amounted to $59,592,000 (30 June 2016: $46,977,000).

Refer to the Chairman's report and Chief Executive Officer's report for detailed commentary on the results.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(76.55)	(64.71)

4. Control gained over entities

On 4 August 2016, the Group acquired 100% of the ordinary shares of UK based Fleet Hire Holdings Limited and its subsidiaries.

On 30 November 2016, the Group acquired 100% of the ordinary shares of UK based Motiva Group Limited and its subsidiaries.

Refer to note 34 to the financial report for further details.

5. Dividend reinvestment plans

The following dividend or distribution plans are in operation:

The Company has a Dividend Reinvestment Plan available to it pursuant to which any shareholder may elect that their dividends be reinvested, in whole or in part, in shares of the Company at a price to be determined by the Board of Directors from time to time at its absolute discretion. The Company did not activate the Dividend Reinvestment Plan during the financial year.

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6. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements have been audited and an unqualified opinion has been issued.

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7. Attachments

Details of attachments (if any):

The Annual Report of SG Fleet Group Limited for the year ended 30 June 2017 is attached.

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8. Signed

Signed ___________________________ Date: 14 August 2017

Andrew Reitzer
Chairman
Sydney

SG Fleet Group Limited

ABN 40 167 554 574

Annual Report - 30 June 2017

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Dear Shareholder

I have the pleasure of presenting you with the SG Fleet Group Limited Annual Report for the year ended 30 June 2017.

During this period, your Company has expanded its presence internationally with two acquisitions in the UK, which have established a profitable growth platform in that market. At the same time, SG Fleet has strengthened its position in Australia by further building its fleet management and leasing offering and by continuing to integrate the nlc novated business acquired in the preceding financial year. Similarly, in New Zealand, we have maintained our momentum in terms of customer wins. These positive operational developments have allowed us to again generate strong growth, both organically and inorganically, in keeping with our stated strategy.

The progress we made as a result in terms of net profits is reflected in a further increase in the dividends paid to you, our Shareholders. Your Board has declared a fully franked final dividend of 9.265 cents per share, bringing the total for the 2017 financial year to 16.801 cents per share, an increase of over 30% on the previous financial year.

Throughout the year, your Company was successful in winning more than its fair share of new business opportunities in what have been fairly patchy economic conditions domestically. At the start of the period, we decided to enhance the sales focus of our corporate and consumer operations by creating distinct channels within the Australian business. This has allowed us to target customers with a clearer value proposition, which addresses the specific and distinct needs of companies and government departments, as well as individual drivers.

These needs continue to evolve rapidly and customers are no longer satisfied with basic fleet management services. Increasing pressures to reduce the cost of operation of large fleets are transforming the industry, and we are exploring and offering all options to better organise our customers' transport needs. SG Fleet continues to be a driving force in introducing new technology-based services to the marketplace. Your Company now offers highly flexible, multi-modal solutions to its customers, for example by adding car sharing facilities to traditional fleet structures. We have become a provider of integrated mobility solutions.

The ability to add further value for our customers by integrating multiple modes of transport is greatly enhanced by a detailed knowledge of the location and condition of transport assets. Telematics devices provide that information, but the true value-add is created by combining and presenting data in a way that allows fleet managers to identify and address inefficiencies. SG Fleet works closely with its customers to direct and manage this optimisation process, utilising its knowledge of the asset and its unique expertise in developing remedial solutions. Ultimately, it is your Company's ability to deliver on our customers' efficiency objectives that sets us apart in the industry.

The recognition we receive for this has also allowed us to further strengthen our relationships with corporate and government clients. We are a trusted partner of the Australian Federal Government and a number of state governments, and we count some of the most eminent corporations amongst our private sector customer list. SG Fleet has gained their trust by helping them achieve their mobility objectives and by enhancing, again and again, the solutions that we provide. This has put your Company in an excellent position to achieve continued progress and sustainable returns.

I would like to thank the Directors of the Company's Board for their contribution during the year, as well as Super Group, our majority shareholder, for continuing to support our strategic direction. I also take the opportunity to once again thank you, our Shareholders, for your support on our journey.

Andrew Reitzer
Chairman

14 August 2017
Sydney

Dear Shareholder

I am pleased to report on SG Fleet Group Limited's financial performance for the year ended 30 June 2017.

My review of this financial year will refer for comparison to the financial figures for the year ended 30 June 2016. The reported figures include contributions of eleven and seven months from Fleet Hire Holdings and Motiva Group Limited respectively. These businesses were acquired in the first half of the financial year. Detailed financial data can be found in the full annual report.

Strong contributions from existing and acquired businesses

The 2017 financial year has seen the SG Fleet Group maintain good momentum across all of its businesses, in what has been a very competitive environment. The continued integration of the nlc business acquired in the previous financial year and the addition of Fleet Hire and Motiva in the UK at the start of the period have ensured our inorganic growth opportunities have contributed strongly alongside the existing SG Fleet business.

Total revenue for the 2017 financial year reached $293.2 million, up 38.3% on the previous financial year. Total expenses, excluding those related to acquisitions, increased by 47.1% to $203.2 million. Expenses increased disproportionately due to the on-balance sheet funding model used by the companies acquired in the UK. The resulting underlying profit before tax grew by 21.8% to $90.0 million. At the first half results, we upwardly revised the guidance we provided at our 2016 AGM for our underlying net profit after tax excluding amortisation and impairments, or NPATA. I am pleased to report that the $68.7 million underlying NPATA we achieved exceeds this guidance. Reported net profit after tax, which includes $3.3 million of acquisition-related expenses, increased by a very healthy 26.9% to $59.6 million. The results equate to a reported earnings per share of 23.58 cents or underlying cash earnings per share of 27.17 cents. That is up 24.8% on the prior year.

The increase in total revenue was driven by a combination of organic and acquisitive growth. Management and maintenance income grew by 32.5% to $92.5 million, reflecting growth of 34% in fleet size, to 146,000 vehicles. A full 12-month contribution from nlc supported growth in Additional products and services, with that revenue line up 35% to $95.2 million. Despite the impact of the competitive environment on funding margins, Funding commissions increased by 36.2% to $56.1 million, helped by synergies from the nlc acquisition.

On an overall basis, residual value disposal results were stable for the year, with a stronger performance in the passenger vehicle segment offsetting lower disposals income in respect of heavy commercial vehicles. A greater proportion of profit share arrangements was the primary reason for a 15.1% decline in End of lease income, to $10.7 million. That trend has now stabilised. Rental income grew by 180.3% to $34.2 million, largely due to the acquired UK businesses' funding of a significant portion of their lease portfolio on-balance sheet. Other income reduced by 21.1% to $4.5 million as a result of lower interest and ad-hoc income.

Enhanced focus within corporate and consumer channels

During the year, the Australian economic environment continued to lack direction, and this was duly reflected in wavering consumer sentiment. Within our industry, the environment stabilised as the year progressed, with some of the aggressive tactics seen at the turn of the calendar year less prevalent towards the end of the reported period. Residual values remained strong, with manageable fluctuations in certain vehicle segments.

The mood within our corporate, fleet management business improved and we saw a significant number of opportunities. In addition to multiple wins, we also successfully retained a number of large customers who extended their arrangements with us. We continued to extend the product range we provide to a number of major customers, adding services to these contracts. The split of our Australian presence into distinct corporate and consumer channels, first flagged at the 2016 financial year results, delivered an enhanced focus and optimised processes and this positively influenced the performance of these businesses.

Major developments during the year included the on-boarding of the NSW Government contract, which was won at the end of the previous financial year. To ensure a smooth process, we briefly paused certain phases of our broader systems conversion project and the nlc integration process. Promisingly, we have seen the NSW contract evolve from the initial product as we sell additional value-add solutions to the various agencies within the Government.

Similarly, our relationship with the Federal Government continues to grow. We are a strategic partner and we provide ongoing advice regarding a number of the Government's fleet policies. The aim of our work has been to improve fleet utilisation and we have made good progress in that regard. Further enhancements can be achieved with the aid of telematics and our car sharing product, and we are now seeing increased take-up of these solutions. The expansion of the range of products and services we provide to our government customers mirrors that in the private sector and is clear evidence of a trend towards greater sophistication and value-add in fleet management services.

Our strength in adding value also guided our approach to competitive opportunities. Where price becomes the overriding factor, we have shied away from compromising profitability. One example of that has been the heavy commercial segment, which has been a challenge in the 2017 financial year in terms of winning contracts at acceptable returns.

nlc integration on track and yielding multiple benefits

The novated industry continued to grow at a healthy rate during the reported period, and our consumer business, which incorporates the sgfleet and nlc brands, was no exception in that regard. A healthy pipeline of tenders arose in the market and we continued to actively pursue these opportunities. Good wins were registered to add to the major accounts we retained successfully. This helped both brands to finish the year strongly. The Company was appointed to the Queensland novated panel and started writing its first deals in the first half. The second half saw continued growth in leads and deal volumes, with June 2017 setting a record for the financial year.

Integration of the nlc business continues. We now have a single management team across the combined novated business, composed of executives from both sales channels. We have also combined the Corporate Sales and Relationship Management teams to provide a consistent and proven business development methodology.

We successfully leveraged our greater scale throughout the supply chain. A first step in this process was the renegotiation of funding terms. Since then, we also ensured we are getting scale benefits in fuel, repair and maintenance costs, and our highly efficient vehicle procurement and disposal model is now applied across the entire novated business.

Over the reported period, we also made significant progress identifying and executing on revenue synergies, which represent the greatest opportunity for us. We are getting good cross-sell across a number of new initiatives as we introduce products between brands. Importantly, we are getting the best of both worlds as the brand sales teams are sharing their knowledge and specific focus across the sales floors.

Profitable growth platform established in the UK

In the UK, our acquisitions performed to expectations, but the impact of the 2016 Autumn Statement was reflected in overall financial performance. Nevertheless, portfolio growth continued and our combined UK business achieved a maiden profit. We have now established critical mass in the UK and a profitable platform on which to build further.

The Autumn Statement effectively confirmed the UK Government's commitment to the existing car salary sacrifice structure, but during its consultation period, employers and employees opted to postpone their decisions, and this led to a slowdown in the salary sacrifice segment of our business. The subsequent recovery of activity started somewhat later than anticipated and only picked up momentum in the final months of the reported period.

Generally, business activity in our target segments continued unaffected by Brexit and the UK political situation and we saw a healthy pipeline of new business opportunities coming through. Fleet Hire and Motiva provided us with an expanded offering. This enhanced scale helped us win larger contracts. Significant wins were achieved across all product areas. In some cases, customers signed up for multiple offerings or granted us sole supply arrangements.

Integration of Fleet Hire and Motiva has been running ahead of schedule alongside ongoing business. The three businesses have come together seamlessly. sgfleet and Fleet Hire premises have been combined and we now have a single management team across all UK operations. The restructure and integration of the sgfleet and Fleet Hire sales and customer service teams has been completed and we are now integrating the Motiva teams. Bringing together the various teams has had a very positive impact on the cross-selling of products to the wider customer book.

Vehicle purchasing negotiations were concluded for the combined entity, giving us better terms with each supplier. These purchasing synergies will benefit all three businesses. We also combined our disposal operations to achieve better disposal costs per unit and sales results. And of course, our wholesale funding terms have been renegotiated to reflect our increased scale. As with nlc, the systems integration is the final step. Work on the Fleet Hire system integration has just begun and is on track for completion in the current half. Motiva will follow.

New Zealand progress accelerates

The New Zealand business has continued on well from the 2016 financial year, doubling its profits in the reported period.

The local economy has continued to grow, with business confidence on the rise throughout the second half of the financial year. Within our industry, we have seen some changes in the competitive landscape and we have ensured we are a beneficiary of that shift. We received major referrals from some of our marquee customers within the tightly knit local business community and that has helped us build a distinct position as a high value-add, blue chip provider, with a very strong technology offering. Sizeable wins, including some sale and leaseback agreements, were achieved throughout the period and the upsell of a widening range of products within existing relationships is accelerating. Telematics applications in particular are in demand. Strong interest in New Zealand for alternative powertrains has also led us to manage electric vehicles for a number of blue chip companies there.

Increased use of technology reshapes industry

Increasing demand for telematics and other technology-based solutions has been a common element across all the geographies in which we operate. Both the private sector and government are looking at greater optimisation of their fleets and our bookingintelligence, fleetintelligence and telematics offering is receiving strong endorsements.

Telematics penetration has accelerated significantly in the reported period and that trend continues unabated, helped by the trials we conduct. Our ability to demonstrate how telematics can help develop an actual, implementable and bespoke solution for our customers' requirements is creating a unique competitive position for us in what undoubtedly is the future direction of fleet management. The addition of a telematics solution creates a clear uplift in profitability, so we believe that this trend will provide us with healthy additional growth over a long time period.

Delivering on our objectives

During the 2017 financial year, we have been able to deliver on our performance objectives, despite a patchy economic environment and at times aggressive tactics within the industry in Australia. We have now established critical mass in the UK and both our overseas businesses contributed to Group profits.

We have started the new financial year in a promising position. The mood within the fleet management business is positive and we are seeing a strong pipeline across the private sector and government. In our consumer and novated business, the focus is on winning additional customers and increased penetration within the existing eligible pools. Our strong focus on selling a broader range of products will continue. The bulk of the remaining nlc synergies will be achieved in the current financial year and the systems integration will start in this half. The integration will also create improvements in productivity, cost reductions, and better performance from our sales channels.

In the UK, the recovery in salary sacrifice, combined with the acquisition synergies we expect going forward, means that we are confident of strong progress for the current full year. In New Zealand, we are rapidly growing our reputation as well as our profitability.

We are in good financial health and in a strong position to fund new strategic initiatives. If opportunities to build scale arise, we will not hesitate to investigate them, with the active support of our majority shareholder, Super Group.

I would like to thank my Executive and all my colleagues across the Group for their efforts during the year. Looking into this year and beyond, our aim continues to be to deliver attractive growth rates and sustainable returns for you, our Shareholders. We have again demonstrated that is a very achievable objective.

Robbie Blau
Chief Executive Officer

14 August 2017
Sydney

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 2017.

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
Kevin Wundram
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, short term hire, consumer vehicle finance and salary packaging services.

Dividends
Dividends paid during the financial year were as follows:

	Consolidated	
	2017 $'000	2016 $'000
Fully franked final dividend for the year ended 30 June 2016 of 7.63 cents per share paid on 20 October 2016 (2016: 6.117 cents)	19,269	14,845
Fully franked interim dividend for the year ended 30 June 2017 of 7.536 cents per share paid on 20 April 2017 (2016: 5.223 cents)	19,069	13,152
	38,338	27,997

On 14 August 2017, the Directors declared a fully franked final dividend for the year ended 30 June 2017 of 9.265 cents per ordinary share, to be paid on 17 October 2017 to eligible shareholders on the register as at 26 September 2017. This equates to a total estimated distribution of $23,443,000, based on the number of ordinary shares on issue as at 30 June 2017. The financial effect of dividends declared after the reporting date are not reflected in the 30 June 2017 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 $59,592,000 (30 June 2016: $46,977,000).

The fleet size of the Group as at 30 June 2017 was 146,357 (30 June 2016: 109,448).

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 4 August 2016, the Group acquired 100% of the ordinary shares of UK based Fleet Hire Holdings Limited and its subsidiaries for a total consideration of $34,413,000.

On 30 November 2016, the Group acquired 100% of the ordinary shares of UK based Motiva Group Limited and its subsidiaries for a total consideration of $23,910,000.

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
Apart from the dividend declared as discussed above, no other matter or circumstance has arisen since 30 June 2017 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

Name:	Andrew Reitzer
Title:	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 both the retail and wholesale industry. He has served as the Chief Executive Officer ('CEO') of Metcash Limited between 1998 and 2013. 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):	None
Special responsibilities:	Chairman of the Nomination and Remuneration Committee
Interests in shares:	81,081 ordinary shares in the Company

Name:	Robert (Robbie) Blau
Title:	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. These options vested on 14 August 2017 and can be exercised at any time up until the expiry date of 13 August 2018.

Name:	Cheryl Bart AO
Title:	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), ME Bank, Football Federation Australia (FFA), Invictus Games Sydney 2018, Prince's Trust and Powering Australian Renewables Fund (PARF).
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, Chairman of Australian Sport Foundation and Australian Himalayan 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

Name:	Graham Maloney
Title:	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

Name:	Peter Mountford
Title:	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

Name:	Edwin Jankelowitz
Title:	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:	20,000 ordinary shares in the Company

Name:	Kevin Wundram
Title:	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. These options vested on 14 August 2017 and can be exercised at any time up until the expiry date of 13 August 2018

Name:	Colin Brown
Title:	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.

Company secretary

On 3 November 2016, Kevin Wundram has assumed the role of Company Secretary in addition to his role as Chief Financial Officer. Kevin's experience is detailed in the 'information of directors' section above.

The previous company secretary was Sarah Anne Edwards (appointed on 1 July 2015 and resigned on 3 November 2016).

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 2017, 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	9	9	-	-	4	4
Robbie Blau	9	9	-	-	-	-
Cheryl Bart AO	8	9	4	4	4	4
Graham Maloney	9	9	4	4	-	-
Peter Mountford	9	9	4	4	4	4
Edwin Jankelowitz	8	9	4	4	-	-
Kevin Wundram	9	9	-	-	-	-

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) are summarised as follows:

Name - Position	Fees per annum
Andrew Reitzer - Independent Non-Executive Chairman	$200,000
Cheryl Bart AO - Independent Non-Executive Director	$117,500
Graham Maloney - Independent Non-Executive Director	$120,000
Peter Mountford - Non-Executive Director	$117,500
Edwin Jankelowitz - Independent Non-Executive Director	$110,000

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.

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 the 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.

The performance conditions for the LTI options are 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.

For the 2014 LTI offer 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.

The Board has approved the implementation of a new LTI, 'The 2018 LTI Offer' which will be tabled for approval at the Annual General Meeting of the Company to be held on 24 October 2017.

Group performance and link to remuneration
The financial performance measure driving STI payment outcomes for KMP for the year ended 30 June 2017 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 2017 was 23.58 cents per share.

Calculation of the CAGR of the EPS and achievement against the performance condition for the purpose of the STI and the LTI is determined by the Board in its absolute discretion, having regard to any matters that it considers relevant. EPS is determined by dividing the Company's NPAT('net profit after tax') by the weighted average number of ordinary shares on issue during the financial year. The Board has a discretion to adjust the NPAT used for this purpose for the impact of non-recurring or significant transactions.

Voting and comments made at the Company's 2016 Annual General Meeting ('AGM')
At the 2016 AGM, the shareholders voted to approve the adoption of the remuneration report for the year ended 30 June 2016. 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 (Corporate)
- David Fernandes - Managing Director, United Kingdom
- Geoff Tipene - Managing Director, New Zealand
- Matthew Reinehr - Managing Director, nlc (Retail)

SG Fleet Group

2017	Short-term benefits Cash salary and fees $	 Cash bonus** $	 Non-monetary $	Post-employment benefits Super-annuation $	Long-term benefits Leave benefits $	Share-based payments Equity-settled options $	 Total $
Non-Executive Directors:							
Andrew Reitzer (Chairman)	182,650	-	-	17,350	-	-	200,000
Cheryl Bart AO	107,310	-	-	10,190	-	-	117,500
Graham Maloney	120,000	-	-	-	-	-	120,000
Peter Mountford	117,500	-	-	-	-	-	117,500
Edwin Jankelowitz	100,460	-	-	9,540	-	-	110,000
Executive Directors:							
Robbie Blau (CEO)	984,155	630,000	-	19,616	142,910	236,308	2,012,989
Kevin Wundram (CFO)	482,232	258,000	-	19,616	57,767	96,923	914,538
Other Key Management Personnel:							
Andy Mulcaster	366,905	194,848	-	30,136	17,891	70,707	680,487
David Fernandes*	253,035	136,520	9,984	24,038	2,156	52,498	478,231
Geoff Tipene*	223,815	126,250	23,213	10,502	-	29,131	412,911
Matthew Reinehr	262,741	111,367	-	19,520	16,324	-	409,952
	3,200,803	1,456,985	33,197	160,508	237,048	485,567	5,574,108

* Total remuneration in local currency paid to David Fernandes and Geoff Tipene was GBP 283,705 and NZD 436,603 respectively.

** Cash bonus represents amounts payable to KMPs consisting of 50% of 2016 STI and 50% of 2017 STI.

Colin Brown (Alternate Director) received no remuneration during the year ended 30 June 2017.

2016	Short-term benefits: Cash salary and fees $	Short-term benefits: Cash bonus** $	Short-term benefits: Non-monetary $	Post-employment benefits: Super-annuation $	Long-term benefits: Leave benefits $	Share-based payments: Equity-settled options $	Total $
Non-Executive Directors:							
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
Executive Directors:							
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
Other Key Management Personnel:							
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 consisting 25% of 2015 STI and 50% of 2016 STI.

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

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 2017	Fixed remuneration 2016	At risk - STI 2017	At risk - STI 2016	At risk - LTI 2017	At risk - LTI 2016
Executive Directors:						
Robbie Blau	57%	49%	31%	26%	12%	25%
Kevin Wundram	61%	55%	28%	23%	11%	22%
Other Key Management Personnel:						
Andy Mulcaster	61%	62%	29%	21%	10%	17%
David Fernandes	60%	64%	29%	21%	11%	15%
Geoff Tipene	62%	66%	31%	21%	7%	13%
Matthew Reinehr	73%	81%	27%	19%	-	-

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

Name	Cash bonus paid/payable 2017	Cash bonus paid/payable 2016	Cash bonus forfeited 2017	Cash bonus forfeited 2016
Executive Directors:				
Robbie Blau	100%	100%	-	-
Kevin Wundram	100%	100%	-	-
Other Key Management Personnel:				
Andy Mulcaster	100%	100%	-	-
Geoff Tipene	100%	100%	-	-
David Fernandes	100%	100%	-	-
Matthew Reinehr	100%	100%	-	-

Service agreements

KMPs are employed under individual employment agreements. The agreements are continuous i.e. not of a fixed duration unless otherwise stated. These agreements provide for a total compensation including a base salary, superannuation contribution and incentive arrangements; variable notice and termination provisions; provisions for redundancy.

Details of these agreements are provided below:

Robbie Blau - CEO
- Total fixed remuneration ('TFR') of $1,000,000 per annum, which includes base salary, statutory superannuation contributions and any salary sacrifice arrangements
- Participate in the STI with a maximum STI opportunity of 75% of TFR

Kevin Wundram - CFO
- TFR of $500,000 per annum, which includes base salary, statutory superannuation contributions and any salary sacrifice arrangements
- Participate in the STI with a maximum STI opportunity of 60% of TFR

Other Key Management Personnel

Other Key Management Personnel have employment agreements setting out the terms and conditions of their employment. The agreements are not of a fixed duration. These agreements provide for:
- Total compensation inclusive of a base salary and statutory superannuation contributions and any salary sacrifice arrangements
- Eligibility to participate in the STI with a maximum STI Opportunity of 50% of TFR

Terms of STI payments: KMP are entitled to STI payment on a straight-line basis based on EPS growth of between 5% and 15% over the previous financial year. The STI determined annually for each of the above KMP is subject to a 12 month payment deferral in respect to 50% the amount determined as payable.

Terms of termination: In general the contract is terminated by providing 4 weeks' notice by the Company and 3 months' notice by the KMP. The KMP have no entitlement to termination payments in the event of removal for misconduct.

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 2017 (2016: 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	14 August 2017	13 August 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 2017.

Performance rights
There were no performance rights over ordinary shares issued to Directors and other key management personnel as part of compensation that were outstanding as at 30 June 2017.

There were no performance rights over ordinary shares granted to or vested in Directors and other key management personnel as part of compensation during the year ended 30 June 2017.

Additional information
The earnings of the Group for the four years to 30 June 2017 are summarised below:

	2017 $'000	2016 $'000	2015 $'000	2014 $'000
Revenue	293,225	211,971	171,377	64,083
Profit after income tax	59,592	46,977	40,482	15,620
Dividends paid	38,338	27,997	21,175	-

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

	2017	2016	2015	2014
Share price at financial year end ($)	3.80	3.64	2.47	1.80
Basic earnings per share (cents per share)	23.58	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
Ordinary shares					
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	-	20,000
Kevin Wundram	1,025,112	-	-	-	1,025,112
Colin Brown	108,108	-	-	-	108,108
Andy Mulcaster	830,860	-	-	-	830,860
David Fernandes	1,630,860	-	-	-	1,630,860
Geoff Tipene	36,000	-	-	(10,000)	26,000
Matthew Reinehr	9,225,000	-	-	-	9,225,000
	20,298,045	-	10,000	(10,000)	20,298,045

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
Options over ordinary shares					
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

The options over ordinary shares listed in the table above vested on 14 August 2017. These options can be exercised at any time up until the expiry date of 13 August 2018

Use of remuneration consultants
During the financial year ended 30 June 2017, the Group did not engage any remuneration consultants, but implemented certain of the recommendations made by the remuneration consultants engaged during the year ended 30 June 2016.

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	13 August 2018	$1.85	8,086,046

These options vested on 14 August 2017 and can be exercised at any time up until the expiry date of 13 August 2018.

Shares under performance rights

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

Grant date	Vesting date	Exercise price	Number under rights
20/03/2017	30/06/2018	$0.00	142,967
20/03/2017	30/06/2019	$0.00	285,993
			428,960

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

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.

Shares issued on the exercise of performance rights

There were no ordinary shares of SG Fleet Group Limited issued on the exercise of performance rights during the year ended 30 June 2017 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 28 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 28 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.

Officers of the Company who are former partners of KPMG

There are no officers of the Company who are former partners of KPMG.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument 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

Robbie Blau
Chief Executive Officer

14 August 2017
Sydney

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 of SG Fleet Group Limited for the financial year ended 30 June 2017 there have been:

i. no contravention of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contravention of any applicable code of professional conduct in relation to the audit.

KPMG

Michael O Connell

Partner

Sydney

14 August 2017

	Note	Consolidated 2017 $'000	Consolidated 2016 $'000
Revenue	5	293,225	211,971
Expenses			
Fleet management costs		(77,540)	(51,647)
Employee benefits expense		(73,589)	(53,837)
Occupancy costs		(5,976)	(4,958)
Depreciation and amortisation	6	(22,563)	(10,707)
Technology costs		(4,633)	(3,093)
Other expenses		(12,685)	(10,778)
Finance costs	6	(9,767)	(8,589)
Profit before income tax expense		86,472	68,362
Income tax expense	7	(26,880)	(21,385)
Profit after income tax expense for the year attributable to the owners of SG Fleet Group Limited		59,592	46,977
		Cents	**Cents**
Basic earnings per share	38	23.58	18.94
Diluted earnings per share	38	23.20	18.69

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

	Consolidated	
	2017	2016
	$'000	$'000
Profit after income tax expense for the year attributable to the owners of SG Fleet Group Limited	59,592	46,977
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation difference for foreign operations	(1,743)	(1,514)
Effective portion of changes in fair value of cash flow hedges, net of tax	610	(1,157)
Other comprehensive income for the year, net of tax	(1,133)	(2,671)
Total comprehensive income for the year attributable to the owners of SG Fleet Group Limited	58,459	44,306

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

	Note	Consolidated 2017 $'000	Consolidated 2016 $'000
Assets			
Cash and cash equivalents	8	83,923	81,693
Finance, trade and other receivables	9	80,756	48,777
Inventories	10	11,272	5,226
Income tax refund due	7	-	160
Leased motor vehicle assets	11	64,818	16,130
Property, plant and equipment	12	4,231	2,828
Intangibles	13	420,492	364,155
Total assets		665,492	518,969
Liabilities			
Trade and other payables	14	103,099	63,460
Derivative financial instruments	15	2,464	3,889
Income tax	7	5,698	-
Deferred tax	7	2,836	1,256
Employee benefits	16	8,018	7,114
Residual risk provision	17	11,595	10,213
Lease portfolio borrowings	18	55,328	11,855
Borrowings	19	158,119	134,750
Vehicle maintenance funds	20	54,524	58,687
Deferred income	21	37,024	26,522
Total liabilities		438,705	317,746
Net assets		226,787	201,223
Equity			
Issued capital	22	272,008	267,348
Reserves	23	(120,382)	(120,032)
Retained profits		75,161	53,907
Total equity		226,787	201,223

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

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
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 22)	34,580	-	-	34,580
Share-based payments (note 39)	-	952	-	952
Dividends paid (note 24)	-	-	(27,997)	(27,997)
Balance at 30 June 2016	267,348	(120,032)	53,907	201,223

Consolidated	Issued capital $'000	Reserves $'000	Retained profits $'000	Total equity $'000
Balance at 1 July 2016	267,348	(120,032)	53,907	201,223
Profit after income tax expense for the year	-	-	59,592	59,592
Other comprehensive income for the year, net of tax	-	(1,133)	-	(1,133)
Total comprehensive income for the year	-	(1,133)	59,592	58,459
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 22)	4,660	-	-	4,660
Share-based payments (note 39)	-	783	-	783
Dividends paid (note 24)	-	-	(38,338)	(38,338)
Balance at 30 June 2017	272,008	(120,382)	75,161	226,787

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

	Note	Consolidated 2017 $'000	2016 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		304,537	228,141
Payments to suppliers and employees (inclusive of GST)		(186,787)	(137,383)
Interest received		1,423	1,963
Interest and other finance costs paid		(10,337)	(6,320)
Income taxes paid		(22,186)	(30,049)
Net cash from operating activities	37	86,650	56,352
Cash flows from investing activities			
Payment for purchase of subsidiary, net of cash acquired	34	(46,662)	(127,796)
Proceeds from disposal of lease portfolio assets	11	19,146	19,175
Acquisition of lease portfolio assets	11	(27,394)	(23,711)
Payments for property, plant and equipment	12	(2,260)	(1,882)
Payments for intangibles	13	(3,148)	(2,999)
Proceeds from disposal of property, plant and equipment		115	60
Net cash used in investing activities		(60,203)	(137,153)
Cash flows from financing activities			
Proceeds from borrowings		78,967	157,442
Repayment of borrowings		(64,010)	(54,373)
Dividends paid	24	(38,338)	(27,997)
Net cash (used in)/from financing activities		(23,381)	75,072
Net increase/(decrease) in cash and cash equivalents		3,066	(5,729)
Cash and cash equivalents at the beginning of the financial year		81,693	89,143
Effects of exchange rate changes on cash and cash equivalents		(836)	(1,721)
Cash and cash equivalents at the end of the financial year	8	83,923	81,693

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

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, short term hire, consumer vehicle finance and salary packaging services.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 14 August 2017. 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 or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended 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'). Where necessary, comparatives have been restated to conform to changes in presentation in the current year.

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 33.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of SG Fleet Group Limited as at 30 June 2017 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.

Note 2. Significant accounting policies (continued)

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.

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.

Note 2. Significant accounting policies (continued)

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.

Note 2. Significant accounting policies (continued)

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.

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
Office equipment and furniture	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.

Note 2. Significant accounting policies (continued)

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.

Note 2. Significant accounting policies (continued)

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.

Note 2. Significant accounting policies (continued)

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.

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 is 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 is 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.

Note 2. Significant accounting policies (continued)

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.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Note 2. Significant accounting policies (continued)

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

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 Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument 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 2017. 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
AASB 9 Financial Instruments was issued in December 2014 and addresses recognition and measurement requirements for financial assets and financial liabilities, impairment requirements that introduce an expected credit loss impairment model and general hedge accounting requirements which more closely align with risk management activities undertaken when hedging financial and non-financial risks. This standard becomes mandatory for the Group’s 30 June 2019 financial statements. The Group is in the process of assessing the impact of AASB 9 and is not yet able to reasonably estimate the impact on its financial statements.

Note 2. Significant accounting policies (continued)

AASB 15 Revenue from Contracts with Customers
AASB 15 Revenue from Contracts with Customers was issued in December 2014 and provides a single comprehensive model for revenue recognition based on the satisfaction of performance obligations and additional disclosures about revenue. It replaces AASB 118 Revenue and related interpretations. This standard will become mandatory for the Group's 30 June 2019 financial statements. The Group is currently assessing the implications of AASB 15. It is expected that the adoption of AASB 15 by the Group will result in a change in the recognition of certain revenue streams from upfront to over time. The Group is in the process of estimating the impact of these revenue streams on its financial statements. The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its revenue from contracts with the customer and associated assets and, particularly in the year of the adoption of the new standard.

AASB 16 Leases
AASB 16 Leases was issued in February 2016 and introduced changes to lessee accounting, in particular, the requirement to recognise leases currently classified as operating leases on balance sheet. The standard requires a lessee to recognise a right-of-use asset representing its rights to use the underlying lease asset and a lease liability representing its obligations to make lease payments, with certain exceptions for short-term leases or leases of low-value assets, on the statement of financial position. This will replace the operating/finance lease distinction and accounting requirements currently prescribed in AASB 117 Leases. This standard will become mandatory for the Group's 30 June 2020 financial statements. The Group has started an initial assessment of the potential impact on its consolidated financial statements. So far, the most significant impact identified is that the Group will recognise new assets and liabilities for its operating leases, primarily, leases over premises and equipment. The Group has not yet quantified the impact on its reported assets and liabilities of adoption of AASB 16. No significant impact is expected for the Group's finance leases.

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.

Prior year balances have been reclassified to reflect how the balances are monitored by the CODM.

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 - 2017	Australia $'000	New Zealand $'000	United Kingdom $'000	Corporate $'000	Total $'000
Revenue					
Operating revenue from external customers	239,991	6,082	45,729	-	291,802
Interest	1,396	6	21	-	1,423
Total revenue	241,387	6,088	45,750	-	293,225
EBITDA	105,378	2,931	15,055	(4,562)	118,802
Depreciation and amortisation	(9,536)	(2,076)	(10,951)	-	(22,563)
Finance costs	(7,213)	(359)	(2,195)	-	(9,767)
Profit/(loss) before income tax expense	88,629	496	1,909	(4,562)	86,472
Income tax expense					(26,880)
Profit after income tax expense					59,592
Assets					
Segment assets	510,961	16,510	138,021	-	665,492
Total assets					665,492
Liabilities					
Segment liabilities	321,990	12,615	104,100	-	438,705
Total liabilities					438,705

Note 4. Operating segments (continued)

Consolidated - 2016	Australia $'000	New Zealand $'000	United Kingdom $'000	Corporate $'000	Total $'000
Revenue					
Operating revenue from external customers	200,509	4,314	5,185	-	210,008
Interest	1,938	15	10	-	1,963
Total revenue	202,447	4,329	5,195	-	211,971
EBITDA	89,195	1,734	711	(3,982)	87,658
Depreciation and amortisation	(7,552)	(1,252)	(1,903)	-	(10,707)
Finance costs	(8,071)	(253)	(265)	-	(8,589)
Profit/(loss) before income tax expense	73,572	229	(1,457)	(3,982)	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	302,411	9,029	6,306	-	317,746
Total liabilities					317,746

Note 5. Revenue

	Consolidated 2017 $'000	Consolidated 2016 $'000
Operating revenue		
Management and maintenance income	92,526	69,844
Additional products and services	95,209	70,436
Funding commissions	56,134	41,214
End of lease income	10,733	12,596
Rental income	34,167	12,157
Other income	3,033	3,761
	291,802	210,008
Other revenue		
Interest	1,423	1,963
Revenue	293,225	211,971

Note 6. Expenses

	Consolidated 2017 $'000	Consolidated 2016 $'000
Profit before income tax includes the following specific expenses:		
Depreciation		
Leasehold improvements	55	9
Office equipment and furniture	1,196	641
Motor vehicles	98	65
Leased motor vehicle assets	12,995	5,970
Total depreciation	14,344	6,685
Amortisation		
Brand name	780	455
Customer contracts	5,458	2,543
Software	1,981	1,024
Total amortisation	8,219	4,022
Total depreciation and amortisation	22,563	10,707
Finance costs		
External borrowing costs for corporate debt	7,865	5,290
External borrowing costs for lease portfolio	2,483	1,039
Net foreign exchange losses (gains)	(11)	(5)
Net movement in fair value of derivatives	(570)	2,265
Total finance costs	9,767	8,589
Rental expense relating to operating leases		
Minimum lease payments	5,896	5,717
Superannuation expense		
Defined contribution superannuation expense	4,979	3,951

Note 7. Income tax

	Consolidated 2017 $'000	Consolidated 2016 $'000
Income tax expense		
Current tax	28,163	20,131
Deferred tax - origination and reversal of temporary differences	(1,283)	1,254
Aggregate income tax expense	26,880	21,385
Deferred tax included in income tax expense comprises:		
Increase/(decrease) in deferred tax liabilities	(1,283)	1,254
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	86,472	68,362
Tax at the statutory tax rate of 30%	25,942	20,509
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	138	79
Non-deductible expenses	832	380
	26,912	20,968
Current year tax losses not recognised	162	224
Difference in overseas tax rates	(209)	140
Adjustment recognised for prior periods	15	53
Income tax expense	26,880	21,385

	Consolidated 2017 $'000	Consolidated 2016 $'000
Amounts charged/(credited) directly to equity		
Deferred tax liabilities	245	(456)
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	17,262	11,730
Potential tax benefit at statutory tax rates	3,520	3,519

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 7. Income tax (continued)

	Consolidated 2017 $'000	2016 $'000
Deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	589	471
Prepayments	2,152	1,837
Intangibles	15,164	14,520
Employee benefits	(2,359)	(2,094)
Accrued expenses	(4,446)	(3,341)
Provisions	(3,378)	(3,107)
Doubtful debts	(50)	(21)
Deferred income	(3,036)	(4,302)
Deferred expenses	(1,080)	(1,571)
Derivative financial instruments	-	(680)
	3,556	1,712
Amounts recognised in equity:		
Derivative financial instruments	(720)	(456)
Deferred tax liability	2,836	1,256
Amount expected to be settled after more than 12 months	2,836	1,256
Movements:		
Opening balance	1,256	(14,483)
Charged/(credited) to profit or loss	(1,283)	1,254
Charged/(credited) to equity	245	(456)
Additions through business combinations (note 34)	2,659	14,941
Exchange differences	(41)	-
Closing balance	2,836	1,256

	Consolidated 2017 $'000	2016 $'000
Income tax refund due		
Income tax refund due	-	160
Amount expected to be recovered within 12 months	-	160

	Consolidated 2017 $'000	2016 $'000
Provision for income tax		
Provision for income tax	5,698	-
Amount expected to be settled within 12 months	5,698	-

Note 8. Cash and cash equivalents

	Consolidated	
	2017	2016
	$'000	$'000
Cash at bank	52,669	64,089
Secured deposits	31,254	17,604
	83,923	81,693
Amount expected to be recovered within 12 months	83,923	81,693

Secured deposits represent cash held by the Group as required under certain funding and insurance arrangements between the Group, the financiers under its lease portfolio facilities and its insurance providers. The secured deposits are not available as free cash for the purpose of operations of the Group.

Note 9. Finance, trade and other receivables

	Consolidated	
	2017	2016
	$'000	$'000
Trade receivables	67,807	40,711
Less: Provision for impairment of receivables	(213)	(68)
	67,594	40,643
Prepayments	13,162	8,130
Finance lease receivables	-	4
	80,756	48,777
Amount expected to be recovered within 12 months	80,756	48,777

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	
	2017	2016
	$'000	$'000
Opening balance	68	40
Additional provisions recognised	111	28
Additions through business combinations	258	5
Receivables written off during the year as uncollectable	(224)	-
Unused amounts reversed	-	(5)
Closing balance	213	68

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

Past due but not impaired
Customers with balances past due but without provision for impairment of receivables amount to $1,978,000 as at 30 June 2017 ($917,000 as at 30 June 2016).

Note 9. Finance, trade and other receivables (continued)

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

	Consolidated 2017 $'000	Consolidated 2016 $'000
Within one year overdue	1,978	917

	Consolidated 2017 $'000	Consolidated 2016 $'000
Finance lessor commitments		
Committed at the reporting date and recognised as assets, receivable:		
Within one year	-	4

Note 10. Inventories

	Consolidated 2017 $'000	Consolidated 2016 $'000
End-of-term operating lease assets held for disposal	11,272	5,226
Amount expected to be recovered within 12 months	11,272	5,226

Note 11. Leased motor vehicle assets

	Consolidated 2017 $'000	Consolidated 2016 $'000
Lease motor vehicle assets - at cost	93,617	23,589
Less: Accumulated depreciation	(27,926)	(7,125)
Less: Impairment	(873)	(334)
	64,818	16,130
Amount expected to be recovered within 12 months	3,580	2,993
Amount expected to be recovered after more than 12 months	61,238	13,137
	64,818	16,130

Note 11. Leased motor vehicle assets (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	Leased assets $'000
Balance at 1 July 2015	17,664
Additions	23,711
Disposals	(19,175)
Revaluation increments	74
Exchange differences	(174)
Depreciation expense	(5,970)
Balance at 30 June 2016	16,130
Additions	27,394
Additions through business combinations (note 34)	53,919
Disposals	(19,146)
Revaluation increments	248
Exchange differences	(732)
Depreciation expense	(12,995)
Balance at 30 June 2017	64,818

Note 12. Property, plant and equipment

	Consolidated	
	2017 $'000	2016 $'000
Leasehold improvements - at cost	649	679
Less: Accumulated depreciation	(565)	(669)
	84	10
Office equipment and furniture - at cost	7,746	6,363
Less: Accumulated depreciation	(3,987)	(3,686)
	3,759	2,677
Motor vehicles - at cost	537	260
Less: Accumulated depreciation	(149)	(119)
	388	141
	4,231	2,828
Amount expected to be recovered after more than 12 months	4,231	2,828

Note 12. Property, plant and equipment (continued)

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

Consolidated	Leasehold improvements $'000	Office equipment and furniture $'000	Motor vehicles $'000	Total $'000
Balance at 1 July 2015	19	891	93	1,003
Additions	-	1,763	119	1,882
Additions through business combinations	-	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
Additions	-	2,042	218	2,260
Additions through business combinations (note 34)	134	240	192	566
Disposals	-	-	(59)	(59)
Exchange differences	(5)	(4)	(6)	(15)
Depreciation expense	(55)	(1,196)	(98)	(1,349)
Balance at 30 June 2017	84	3,759	388	4,231

Note 13. Intangibles

	Consolidated 2017 $'000	Consolidated 2016 $'000
Goodwill - at cost	353,528	305,771
Brand name - at cost	7,800	7,800
Less: Accumulated amortisation	(1,235)	(455)
	6,565	7,345
Customer contracts - at cost	58,785	45,328
Less: Accumulated amortisation	(9,085)	(2,543)
Less: Impairment	-	(1,079)
	49,700	41,706
Software - at cost	15,308	12,015
Less: Accumulated amortisation	(4,609)	(2,682)
	10,699	9,333
	420,492	364,155
Amount expected to be recovered after more than 12 months	420,492	364,155

Note 13. 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 2015	136,460	-	649	5,583	142,692
Additions	-	-	-	2,999	2,999
Additions through business combinations	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
Additions	-	-	-	3,148	3,148
Additions through business combinations (note 34)	48,779	-	13,712	199	62,690
Exchange differences	(1,022)	-	(260)	-	(1,282)
Amortisation expense	-	(780)	(5,458)	(1,981)	(8,219)
Balance at 30 June 2017	353,528	6,565	49,700	10,699	420,492

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

	Consolidated 2017 $'000	Consolidated 2016 $'000
Australian CGU	305,771	305,771
United Kingdom CGU	47,757	-
Total	353,528	305,771

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 5 was projected at a growth rate of 0% (2016: 0%) for both CGUs;
- Revenue growth was projected at 6.4% (2016: 6.7%) per annum for the Australian CGU and 5.2% per annum for the United Kingdom 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 10.44% (2016: 11.03%) was used for the Australian CGU and 7.53% for the United Kingdom CGU.

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

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

Note 14. Trade and other payables

	Consolidated 2017 $'000	Consolidated 2016 $'000
Trade payables	91,981	56,486
Accrued expenses	11,118	6,974
	103,099	63,460
Amount expected to be settled within 12 months	103,099	63,460

Refer to note 25 for further information on financial instruments.

Trade payables include residual values payable to financiers, which are secured by the underlying operating lease asset, cash lock-up of $25,218,000 (2016: $11,265,000) and bank guarantees.

Note 15. Derivative financial instruments

	Consolidated 2017 $'000	Consolidated 2016 $'000
Interest rate swap contracts - cash flow hedges	2,464	3,889
Amount expected to be settled after more than 12 months	2,464	3,889

Refer to note 25 for further information on financial instruments.

Refer to note 26 for further information on fair value measurement.

Note 16. Employee benefits

	Consolidated 2017 $'000	Consolidated 2016 $'000
Annual leave	3,523	3,160
Long service leave	4,495	3,954
	8,018	7,114
Amount expected to be settled within 12 months	7,053	6,053
Amount expected to be settled after more than 12 months	965	1,061
	8,018	7,114

Note 17. Residual risk provision

	Consolidated 2017 $'000	Consolidated 2016 $'000
Residual risk	11,595	10,213
Amount expected to be settled within 12 months	7,083	4,097
Amount expected to be settled after more than 12 months	4,512	6,116
	11,595	10,213

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 - 2017	Residual risk $'000
Carrying amount at the start of the year	10,213
Additional provisions recognised	821
Additions through business combinations (note 34)	570
Exchange differences	(9)
Carrying amount at the end of the year	11,595

Note 18. Lease portfolio borrowings

	Consolidated 2017 $'000	Consolidated 2016 $'000
Lease portfolio borrowings	55,328	11,855
Amount expected to be settled within 12 months	26,898	4,626
Amount expected to be settled after more than 12 months	28,430	7,229
	55,328	11,855

Lease portfolio borrowings
The lease portfolio borrowings are secured by the underlying funded assets and lease agreements, together with an 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.

Note 19. Borrowings

	Consolidated	
	2017	2016
	$'000	$'000
Bank loans	158,119	134,750
Amount expected to be settled within 12 months	25,179	15,000
Amount expected to be settled after more than 12 months	132,940	119,750
	158,119	134,750

Refer to note 25 for further information on financial instruments.

Total secured liabilities
The total secured liabilities are as follows:

	Consolidated	
	2017	2016
	$'000	$'000
Bank loans	158,119	134,750
Lease portfolio borrowings (note 18)	55,328	11,855
	213,447	146,605

Assets pledged as security
Assets pledged as security for borrowings are:

Australian corporate borrowings
The corporate borrowings comprise bank loans which are secured by guarantees and indemnities as well as fixed and floating charges or composite guarantees issued by the Group. The facilities are repayable in instalments of $5,000,000 for the next nine quarters and a bullet payment of $82,100,000 on maturity being 17 November 2019.

UK corporate borrowings
UK corporate borrowings comprise facilities totalling GBP 17,775,000. The facilities are repayable in instalments of GBP 625,000 per quarter followed by a bullet payment of GBP 12,150,000 on maturity being 17 November 2019.

Note 19. Borrowings (continued)

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

	Consolidated	
	2017 $'000	2016 $'000
Total facilities		
Corporate borrowings	190,192	160,344
Lease portfolio facilities	113,450	40,484
	303,642	200,828
Used at the reporting date		
Corporate borrowings	168,495	152,147
Lease portfolio facilities	55,328	11,855
	223,823	164,002
Unused at the reporting date		
Corporate borrowings	21,697	8,197
Lease portfolio facilities	58,122	28,629
	79,819	36,826

Note 20. Vehicle maintenance funds

	Consolidated	
	2017 $'000	2016 $'000
Vehicle maintenance funds	54,524	58,687
Amount expected to be settled within 12 months	21,946	29,032
Amount expected to be settled after more than 12 months	32,578	29,655
	54,524	58,687

Note 21. Deferred income

	Consolidated	
	2017 $'000	2016 $'000
Deferred income	37,024	26,522
Amount expected to be recognised within 12 months	20,018	12,399
Amount expected to be recognised after more than 12 months	17,006	14,123
	37,024	26,522

Note 22. Issued capital

	Consolidated			
	2017 Shares	2016 Shares	2017 $'000	2016 $'000
Ordinary shares - fully paid	253,030,869	251,791,826	272,008	267,348

Note 22. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	1 July 2015	242,691,826		232,768
Shares issued on acquisition of nlc Pty Ltd	30 November 2015	9,100,000	$3.80	34,580
Balance	30 June 2016	251,791,826		267,348
Shares issued on acquisition of Fleet Hire Holdings Limited, UK (note 34)	4 August 2016	756,142	$4.10	3,100
Shares issued on acquisition of Motiva Group Limited, UK (note 34)	30 November 2016	482,901	$3.23	1,560
Balance	30 June 2017	253,030,869		272,008

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.

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 2016 Annual Report.

Note 23. Reserves

	Consolidated	
	2017 $'000	2016 $'000
Foreign currency reserve	(2,864)	(1,121)
Hedging reserve - cash flow hedges	(554)	(1,164)
Share-based payments reserve	2,194	1,411
Capital reserve	(119,158)	(119,158)
	(120,382)	(120,032)

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

Note 23. Reserves (continued)

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 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)
Foreign currency translation	(1,743)	-	-	-	(1,743)
Movement in hedges - gross	-	855	-	-	855
Deferred tax	-	(245)	-	-	(245)
Share-based payments	-	-	783	-	783
Balance at 30 June 2017	(2,864)	(554)	2,194	(119,158)	(120,382)

Note 24. Dividends

Dividends
Dividends paid during the financial year were as follows:

	Consolidated 2017 $'000	Consolidated 2016 $'000
Fully franked final dividend for the year ended 30 June 2016 of 7.63 cents per share paid on 20 October 2016 (2016: 6.117 cents)	19,269	14,845
Fully franked interim dividend for the year ended 30 June 2017 of 7.536 cents per share paid on 20 April 2017 (2016: 5.223 cents)	19,069	13,152
	38,338	27,997

On 14 August 2017, the Directors declared a fully franked final dividend for the year ended 30 June 2017 of 9.265 cents per ordinary share, to be paid on 17 October 2017 to eligible shareholders on the register as at 26 September 2017. This equates to a total estimated distribution of $23,443,000, based on the number of ordinary shares on issue as at 30 June 2017. The financial effect of dividends declared after the reporting date are not reflected in the 30 June 2017 financial statements and will be recognised in subsequent financial reports.

Note 24. Dividends (continued)

Franking credits

	Consolidated	
	2017 $'000	2016 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	38,181	30,415

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 25. 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, unless approved by the Board, 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.

Note 25. Financial instruments (continued)

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

Consolidated	2017 Balance $'000	2016 Balance $'000
Bank loans	(68,307)	(33,688)
Lease portfolio facilities	(81)	(1,071)
Cash at bank	52,669	64,089
Secured deposits	31,254	17,604
Net exposure to cash flow interest rate risk	15,535	46,934

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 $78,000 (2016: $235,000) 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 2017 of $98,349,000 (2016: $107,355,000). The interest rate swap contract hedges the Group's risk against an increase in variable interest rate. The contracts mature in 2019-2020 financial year. Weighted average fixed rate is 3.13% (2016: 3.09%).

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	
	2017 $'000	2016 $'000
Corporate borrowings	21,697	8,197
Lease portfolio facilities	58,122	28,629
	79,819	36,826

Note 25. 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.

Consolidated - 2017	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives					
Non-interest bearing					
Trade payables	91,981	-	-	-	91,981
Interest-bearing - variable					
Bank loans	15,839	14,440	42,021	-	72,300
Lease portfolio liabilities	82	-	-	-	82
Interest-bearing - fixed rate					
Bank loans	15,752	15,220	69,164	-	100,136
Lease portfolio facilities	28,661	17,022	12,510	182	58,375
Total non-derivatives	152,315	46,682	123,695	182	322,874
Derivatives					
Interest rate swaps net settled	-	-	2,464	-	2,464
Total derivatives	-	-	2,464	-	2,464

Consolidated - 2016	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives					
Non-interest bearing					
Trade payables	56,486	-	-	-	56,486
Interest-bearing - variable					
Bank loans	4,975	4,830	27,556	-	37,361
Lease portfolio liabilities	1,088	-	-	-	1,088
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	82,622	23,355	116,468	-	222,445
Derivatives					
Interest rate swaps net settled	-	-	3,889	-	3,889
Total derivatives	-	-	3,889	-	3,889

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

Note 26. 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 - 2017	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Derivative financial instruments - Interest rate swap contracts	-	2,464	-	2,464
Total liabilities	-	2,464	-	2,464

Consolidated - 2016	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Derivative financial instruments - Interest rate swap contracts	-	3,889	-	3,889
Total liabilities	-	3,889	-	3,889

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 observable 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 27. 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 2017 $	Consolidated 2016 $
Short-term employee benefits	4,690,985	3,502,509
Post-employment benefits	160,508	146,157
Long-term benefits	237,048	52,253
Share-based payments	485,567	736,856
	5,574,108	4,437,775

Note 28. 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	
	2017	2016
	$	$
Audit services - KPMG		
Audit or review of the financial statements	543,373	436,673
Other services - KPMG		
Tax services	89,524	97,281
Corporate advisory	752,679	497,297
	842,203	594,578
	1,385,576	1,031,251

Note 29. Commitments - operating lease receivable

	Consolidated	
	2017	2016
	$'000	$'000
Committed at the reporting date, receivable:		
Within one year	15,372	4,264
One to five years	14,822	5,052
	30,194	9,316

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

Note 30. 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 $11,595,000 (2016: $10,213,000) has been recognised as a residual value provision and an amount of $873,000 (2016: $334,000) has been recognised as an impairment provision respectively, 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 31. Commitments for expenditure

	Consolidated	
	2017	2016
	$'000	$'000
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities:		
Within one year	3,473	3,249
One to five years	5,599	7,318
More than five years	-	376
	9,072	10,943
Capital commitments		
Committed at the reporting date but not recognised as liabilities:		
Intangible assets	632	1,309

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 32. 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 35.

Key management personnel
Disclosures relating to key management personnel are set out in note 27 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.

Note 33. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent 2017 $'000	Parent 2016 $'000
Loss after income tax	(3,996)	(3,221)
Total comprehensive income	(3,996)	(3,221)

Statement of financial position

	Parent 2017 $'000	Parent 2016 $'000
Total current assets	-	155
Total assets	467,577	484,367
Total current liabilities	5,126	-
Total liabilities	81,134	60,250
Equity		
Issued capital	482,396	477,736
Accumulated losses	(95,953)	(53,619)
Total equity	386,443	424,117

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 36 for further details.

The parent entity has also provided guarantees and indemnities for bank facilities. Refer to note 19 for further details.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2017 and 30 June 2016.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2017 and 30 June 2016.

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 34. Business combinations

Fleet Hire Holdings Limited
On 4 August 2016, the Group acquired 100% of the ordinary shares of UK based Fleet Hire Holdings Limited and its subsidiaries ('Fleet Hire') for a total consideration of $34,413,000. Fleet Hire is a business that offers contract hire, salary sacrifice, short-term rental and fleet management services. The goodwill of $31,416,000 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.

Note 34. Business combinations (continued)

The values identified in relation to the acquisition are provisional as at 30 June 2017.

The fair value of 756,142 ordinary shares issued to settle part of the consideration was based on the listed share price of the Company on 4 August 2016 of $4.10 per share.

Motiva Group Limited ('Motiva')
On 30 November 2016, the Group acquired 100% of the ordinary shares of UK-based Motiva Group Limited and its subsidiaries ('Motiva') for a total consideration of $23,910,000. Motiva is a business that offers contract hire, short-term rental and fleet management services. The goodwill of $17,363,000 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 2017, Motiva contributed revenue of $16,523,000 and profit before tax of $1,473,000 to the Group results, before acquisition-related expenses. Had the acquisition occurred on 1 July 2016, management estimates that Motiva would have contributed revenue of $28,533,000 and profit before tax of $1,919,000 to the Group results, before acquisition related expenses. 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 occurred on 1 July 2016. The values identified in relation to the acquisition are provisional as at 30 June 2017.

The fair value of 482,901 ordinary shares issued to settle part of the consideration was based on the listed share price of the Company on 30 November 2016 of $3.23 per share.

Acquisition-related expenses
The Group incurred acquisition related costs of $2,497,000 on transaction advisory, legal fees and due diligence costs relating to the Fleet Hire and Motiva acquisitions. In addition, the Group incurred acquisition related costs of $1,038,000 on transaction advisory, legal fees and due diligence costs on an unsuccessful acquisition. These costs have been included in other expenses in the Group’s statement of profit or loss.

Note 34. Business combinations (continued)

Details of the acquisition are as follows:

	Fleet Hire	Motiva	Total
	Fair value $'000	Fair value $'000	Fair value $'000
Cash and cash equivalents	1,822	5,179	7,001
Finance, trade and other receivables	6,814	2,604	9,418
Income tax refund due	29	94	123
Inventories	906	682	1,588
Prepayments	612	3,457	4,069
Lease motor vehicle assets	11,663	42,256	53,919
Property, plant and equipment	454	112	566
Intangible assets	7,752	6,159	13,911
Trade and other payables	(7,235)	(3,816)	(11,051)
Deferred tax liability	(1,198)	(1,461)	(2,659)
Residual risk provision	(280)	(290)	(570)
Lease portfolio borrowings	(11,630)	(40,875)	(52,505)
Deferred income	(6,712)	(7,554)	(14,266)
Net assets acquired	2,997	6,547	9,544
Goodwill	31,416	17,363	48,779
Acquisition-date fair value of the total consideration transferred	34,413	23,910	58,323
Representing:			
Cash paid or payable to vendor	31,313	22,350	53,663
SG Fleet Group Limited shares issued to vendor (note 22)	3,100	1,560	4,660
	34,413	23,910	58,323
Cash used to acquire business, net of cash acquired:			
Cash paid to vendor	31,313	22,350	53,663
Less: cash and cash equivalents	(1,822)	(5,179)	(7,001)
Net cash used	29,491	17,171	46,662

None of the goodwill recognised is expected to be deductible for income tax purpose. All trade receivables are expected to be collectable at the acquisition date.

Comparative period 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 $211,335,000. nlc is a specialist manager and provider of novated lease, consumer vehicle finance and vehicle sourcing services.

Details of the acquisition are as follows:

	Fair value $'000
Representing:	
Cash paid or payable to vendor	176,755
SG Fleet Group Limited shares issued to vendor	34,580
	211,335

Note 34. Business combinations (continued)

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.

At 30 June 2016 the acquisition accounting balances were finalised.

Note 35. 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 2017 %	Ownership interest 2016 %
SG Fleet Solutions Pty Limited	Australia	100%	100%
SG Fleet Holdings Pty Limited	Australia	100%	100%
SG Fleet Finance Pty Limited	Australia	100%	100%
SG Fleet Investments Pty Ltd	Australia	100%	100%
SG Fleet Management Pty Limited	Australia	100%	100%
SG Fleet Australia Pty Limited	Australia	100%	100%
Fleet Care Services Pty Limited	Australia	100%	100%
SG Fleet Salary Packaging Pty Limited	Australia	100%	100%
Beta Dimensions Pty Limited	Australia	100%	100%
SMB Car Sales Pty Limited	Australia	100%	100%
NLC Pty Limited	Australia	100%	100%
NLC Finance Pty Ltd	Australia	100%	100%
NLC Insurance Pty Ltd	Australia	100%	100%
Vehicle Insurance Underwriters Pty Ltd	Australia	100%	100%
NLC Administration Pty Limited	Australia	100%	100%
Kerr Reinehr Group Pty Limited	Australia	100%	100%
NLC Services Pty Limited	Australia	100%	100%
SG Fleet NZ Limited	New Zealand	100%	100%
SG Fleet UK Limited	United Kingdom	100%	100%
SG Fleet UK Holdings Limited	United Kingdom	100%	100%
Fleet Hire Holdings Limited	United Kingdom	100%	-
Fleet Hire Limited	United Kingdom	100%	-
Pure Fleet Management Limited	United Kingdom	100%	-
Car Salary Exchange Limited	United Kingdom	100%	-
Motiva Group Limited	United Kingdom	100%	-
Motiva Vehicle Contracts Limited	United Kingdom	100%	-
Mway Vehicle Rentals Limited	United Kingdom	100%	-
Motiva Direct Limited	United Kingdom	100%	-
Motrak Limited	United Kingdom	100%	-

Note 36. 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

By entering into the deed, the entities (denoted above by an asterisk (*)) have opted to obtain relief from the requirement to prepare financial statements and Directors' report under Corporations Instrument 2016/785 issued by the Australian Securities and Investments Commission ('ASIC').

The above companies represent a 'Closed Group' for the purposes of the Corporations Instrument, 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'.

Set out below is a consolidated statement of profit or loss and other comprehensive income and statement of financial position of the 'Closed Group'.

Statement of profit or loss and other comprehensive income	2017 $'000	2016 $'000
Revenue	259,189	211,971
Fleet management costs	(58,838)	(51,647)
Employee benefits expense	(67,812)	(53,837)
Occupancy costs	(5,406)	(4,958)
Depreciation and amortisation	(13,126)	(10,707)
Technology costs	(4,213)	(3,093)
Other expenses	(11,551)	(10,778)
Finance costs	(7,754)	(8,589)
Profit before income tax expense	90,489	68,362
Income tax expense	(26,173)	(21,385)
Profit after income tax expense	64,316	46,977
Other comprehensive income		
Foreign currency translation difference for foreign operations	743	(1,514)
Effective portion of changes in fair value of cash flow hedges, net of tax	610	(1,157)
Other comprehensive income for the year, net of tax	1,353	(2,671)
Total comprehensive income for the year	65,669	44,306

Note 36. Deed of cross guarantee (continued)

Equity - retained profits	2017 $'000	2016 $'000
Retained profits at the beginning of the financial year	53,907	34,927
Profit after income tax expense	64,316	46,977
Dividends paid	(38,338)	(27,997)
Retained profits at the end of the financial year	79,885	53,907

Statement of financial position	2017 $'000	2016 $'000
Assets		
Cash and cash equivalents	78,617	81,693
Finance, trade and other receivables	68,466	48,777
Inventories	8,056	5,226
Income tax refund due	-	160
Leased motor vehicle assets	19,555	16,130
Property, plant and equipment	3,724	2,828
Intangibles	397,970	364,155
Total assets	576,388	518,969
Liabilities		
Trade and other payables	93,561	63,460
Derivative financial instruments	2,464	3,889
Income tax	5,123	-
Deferred tax	711	1,256
Employee benefits	8,018	7,114
Residual risk provision	11,069	10,213
Lease portfolio borrowings	12,953	11,855
Borrowings	128,050	134,750
Intercompany borrowings	2,442	-
Vehicle maintenance funds	54,524	58,687
Deferred income	23,475	26,522
Total liabilities	342,390	317,746
Net assets	233,998	201,223
Equity		
Issued capital	272,008	267,348
Reserves	(117,895)	(120,032)
Retained profits	79,885	53,907
Total equity	233,998	201,223

Note 37. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated 2017 $'000	Consolidated 2016 $'000
Profit after income tax expense for the year	59,592	46,977
Adjustments for:		
Depreciation and amortisation	22,563	10,707
Net gain on sale of non-current assets	(56)	(44)
Share-based payments	783	952
Leased motor vehicles - fair value increments	(248)	(74)
Net movement in fair value of derivatives	(570)	2,265
Change in operating assets and liabilities:		
Increase in finance, trade and other receivables	(17,529)	(3,215)
Increase in inventories	(4,458)	(126)
Decrease/(increase) in income tax refund due	160	(160)
Decrease in deferred tax assets	-	14,483
Increase in prepayments	(963)	(730)
Increase in trade and other payables	24,886	10,075
Increase/(decrease) in provision for income tax	5,821	(9,758)
Decrease in deferred tax liabilities	(1,283)	(13,229)
Increase in employee benefits	904	804
Increase/(decrease) in other provisions	812	(2,155)
Decrease in deferred income	(3,764)	(420)
Net cash from operating activities	86,650	56,352

Note 38. Earnings per share

	Consolidated 2017 $'000	Consolidated 2016 $'000
Profit after income tax attributable to the owners of SG Fleet Group Limited	59,592	46,977
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	252,759,335	248,012,591
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	3,969,069	3,381,165
Performance rights over ordinary shares	113,610	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	256,842,014	251,393,756
	Cents	**Cents**
Basic earnings per share	23.58	18.94
Diluted earnings per share	23.20	18.69

Note 39. Share-based payments

The Group has a share option plan and performance rights to incentivise certain employees and Key Management Personnel. The share-based payment expense for the year was $783,000 (2016: $952,000).

Share option plan
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:

2017

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	13/08/2018	$1.85	8,086,046	-	-	-	8,086,046
			8,086,046	-	-	-	8,086,046

Outstanding options vested and exercisable as at 30 June 2017 Nil (30 June 2016: Nil). The weighted average remaining contractual life of options outstanding at the end of the financial period was nil year (2016: one years).

Performance rights
The performance rights are subject to a service condition and a performance condition. The performance condition is based on the compound annual growth rate of the Group's earnings per share. Rights do not carry a right to receive any dividends. If rights vest and are exercised to receive shares, these shares will be eligible to receive any dividends.

Set out below are summaries of performance rights granted under the plan:

2017

Grant date	Vesting date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
20/03/2017	30/06/2018	$0.00	-	142,967	-	-	142,967
20/03/2017	30/06/2019	$0.00	-	285,993	-	-	285,993
			-	428,960	-	-	428,960

None of the performance rights outstanding as at 30 June 2017 are vested and exercisable. The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 20 months.

For the performance rights granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Vesting date	Share price at grant date	Exercise price	Dividend yield	Fair value at grant date
20/03/2017	30/06/2018	$3.29	$0.00	4.10%	$3.120
20/03/2017	30/06/2019	$3.29	$0.00	4.10%	$3.000

Note 40. Events after the reporting period

Apart from the dividend declared as disclosed in note 24, no other matter or circumstance has arisen since 30 June 2017 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.

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 2017 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 36 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	Robbie Blau
Chairman	Chief Executive Officer

14 August 2017
Sydney

Independent Auditor's Report

To the shareholders of SG Fleet Group Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of SG Fleet Group Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- consolidated statement of financial position as at 30 June 2017;
- 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 then ended;
- notes including a summary of significant accounting policies; and
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- valuation of goodwill;
- recognition of residual risk provision;
- measurement and recognition of deferred maintenance income; and
- measurement and recognition of business combinations.

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG

Valuation of goodwill (AUD $353.5m)	
Refer to Note 13 to the Financial Report	
The Key Audit Matter	**How the matter was addressed in our audit**
Valuation of goodwill is a Key Audit Matter due to: • the size of the balance (being 53% of total assets); and • the high level of judgement involved by us in assessing the inputs into the model supporting the Group's annual assessment for impairment. We focused on the significant forward-looking assumptions the Group applied in its value in use model, including: • forecast growth rates for the Group's underlying cash flows, which can vary based on a number of factors such as the number and fleet size of new customer wins, industry growth projections and inflation expectations. The Group operates across different geographies with varying market pressures, which increases the risk of inaccurate forecasts; and • the discount rate, which is complicated in nature and may vary according to the conditions and environment the specific cash generating units (CGUs) are subject to from time to time. The Group also made significant acquisitions during the year, including $48.8m of goodwill as part of those acquisitions. In addition, the Group continued the process of integrating the nlc acquisition from November 2015 into the Australian business. This required the reconsideration of the Group's determination of the Group's CGUs to which they relate based on the independence of each asset's cash inflows and the impact to management's monitoring of the business.	Working with our corporate finance specialists, our procedures included: • assessing the approach to the valuation methodology adopted and the application of the adopted methodology in calculating value in use within the goodwill impairment model; • assessing the integrity of the value in use model used, including the accuracy of the underlying calculation formulas; • assessing the Group's determination of their CGUs based on our understanding of the operations of the Group's business and the impacts of the acquisitions during the year and the integration of the nlc acquisition. We analysed how independent cash inflows of the Group were generated against the requirements of the accounting standards; • analysing the significant acquisitions during the year and the Group's internal reporting to assess the Group's monitoring and management of activities and the consistency of the allocation of goodwill to CGUs; • assessing the Group's discount rate against publicly available data for a group of comparable entities and independently developing a discount rate range considered comparable using publicly available market data for comparable entities, adjusted by risk factors specific to the Group and the industry it operates in; • challenging the Group's cash flow forecast and growth assumptions, including those relating to fleet size and growth assumptions across different geographies, using our knowledge of the Group and its industry. This included comparing the Group's growth assumptions to external data, such as industry growth projections and inflation expectations across different geographies; • assessing the accuracy of previous Group forecasts to inform our evaluation of forecasts incorporated in the model and how

	they impacted the business, for use in further testing; • considering the sensitivity of the model by varying key assumptions such as discount rates and forecast growth rates, within a reasonably possible range, to identify those assumptions at higher risk and to assess the presence of indicators of impairment; and • assessing the disclosures in the Financial Report using our understanding of the Group obtained from our testing and against the requirements of the accounting standards.

Recognition of residual risk provision (AUD $11.6m)

Refer to Note 17 to the Financial Report

The Key Audit Matter	How the matter was addressed in our audit
The recognition of the residual risk provision is considered to be a Key Audit Matter owing to the significant audit effort required and the high degree of judgement applied by us in assessing the Group's valuation of the residual value of their fleet. We focused on gathering evidence on the completeness of the residual value model used by the Group to calculate the residual risk provision. The Group has entered into agreements with financiers which requires the transfer of the asset ownership and the associated residual risk inherent in operating lease assets from the financier to the Group at the end of the operating leases. The determination of the probable residual risk provision is based on the Group's judgement in determining the future shortfalls on the disposal of these assets once ownership is transferred to the Group and of market demand and economic factors, such as inherent volatility of the asset's disposal value due to changes in market conditions between the balance date and future date at which the assets will be disposed. A provision is recognised if the forecast sale proceeds of the asset is less than the residual value payable to the financiers. This requires us to use our judgement when considering the Group's assessment, as the recoverability of the assets are subject to a number of factors, including the condition of the asset at the	Our procedures included: • testing the key control for the Group's residual valuation process which is the quarterly approval of the residual value model by senior management and testing the completeness of inputs in the model; • assessing the accounting treatment of the Group's residual risk provision methodology to the relevant accounting standards; • comparing the market conditions, environmental factors and macroeconomic factors underpinning the Group's determination of the residual risk provision against our understanding of the business, industry and economy; • assessing the Group's ability to accurately value assets at the end of the lease term by comparing the historical residual valuation of a sample of vehicles to the actual sale proceeds received from previous disposals from comparable vehicle classes; and • comparing a sample of the current residual valuation of the assets against the current market value of these assets using recent external auction prices achieved for comparable assets.

transfer of ownership.	
Measurement and recognition of deferred maintenance income (AUD $37.0m)	
Refer to Note 21 to the Financial Report	
The Key Audit Matter	**How the matter was addressed in our audit**
The periodic payments received from customers by the Group for maintenance services are deferred and recognised as revenue when the associated maintenance costs for the leased assets have been incurred or can be reasonably measured using the stage of completion method. The measurement and recognition of deferred maintenance income is a Key Audit Matter due to the audit effort involved in assessing the Group's estimation of lifecycle maintenance costs using a stage of completion method, and the significance of this to the related timing of recognition and deferral of revenue.	Our procedures included: • assessing the Group's revenue recognition policy in accordance with relevant accounting standards; • assessing the historical accuracy of the Group's estimates of the stage of completion of the maintenance of the leased assets by comparing historical estimates of the stage of completion ratio of the maintenance of the leased asset against the actual ratio used in the current year; and • checking the Group's calculation of deferred maintenance income using the estimate of the stage of completion ratio of maintenance costs for the prior six months assessed above.
Measurement and recognition of business combinations (AUD $58.3m)	
Refer to Note 34 to the Financial Report	
The Key Audit Matter	**How the matter was addressed in our audit**
The acquisitions of Fleet Hire Holdings Limited for a consideration of $34.4m and Motiva Group Limited for a consideration of $23.9m are considered a Key Audit Matter due to the size of the acquisitions and the audit complexity arising from the Group's estimation process in the purchase price allocation. The process involved in accounting for these acquisitions was complex, requiring the Group to apply judgement to determine the fair value of acquired assets and liabilities, in particular determining the allocation of the purchase consideration to goodwill and separately identifiable intangible assets, such as brand names and customer contracts.	Our procedures included: • assessing the acquisition against the criteria of a business combination in the accounting standards, and establishing the date of acquisition by reading the key transaction documents to understand key terms and conditions; • working with our corporate finance specialists, we used our knowledge of the acquired businesses, and their industry, to assess their cash flow forecasts used to determine the value of intangible assets. We also assessed key assumptions used to determine the value of intangible assets, including those relating to growth rates and

We focused on the following key assumptions in the Group's value in use models used to determine the fair value of intangible assets, including brand names and customer contracts: • forecast revenues including renewal rate and operating costs; • growth rate; and • discount rate. Our assessment of these assumptions was complex as the fleet size and types of leases of the acquired businesses required knowledge and understanding of the fleet management industry. We involved corporate finance specialists to supplement our senior auditors in assessing this Key Audit Matter.	discount rates. This included comparing the key assumptions against publicly available data of a group of comparable entities and external data such as economic growth projections and inflation expectations; • assessing the fair value of other assets and liabilities recorded in the purchase price allocation, including leased motor vehicle assets, by performing procedures including independently confirming cash balances acquired and checking lease receivables to the acquiree's leasing system reports, on the closing balance sheets as at respective acquisition dates; and • assessing the Group's disclosures in respect of business acquisitions with reference to the accounting standard requirements.

Other Information

Other Information is financial and non-financial information in SG Fleet Group Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards*, the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Group's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

KPMG

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at http://www.auasb.gov.au/auditors_files/ar2.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of SG Fleet Group Limited for the year ended 30 June 2017, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

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 responsibilities

We have audited the Remuneration Report included in pages 10 to 18 of the Directors' report for the year ended 30 June 2017.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Michael O Connell

Partner

Sydney

14 August 2017

The shareholder information set out below was applicable as at 31 July 2017.

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	Number of holders of performance rights over ordinary shares
1 to 1,000	317	-	-
1,001 to 5,000	555	-	26
5,001 to 10,000	311	-	12
10,001 to 100,000	415	-	13
100,001 and over	63	9	-
	1,661	9	51
Holding less than a marketable parcel	65	-	-

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	132,506,417	52.37
J P Morgan Nominees Australia Limited	17,830,327	7.05
BNP Paribas Noms Pty Ltd (DRP)	16,380,706	6.47
HSBC Custody Nominees (Australia) Limited	13,181,881	5.21
National Nominees Limited	10,433,380	4.12
Citicorp Nominees Pty Limited	9,834,339	3.89
Robert Pinkas Blau	6,756,425	2.67
Mutual Trust Pty Ltd	4,675,000	1.85
Lanlow Pty Ltd (Matt & Sally Reinehr Fam A/C)	4,550,000	1.80
UBS Nominees Pty Ltd	1,861,389	0.74
Mr David John Fernandes	1,630,860	0.64
Aust Executor Trustees Ltd (DS Capital Growth Fund)	1,277,995	0.51
Mr Kevin Victor Wundram	1,025,112	0.41
Australian Executor Trustees Limited (No 1 Account)	1,000,678	0.40
Invia Custodian Pty Limited (Best Superannuation P/L A/C)	895,234	0.35
Mulcaster Super Fund Pty Ltd (Mulcaster Super Fund A/C)	806,225	0.32
RBC Investor Services Australia Nominees Pty Ltd (VFA A/C)	768,497	0.30
Pacific Custodians Pty Limited (SGF Plans Ctrl A/C)	669,281	0.26
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
	227,208,751	89.81

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares	8,086,046	9
Performance rights over ordinary shares	428,960	51

Substantial holders
Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Bluefin Investments Limited	132,506,417	52.37
Pengana Capital Group Limited	12,842,762	5.08

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	August 2017	4,928,071
Fully Paid Ordinary Shares	February 2018	241,450
Fully Paid Ordinary Shares	August 2018	378,071
Fully Paid Ordinary Shares	February 2019	241,451
		5,789,043

SG Fleet Group

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	Kevin Wundram
Notice of annual general meeting	The details of the annual general meeting of SG Fleet Group Limited are: Albert Room, 2nd Floor Intercontinental Hotel 117 Macquarie Street Sydney NSW 2000 3:00 PM on Tuesday 24 October 2017
Registered office and 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