SG Fleet Group Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	SG Fleet Group Limited
ABN:	40 167 554 574
Reporting period:	For the year ended 30 June 2019
Previous period:	For the year ended 30 June 2018

2. Results for announcement to the market

The Group has adopted Accounting Standards AASB 9 'Financial Instruments', AASB 15 'Revenue from Contracts with Customers' and AASB 16 'Leases' for the year ended 30 June 2019. AASB 15 has been applied retrospectively and comparatives have been restated. AASB 9 and AASB 16 were adopted using the transitional rules that allow for comparatives not to be restated.

				$'000
Revenues from ordinary activities	down	1.1%	to	509,722
Profit from ordinary activities after tax attributable to the owners of SG Fleet Group Limited	down	10.4%	to	60,462
Profit for the year attributable to the owners of SG Fleet Group Limited	down	10.4%	to	60,462

The fleet size of the Group as at 30 June 2019 was 139,945 after the loss of 7,153 vehicles managed on behalf of the Western Australian Government with effect from 1 July 2018 (30 June 2018: 147,703).

Dividends

	Amount per security Cents	Franked amount per security Cents
Final dividend for the year ended 30 June 2018, declared on 13 August 2018. The final dividend was paid on 16 October 2018 to shareholders registered on 25 September 2018.	9.958	9.958
Interim dividend for the year ended 30 June 2019, declared on 18 February 2019. The interim dividend was paid on 18 April 2019 to shareholders registered on 28 March 2019.	8.169	8.169
Final dividend for the year ended 30 June 2019, declared on 21 August 2019. The final dividend will be paid on 10 October 2019 to shareholders registered on 19 September 2019.	9.520	9.520

Comments
The profit for the Group after providing for income tax amounted to $60,462,000 (30 June 2018: $67,455,000).

The profit for the year ended 30 June 2019 is after providing for a non-cash impairment charge of $4,050,000 (net of tax).

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	(50.81)	(66.19)

4. Dividend reinvestment plans

The Company has a Dividend Reinvestment Plan ('DRP') 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 DRP will not be activated in respect of the 2019 final dividend.

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5. 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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6. Attachments

Details of attachments (if any):

The Annual Report of SG Fleet Group Limited for the year ended 30 June 2019 is attached.

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7. Signed

Signed ____________________________ Date: 21 August 2019

Andrew Reitzer
Chairman
Sydney

SG Fleet Group Limited

ABN 40 167 554 574

Annual Report - 30 June 2019

SG Fleet Group

Dear Shareholder

I have the pleasure of presenting you with the SG Fleet Group Limited Annual Report for the year ended 30 June 2019.

During the 2019 financial year, some of the businesses within the SG Fleet Group negotiated a range of external challenges, and it is fair to say that our overall operational environment was mixed at best. While the Australian Corporate business made further progress and the UK and New Zealand operations successfully negotiated unhelpful economic conditions, our Consumer business in Australia was inevitably impacted by worsening consumer sentiment, which saw demand for novated leases decline as spending on large ticket items such as cars shrunk markedly.

Once again, we delivered a healthy profit for your Company, but one that did not improve on the previous corresponding period's result. We have been proactive in addressing the challenges we faced, accelerating our efficiency drive and initiating a review of some of our products to improve customer value and penetration. This helped your Company improve its performance in the second half. It also means we are now in a better position for the longer term.

Your Board has declared a fully franked final dividend of 9.52 cents per share, bringing the total dividend for the 2019 financial year to 17.689 cents per share, against 18.738 cents per share in the previous financial year.

Good companies take advantage of challenging environments to improve their future position and it is our firm intention to build a stronger business. Our objectives are to improve the quality and resilience of our income streams, protect your Company from external factors that are not under our control, and improve the value we deliver to our customers by evolving our products and services offering. While the 2019 financial year has been a challenging one from an operational perspective, we have made significant progress with these strategic objectives.

We previously announced the creation of a dedicated innovation hub. I am happy to report that during the year, we successfully launched a number of new products that have received a very positive response. In addition to strengthening our connections with existing customers, products such as our Inspect365 chain-of-responsibility solution and our eStart electric vehicle transition planning service are opening up doors with significant new prospects.

Greater penetration of these products is allowing us to create growth in a stable fleet environment. They are also evidence of a pattern we flagged some time ago, namely that value-add to the fleet is steadily increasing, in turn reflecting the greater sophistication of our industry's offering.

To create a more stable and lower risk revenue profile, we will also grow the proportion of annuity income, generated over the life of a lease or a customer relationship, rather than upfront. The diversification of our funding model to include more on-balance sheet financing has a number of strategic advantages, including the creation of such annuity income streams. Similarly, the new, high value-add products we are bringing to market predominantly generate annuity-type revenue. They will of course also help us embed ourselves more strongly with our customers and gain market share.

We believe the greater revenue stability achieved through these initiatives will create a better platform on which to grow your Company and expand our offering in a rapidly changing environment in which we are generating an increasing range of opportunities.

I would like to take this opportunity to thank the Directors of the Company's Board for their contribution during this challenging year. My thanks also go to our majority shareholder, Super Group, for their active endorsement of our strategic growth objectives. Finally and most importantly, I thank you, our Shareholders, for your continued support as we build a stronger business.

Andrew Reitzer
Chairman

21 August 2019
Sydney

Dear Shareholder

I am pleased to report on the financial performance of SG Fleet Group Limited for the year ended 30 June 2019.

My review of this financial year will refer for comparison to the actual or restated financial figures for the year ended 30 June 2018. Detailed financial data can be found in the full annual report.

Improvement through the year in challenging conditions

During the 2019 financial year, our Corporate business and our offshore operations again performed well, helping to contain the impact of a challenging environment in our Consumer business. The operating conditions we saw during the period in the consumer environment, and in particular the auto space, were some of the worst the Company has encountered for a decade or so. We proactively dealt with these challenges whilst stepping up our efficiency and innovation programs. We also further expanded our customer book and increased penetration of additional products and services. I am happy to report that as a result, we produced a better financial performance in the second half. However, despite this progress we were unable to grow total profits relative to the 2018 financial year.

Total revenue for the full financial year was $509.7 million, 1.1% lower than in the previous year. Revenue was kept relatively stable despite the continuation of challenging conditions throughout the year, helped by improved product and services penetration. Net profit after tax for the reported period was $60.5 million. Underlying net profit after tax, which excludes a non-cash impairment related to the move to a single brand in our Consumer business, was $64.5 million. This compares to reported and underlying net profit after tax of $67.5 million in the 2018 financial year. Reported earnings per share was 23.20 cents, compared to 26.30 cents in the previous corresponding period.

Soft new vehicle sales in Australia had an impact on our novated sales, resulting in a 3% reduction in new novated deliveries, and a 7.6% decline in funding commission income to $50.6 million. However, our total fleet size, at 139,945 units, remained relatively constant during the year and we were able to grow our management and maintenance income by 1.2% to $94.5 million. Lower new vehicle volumes also did not hamper our ability to achieve higher additional products and services revenues (up 3.0% to $107.1 million) as penetration of accessory sales improved further. Net End of lease income was again strong in the 2019 financial year, at $17.6 million (up 0.2%), as market conditions for second hand vehicles remained supportive. Net rental income declined by 10.9% to $10.6 million as a result of a shift away from the on-balance sheet lease portfolio in the UK business. Promisingly, we saw further improvement in the split in net revenue, with less income being generated up-front and more generated on an annuity basis.

Economic environment and structural demand trends stable

In terms of the general economic environment In Australia, we saw little improvement during the year. In fact, despite a temporary bounce in business sentiment in the aftermath of the election and the first interest rate cut, conditions remained largely unchanged. In parallel, consumer sentiment failed to build on some brief positives such as the apparent stabilisation of the property market, and spending on large ticket items, such as auto, remained anaemic.

In our industry, the environment generally remained very competitive. We made some progress with our lenders to improve credit approval processes in our Consumer business, which became onerous as an indirect consequence of the Financial Services Royal Commission announcements. However, there is no doubt this is still somewhat impeding our ability to close deals.

Our Corporate business maintained its good performance throughout the year and the Consumer business made clear progress on the first half despite these challenges. This demonstrates the continued presence of the longer-term structural trends supporting demand for our services. It is also evidence of our ability to generate healthy profits even in tough conditions.

New products help customer acquisition and retention in Corporate business

During the 2019 financial year, the Corporate business again won some attractive new contracts across a variety of sectors, including local government, to support ongoing growth. The Direct Business in particular is showing good progress. Importantly, we continued to solidify our relationship with existing customers. We had a number of significant long-term contract extensions in both the government and the private sector. New opportunities continue to emerge, but decision processes remain slow, often delaying tender outcomes.

On the product front, we saw an acceleration of the penetration trends reported in previous periods and accessories income again grew strongly, as mentioned earlier. We are now generating considerably more revenue per vehicle and customers become more ‘sticky’ as we grow the range of products we provide to them.

During the year, we successfully launched our Inspect365 chain-of-responsibility product, with very positive feedback from existing and new customers. This product has gone from strength to strength and is effectively opening doors for us with a new range of customers. Our car sharing product is also increasingly getting traction with corporate and government customers and it is gradually becoming a must-have option in most fleet policies.

Other products that are seeing a promising growth curve in terms of sign-ups include our driver safety and license checking solutions. Telematics and Bookingintelligence are already established products, with growth coming both from new customers and a widening of the range of applications they are used for.

Finally, we are increasingly monetising our mobility and electric vehicle expertise through consultancy engagements. The latter was packaged and launched as the eStart product during the year, and, as with other new product launches such as the DingGo repairer portal, is proving to be a very useful tool to introduce ourselves to prospective customers.

Consumer business addressing multiple external impacts

As noted earlier, it has been a challenging year for our Consumer business, which was impacted by a cyclical downturn in car demand combined with the indirect consequences of the financial services reviews. While we continued to win new accounts, drivers often delayed purchase decisions, not only because of poor sentiment but also because the changed credit process environment. Extension levels, another indicator of indecisiveness, also remained elevated. Profitability was impacted further by the lowering of commissions on extended warranty products, as flagged in the previous financial year, and competitive pressure on financing margins.

In this context, we were buoyed by the Consumer business’ ability to navigate what remained very tough conditions and turn in an improved performance in the second half. While overall private new car sales declined sharply again in the January to June period, by over 9% relative to the second half of the 2018 financial year, the decline in our own new novated sales during the same period was limited to 2%.

Offsetting this somewhat was our ability to grow the revenue we made from add-on products and services as we further expanded our product suite. It was also promising to see that we successfully grew the pool of employees eligible for novated leases. While the subdued environment has stopped this from translating into meaningful new sales growth, it does mean we have enlarged the number of potential customers for future years.

Further headway in UK despite environment

The UK economy has very much been in a state of flux during the year as Brexit uncertainty continues. Our Australian base has been a competitive advantage for us as customers are less concerned about our exposure to any Brexit fall-out. Having said that, business confidence generally remained poor. In terms of vehicle registrations, the picture was mixed, with consumers hesitant but businesses relatively steady, as evidenced by the resilience of fleet registrations overall, and vans in particular.

Our UK business has remained very busy, both with on-boarding wins and the successful pursuit of additional opportunities in the tool-of-trade, short-term rental and personal contract hire segments. Personal contract hire schemes were promoted via affinity arrangements with sports clubs and other organisations and, while small, they have been a success and we are looking to roll out the model more widely. Just as is the case in Australia, we are looking to further build our consulting capacity in the alternative fuel space and, on the back of tax changes incentivising low emission vehicle use, interest in EVs continues to grow rapidly in this market.

In terms of customers, the UK business is making good progress with efforts to diversify its customer book, for example with some appointments to supplier panels in the public sector. Its geographic footprint also continues to widen. We are now a larger player in the UK, promoting a single brand to the market place.

All of this helped our UK operations deliver a significant profit increase in the first half, and further progress in the second. This business is becoming an increasingly important contributor to the overall profitability of the Group.

NZ shakes off slowing economy to improve performance

Not entirely surprising given the heights scaled over the last few years, the New Zealand economy slowed down somewhat during the year, with business confidence weakening in tandem. Pleasingly, demand for our industry's services and tender activity held up well, particularly in the private sector. However, we did see increased price sensitivity as companies became more cost conscious.

Our New Zealand business continued to do well despite this less supportive environment. As I have observed in the past, we are very much seen as a high value-add provider and this helped us open more doors. Opportunities continued to arise for us across a range of industries and we were successful in converting fleet managed customers to funded as well as winning additional managed business. We were also able to convert a number of panel structures into sole supply arrangements. The strength of our relationship with government was again exemplified by a number of lengthy contract extensions and further government departments were added to our customer book there.

In terms of product offering, we continue to see a trend similar to that in Australia, with increased demand for higher end services such as telematics, driver safety and alternative fuel consulting.

Building a stronger business

As mentioned earlier, we are proactively addressing the challenges encountered by our Consumer business during the year. In addition, we accelerated a number of ongoing programs that touch on a wide range of operational aspects across the Group. These programs are focused on operational excellence in all our geographies, as well as our efficiency drive and our innovation agenda. Automation and digitisation projects continued during the year, with advances made across the vehicle life-cycle management process. This drive will continue and broaden as we identify further opportunities to improve our efficiency.

Building a better business also relies on us strengthening our income streams and improving our position to compete. I have spoken before of the Company's intent to diversify its funding methods and introduce a greater degree of on-balance sheet funding and we have now started designing and building the necessary processes to achieve this. In addition, we have reviewed a number of our products to be able to deliver greater value to our customers, achieve better penetration and further build our market share.

In terms of our revenue profile, these initiatives will lead to a spreading out, over the life of a typical lease, what previously would have been upfront income reflected entirely in the year of origination. It is important to note that the spreading of income over the life of a secured lease is not a loss of income but a beneficial conversion to annuity revenue and a stabilisation of revenue streams. Of course, we target a good level of organic growth on an ongoing basis. The objective of these initiatives is to augment that organic growth further by improving the positioning of our products.

Innovation in an evolving environment

Whilst the 2019 financial year presented a number of external challenges for the Company, the progress we made in the second half demonstrated that we are able to deliver healthy profits even in difficult conditions.

The Corporate business continued its good performance and took full advantage of our widening products and services offering to open new doors. Importantly, our Consumer business was able to offset to some extent the external factors that remain in play, delivering an improved performance for the second half. Overseas, the UK and New Zealand businesses increased their contribution to Group profits despite the lacklustre economic environment in which these businesses operate.

As I mentioned earlier, we are taking advantage of the current environment to build a stronger business by improving the resilience of our income streams and by targeting further market share gains with some of our redesigned products. Our Innovation team continues to generate new revenue earners as the transport and mobility space evolves. This will put us in a much more competitive position for the longer term. Of course, we continue to monitor inorganic growth opportunities, but we will retain our prudent approach in their pursuit.

We believe we are entering an exciting stage in our evolution: an increased rate of innovation and successful product launches, a strengthening of our position as an industry leader with a clear strategic vision in a rapidly evolving environment, and a further improvement in the quality, resilience and visibility of our revenue streams.

My sincere thanks and appreciation go to my Executive team and my colleagues across the Group. They have stood up to the challenges we faced and I firmly believe the Company is stronger as a consequence. With the support of you, our Shareholders, we look forward to further building our leadership in our industry and growing the value we create for our customers and for our shareholders.

Robbie Blau
Chief Executive Officer

21 August 2019
Sydney

SG Fleet Group

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 2019.

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	
	2019 $'000	2018 $'000
Final dividend for the year ended 30 June 2018 of 9.958 cents per ordinary share paid on 16 October 2018 (2018: 9.265 cents)	25,640	23,844
Interim dividend for the year ended 30 June 2019 of 8.169 cents per share paid on 18 April 2019 (2018: 8.78 cents)	21,395	22,596
	47,035	46,440

On 21 August 2019, the Directors declared a fully franked final dividend for the year ended 30 June 2019 of 9.52 cents per ordinary shares, to be paid on 10 October 2019 to eligible shareholders on the register as at 19 September 2019. This equates to a total estimated distribution of $24,932,000, based on the number of ordinary shares on issue as at 30 June 2019. The financial effect of dividends declared after the reporting date are not reflected in the 30 June 2019 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 $60,462,000 (30 June 2018: $67,455,000).

During the year the Board resolved to integrate the Group's two retail brands into a single retail brand and accordingly resolved to impair the nlc brand name at a post-tax cost of $4,050,000.

The fleet size of the Group as at 30 June 2019 was 139,945 after the loss of 7,153 vehicles managed on behalf of the Western Australian Government with effect from 1 July 2018 (30 June 2018: 147,703).

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
There were no 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 2019 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 40 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) and Non-executive Chairman of ARQ Group Limited (ASX: ARQ).
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of the Nomination and Remuneration Committee and Chairman of the Innovation and Technology Committee
Interests in shares:	83,269 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:	Member of the Innovation and Technology Committee
Interests in shares:	6,892,245 ordinary shares in the Company
Interests in options:	512,931 options over ordinary shares in the Company
Interests in rights:	45,910 performance rights over ordinary shares in the Company

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, TEDxSydney, Invictus Games Sydney 2018 and the Chairman of Powering Australian Renewables Fund (PARF).
Former directorships (last 3 years):	South Australian Power Networks, Australian Broadcasting Corporation ('ABC'), Spark Infrastructure Ltd, Football Federation Australia (FFA), The Prince's Trust Australia, Local Organising Committee 2015 Australia Asian Cup and Australian Himalayan Foundation.
Special responsibilities:	Member of the Audit, Risk and Compliance Committee, member of the Nomination and Remuneration Committee and member of the Innovation and Technology 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. He is also the Chair of Connective Group, a leading mortgage aggregation business. 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.
Former directorships (last 3 years):	Spitfire Corporation Limited and Circus Australia Ltd
Special responsibilities:	Chairman of the Audit, Risk and Compliance Committee
Interests in shares:	27,756 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 25 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), Bluefin Investments Limited (Mauritius - Unlisted)
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):	None
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 risk 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:	Member of the Innovation and Technology Committee
Interests in shares:	687,347 ordinary shares in the Company
Interests in options:	183,190 options over ordinary shares in the Company
Interests in rights:	16,397 performance rights over ordinary shares in the Company

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 - Unlisted)
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 exclude 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 exclude directorships of all other types of entities, unless otherwise stated.

Company secretary

Edelvine Rigato (B.A., Grad Dip ACG, FGIA, FCIS, MAICD) was appointed company secretary on 11 September 2017. Edelvine has over 10 years' experience in company secretarial practice with publicly listed and private companies. Prior to joining SG Fleet Group, Edelvine was the company secretary of Melbourne IT Group (now ARQ Group Limited) and assistant company secretary at Ardent Leisure Group.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2019, 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	8	8	-	-	4	4
Robbie Blau	8	8	-	-	-	-
Cheryl Bart AO	8	8	4	4	4	4
Graham Maloney	8	8	-	-	-	-
Peter Mountford	8	8	4	4	4	4
Edwin Jankelowitz	7	8	3	4	-	-
Kevin Wundram	8	8	-	-	-	-

	Innovations and Technology Committee	
	Attended	Held
Andrew Reitzer	1	1
Robbie Blau	1	1
Cheryl Bart AO	1	1
Kevin Wundram	1	1

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

SG Fleet Group

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 key 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 the achievement of strategic objectives and 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	$200,004
Cheryl Bart AO - Independent Non-Executive Director	$117,502
Graham Maloney - Independent Non-Executive Director	$120,000
Peter Mountford - Non-Executive Director	$117,502
Edwin Jankelowitz - Independent Non-Executive Director	$110,002

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 performance 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.

SG Fleet Group

Short-term incentives

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. The STI program has a non-financial component and a financial component.

Non-financial component of STI

The non-financial component currently comprises 10% of the STI and the financial component 90%.

An individual performance gateway applies in relation to the award of the STI. For an executive to receive payment under the STI program, their performance must be assessed as being fully satisfactory. This includes their individual contribution to the Group's organisational culture and demonstrating and upholding the shared values that underpin the Group purpose and ambition.

Upon successfully passing through the performance gateway, in order to earn the non-financial component of their STI, the Executive is appraised according to the achievement of key performance indicators (KPI's) as well as the achievement of key strategic initiatives. KPI's include productivity and product profitability measures. Key Strategic Initiatives are defined annually as part of the Group's strategic planning and each year an assessment is made of the achievements against the initiatives set twelve months before. Strategic Initiatives include for example, new product development, significant technology and business systems development, innovation, customer wins and internal efficiency initiatives

Financial component of STI

At the beginning of each year the NRC sets the growth target for the business units and for the Group as a whole for the purpose of the STI. A minimum profit growth gateway of 60% of the target growth rate applies in order for an executive to be entitled to the financial component of the STI.

The performance condition for the financial component of the STI is based on the compound annual growth rate ('CAGR') of the Group's earnings per share ('EPS'). 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 growth achieved for the year, and the achievement against the performance conditions for the purpose of the STI is determined by the Board in its absolute discretion, having regard to any matters that it considers relevant. To determine EPS for the purposes of the STI, the Board typically exercises its discretion to adjust the NPAT for the impact of non-recurring or significant transactions.

The STI is subject to a 12 month payment deferral in equity in respect of 25% of amount determined as payable.

Long-term incentives

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 awards to Participants are made under the Equity Incentive Plan ('EIP') and are currently delivered in the form of share options and performance rights ('LTI Instruments'). The number of LTI Instruments granted is based on a fixed percentage of the relevant Participant's TFR and is issued to the Participant at no cost.

LTI Instruments currently granted to KMP vest over two and three year periods (the 'Performance Period'), subject to the satisfaction of performance conditions.

The LTI Instruments currently on issue to KMP have been split into two Tranches:

- 1/3 of the Instruments have been allocated to Tranche 1 which will be assessed over the two year Performance Period of 1 July 2017 to 30 June 2019. Vesting occurs in August 2019; and
- 2/3 of the Instruments have been allocated to Tranche 2 which will be assessed over the three year Performance Period of 1 July 2017 to 30 June 2020. Vesting occurs in August 2020.

The performance conditions for the LTI Instruments 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.

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 CAGR, and the achievement against the performance conditions for the purpose of the LTI is determined by the Board in its absolute discretion, having regard to any matters that it considers relevant. To determine the EPS CAGR for the purposes of the LTI, the Board typically exercises its discretion to adjust the NPAT for the impact of non-recurring or significant transactions

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 current 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 6%	Nil
6% (Threshold performance)	60%
Between 6% and 14%	Straight-line pro-rata vesting between 60% and 100%
14% or above (Stretch performance)	100%

Any LTI Instruments that remain unvested at the end of the Performance Period will lapse immediately. The Participant is entitled to receive one share for each right that vests. The Participant is entitled to receive one share for each option that vests and is exercised. The Participant must exercise any vested options within 3 years of vesting. After 3 years, any unexercised options will lapse. 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 Board may determine to implement a cashless exercise arrangement under which, in lieu of paying cash, the Board may permit a participant to pay the exercise price by forfeiting some of the vested options or forgoing some of the shares that would otherwise be allocated to the participant on exercise.

The LTI Instruments 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 LTI Instruments automatically lapse unless the Board determines otherwise. In other circumstances, the LTI Instruments will remain on issue with a broad discretion for the Board to vest or lapse some or all of the LTI Instruments. The Board will ordinarily lapse LTI Instruments 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 LTI Instruments and the Board will notify the Participant of the date on which any vested but unexercised options will expire. Where only some of the LTI Instruments are vested on a change of control event, the remainder of the LTI Instruments will immediately lapse.

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

Group performance and link to remuneration
The financial performance measure driving the financial component of the STI payment outcomes for Executive Directors for the year ended 30 June 2019 is determined on a straight-line basis, based on the Group achieving EPS growth of between 3.4% and 7.9% over the previous financial year. In terms of the minimum profit growth gateway, no award of the financial component of the STI is made if the Group's EPS growth is less than 3.4% over the previous financial year. STI payments granted to other KMP are based on a combination of the Group EPS Targets as set out above, and specific divisional growth targets. 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 2019 was 23.20 cents per share. Since the performance condition for the performance period 1 July 2017 to 30 June 2019 was not met, these LTI instruments will not vest.

Voting and comments made at the Company's 2018 Annual General Meeting ('AGM')
At the 2018 AGM, the shareholders voted to approve the adoption of the remuneration report for the year ended 30 June 2018. The feedback the Company received in the lead up to the AGM regarding its remuneration practices has been reflected in this remuneration report.

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
- Geoff Tipene - Managing Director, New Zealand
- Graham Hale - Managing Director, United Kingdom (resigned as KMP on 7 December 2018)
- Peter Davenport - Managing Director, United Kingdom (appointed as KMP on 7 December 2018)

	Short-term benefits				Post-employment benefits	Long-term benefits	Share-based payments	
2019	Cash salary and fees $	Deferred bonus from previous year $	Current year bonus $	Non-monetary $	Super-annuation $	Leave benefits $	Equity-settled $	Total $
Non-Executive Directors:								
Andrew Reitzer (Chairman)	182,652	-	-	-	17,352	-	-	200,004
Cheryl Bart AO	107,308	-	-	-	10,194	-	-	117,502
Graham Maloney	120,000	-	-	-	-	-	-	120,000
Peter Mountford	117,502	-	-	-	-	-	-	117,502
Edwin Jankelowitz	100,459	-	-	-	9,543	-	-	110,002
Executive Directors:								
Robbie Blau (CEO)	1,019,869	68,750	206,250	-	20,531	45,674	101,501	1,462,575
Kevin Wundram (CFO)	499,669	37,500	112,500	-	20,531	20,877	36,250	727,327
Other Key Management Personnel:								
Andy Mulcaster	390,968	33,770	95,250	-	20,531	13,577	22,940	577,036
Geoff Tipene *	248,686	25,677	53,235	25,211	7,461	-	13,337	373,607
Graham Hale *	119,362	-	-	-	1,581	-	-	120,943
Peter Davenport * **	156,158	22,660	79,766	-	6,042	9,742	32,809	307,177
	3,062,633	188,357	547,001	25,211	113,766	89,870	206,837	4,233,675

* Total remuneration in local currency paid to Geoff Tipene amounts to NZ$398,237. Total remuneration in local currency paid to Peter Davenport amounts to £169,789. Total remuneration in local currency paid to Graham Hale was £66,850 for the period 1 July 2018 until 7 December 2018 when he ceased to be a KMP.
** Represents remuneration from date of appointment as KMP for Peter Davenport on 7 December 2018.

Colin Brown (Alternate Director) received no remuneration during the year ended 30 June 2019.

	Short-term benefits				Post-employment benefits	Long-term benefits	Share-based payments	
2018	Cash salary and fees $	Deferred bonus from previous year $	Current year monetary $	Non-monetary $	Super-annuation $	Leave benefits $	Equity-settled options $	Total $
Non-Executive Directors:								
Andrew Reitzer (Chairman)	182,652	-	-	-	17,352	-	-	200,004
Cheryl Bart AO	107,308	-	-	-	10,194	-	-	117,502
Graham Maloney	120,000	-	-	-	-	-	-	120,000
Peter Mountford	117,502	-	-	-	-	-	-	117,502
Edwin Jankelowitz	100,458	-	-	-	9,544	-	-	110,002
Executive Directors:								
Robbie Blau (CEO)	999,951	375,000	206,250	-	20,049	18,854	263,879	1,883,983
Kevin Wundram (CFO)	489,951	150,000	112,500	-	20,049	9,286	94,242	876,028
Other Key Management Personnel:								
Andy Mulcaster	383,381	98,880	101,311	-	19,785	10,141	59,640	673,138
Geoff Tipene*	231,342	56,135	75,928	24,945	6,940	-	34,674	429,964
Graham Hale * **	162,607	-	81,461	13,357	13,009	-	59,201	329,635
David Fernandes*	61,589	-	-	-	8,772	8,411	-	78,772
Matthew Reinehr***	91,515	-	-	-	9,986	-	-	101,501
	3,048,256	680,015	577,450	38,302	135,680	46,692	511,636	5,038,031

* Total remuneration in local currency paid to Geoff Tipene amounts to NZ$464,976. Total remuneration in local currency paid to Graham Hale amounts to £189,205. Total remuneration in local currency paid to David Fernandes was £45,214 for the period 1 July 2017 until 31 October 2017 when he ceased to be a KMP.

** Represents remuneration from date of appointment as KMP for Graham Hale on 1 November 2017.

*** Represents remuneration until the date the executive ceased to be a KMP on 30 November 2017.

Colin Brown (Alternate Director) received no remuneration during the year ended 30 June 2018.

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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:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2019	2018	2019	2018	2019	2018
Executive Directors:						
Robbie Blau	74%	55%	19%	31%	7%	14%
Kevin Wundram	74%	59%	21%	30%	5%	11%
Other Key Management Personnel:						
Andy Mulcaster	74%	61%	22%	30%	4%	9%
Geoff Tipene	75%	61%	21%	31%	4%	8%
Graham Hale	100%	57%	-	25%	-	18%
Peter Davenport	56%	-	33%	-	11%	-
David Fernandes	-	100%	-	-	-	-
Matthew Reinehr	-	100%	-	-	-	-

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

	Cash bonus paid/payable		Cash bonus forfeited	
Name	2019	2018	2019	2018
Executive Directors:				
Robbie Blau	27%	52%	73%	48%
Kevin Wundram	41%	63%	59%	37%
Other Key Management Personnel:				
Andy Mulcaster	56%	75%	44%	25%
Geoff Tipene	55%	82%	45%	18%
Graham Hale	-	68%	-	32%
Peter Davenport	58%	-	42%	-
David Fernandes	-	80%	-	20%

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 $1,040,400 per annum, which includes base salary, statutory superannuation contributions and any salary sacrifice arrangements
- Participate in the STI with a maximum STI opportunity of 98% of TFR
- Participate in the LTI with a maximum LTI opportunity of 87.5% of TFR

Kevin Wundram - CFO

- TFR of $520,200 per annum, which includes base salary, statutory superannuation contributions and any salary sacrifice arrangements
- Participate in the STI with a maximum STI opportunity of 70% of TFR
- Participate in the LTI with a maximum LTI opportunity of 62.5% of TFR

Other KMP

- Other KMP have employment agreements setting out the terms and conditions of their employment. The agreements are not of a fixed duration.
- 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 56% of TFR
- Eligibility to participate in the LTI with a maximum LTI Opportunity of 50% of TFR

Terms of STI payments:
STI payments are granted to Executive Directors based on specific financial targets and an appraisal of the executive's performance and KPI's. The financial performance measure driving the financial component of the STI payment outcomes for Executive Directors for the year ended 30 June 2019 is determined on a straight-line basis, based on the Group achieving EPS growth of between 3.4% and 7.9% over the previous financial year. STI payments granted to other KMP are based on a combination of the Group EPS growth targets as set out above, and specific divisional growth targets.

The growth achieved for the year, and the achievement against the performance conditions for the purpose of the STI is determined by the Board in its absolute discretion, having regard to any matters that it considers relevant. To determine EPS for the purposes of the STI, the Board typically exercises its discretion to adjust the NPAT for the impact of non-recurring or significant transactions.

The STI determined annually for each of the above KMP is subject to a 12 month payment deferral in equity in respect of 25% of 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 during the year ended 30 June 2019 as a result of the exercise of options as part of compensation (2018: 3,427,250).

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
25 October 2017	22 August 2019	21 August 2022	$3.66	$1.050
25 October 2017	18 August 2020	17 August 2023	$3.66	$1.080

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

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.

The number of options over ordinary shares granted to and vested in Directors and other KMP as part of compensation during the financial year ended 30 June 2019 is set out below:

Name	Number of options granted during the year 2019	Number of options granted during the year 2018	Number of options vested during the year 2019	Number of options vested during the year 2018
Robbie Blau	-	781,756	-	3,047,619
Kevin Wundram	-	279,199	-	1,250,000
Andy Mulcaster	-	176,686	-	911,890
Geoff Tipene	-	102,724	-	375,695
David Fernandes	-	123,725	-	677,063

On 21 August 2019, the Board resolved to lapse Tranche 1 (1/3rd) of the share options granted to the Participants during the year ended 30 June 2018 as a result of vesting conditions not being met.

Performance rights

The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of Directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date	Fair value per right at grant date
25 October 2017	22 August 2019	$3.880
25 October 2017	18 August 2020	$3.700
30 August 2018	01 July 2019	$3.500

Performance rights granted carry no dividend or voting rights and will vest when the performance conditions have been met.

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.

The number of performance rights over ordinary shares granted to and vested in Directors and other key management personnel as part of compensation during the year ended 30 June 2019 are set out below:

Name	Number of rights granted during the year 2019	Number of rights granted during the year 2018	Number of rights vested during the year 2019	Number of rights vested during the year 2018
Robbie Blau	17,939	67,980	-	-
Kevin Wundram	9,785	24,279	-	-
Andy Mulcaster	8,812	15,364	-	-
Geoff Tipene	6,943	8,933	-	-
Graham Hale	7,350	-	-	-
David Fernandes	-	10,759	-	-

The Rights granted during the year ended 30 June 2019 related to the deferred component of the STI for the year ended 30 June 2018.

On 21 August 2019, the Board resolved to lapse Tranche 1 (1/3rd) of the performance rights granted to the Participants during the year ended 30 June 2018 as a result of the vesting conditions not being met.

Additional information

The earnings of the Group for the five years to 30 June 2019 are summarised below:

	2019 $'000	2018* $'000	2017 $'000	2016 $'000	2015 $'000
Revenue	509,722	515,207	293,225	211,971	171,377
Profit after income tax	60,462	67,455	59,592	46,977	40,482
Dividends paid	47,035	46,440	38,338	27,997	21,175

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

	2019	2018*	2017	2016	2015
Share price at financial year end ($)	2.95	3.70	3.80	3.64	2.47
Basic earnings per share (cents per share)	23.20	26.30	23.58	18.94	16.68

*2018 information restated due to the adoption of AASB 15, refer to note 4 of the financial report for further information.

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	-	2,188	-	83,269
Cheryl Bart AO	27,032	-	-	-	27,032
Graham Maloney	27,027	-	729	-	27,756
Peter Mountford	540,540	-	-	-	540,540
Edwin Jankelowitz	20,000	-	-	-	20,000
Colin Brown	108,108	-	-	-	108,108
Robbie Blau	6,892,245	-	-	-	6,892,245
Kevin Wundram	687,347	-	-	-	687,347
Andy Mulcaster	526,034	-	-	-	526,034
Geoff Tipene	26,000	-	701	-	26,701
Graham Hale**	219,097	-	13,660	(232,757)	-
Peter Davenport*	332,718	-	-	-	332,718
	9,487,229	-	17,278	(232,757)	9,271,750

*	Balance at the start of the year represents shares held by Peter Davenport on the date of appointment as KMP.
**	Disposal/others represents shares held by Graham Hale when he ceased to be a KMP.

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	781,756	-	-	-	781,756
Kevin Wundram	279,199	-	-	-	279,199
Andy Mulcaster	176,686	-	-	-	176,686
Geoff Tipene	102,724	-	-	-	102,724
	1,340,365	-	-	-	1,340,365

Performance rights holding
The number of performance rights 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	Vested	Expired/ forfeited/ other	Balance at the end of the year
Performance rights over ordinary shares					
Robbie Blau	67,980	17,939	-	-	85,919
Kevin Wundram	24,279	9,785	-	-	34,064
Andy Mulcaster	15,364	8,812	-	-	24,176
Geoff Tipene	8,933	6,943	-	-	15,876
Graham Hale**	43,002	7,350	-	(50,352)	-
Peter Davenport*	28,708	-	-	-	28,708
	188,266	50,829	-	(50,352)	188,743

* Balance at the start of the year represents shares held by Peter Davenport on the date of appointment as KMP.
** Disposal/others represents performance rights held by Graham Hale when he ceased to be a KMP.

Use of remuneration consultants
During the financial year ended 30 June 2019, the NRC engaged Egan Associates Pty Ltd ('Remuneration Consultants') to benchmark the remuneration of the Executive Directors and other KMP as well as review and recommend improvements to the Group's STI and LTI. The recommendations of the remuneration consultants will be implemented in the financial year ending 30 June 2020. The Remuneration Consultant was paid $28,875 for these services.

The scope of the Remuneration Consultant's engagement was defined by the Chairman of the NRC and the Board. The Chairman of the NRC reviewed and provided feedback on the draft reports from the Remuneration Consultant. The Board was able to make enquiries regarding the engagement process and the final report. As a result, the Board is satisfied that the remuneration recommendations were free from undue influence from key management personnel.

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
25/10/2017	17/08/2023	$3.66	1,138,772

On 21 August 2019, the Board resolved to Lapse 596,826 Tranche 1 share options granted to the Participants on 25 October 2017 as a result of the vesting conditions not being met.

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	Number under rights
25/10/2017	18/08/2020	101,927
30/08/2018	01/07/2019	27,724
		129,651

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.

On 21 August 2019, the Board resolved to Lapse 278,483 Tranche 1 performance rights as a result of the vesting conditions not being met.

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 2019 and up to the date of this report.

Shares issued on the exercise of performance rights

The following ordinary shares of SG Fleet Group Limited were issued during the year ended 30 June 2019 and up to the date of this report on the exercise of performance rights granted:

Date performance rights granted	Exercise date	Exercise price	Number of shares issued
20/03/2017	14/08/2018	$0.00	128,235
30/08/2018	01/07/2019	$0.00	132,323
			260,558

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 33 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 33 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	Robbie Blau
Chairman	Chief Executive Officer

21 August 2019
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 2019 there have been:

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

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

KPMG

John Wigglesworth

Partner

Sydney

21 August 2019

	Note	Consolidated 2019 $'000	Consolidated 2018 $'000 (Restated)*
Revenue	6	508,089	513,898
Interest revenue calculated using the effective interest method		1,633	1,309
Total revenue		509,722	515,207
Expenses			
Fleet management costs		(86,637)	(84,112)
End of lease cost of sale		(195,770)	(199,055)
Employee benefits expense		(75,106)	(75,724)
Occupancy costs		(2,593)	(6,129)
Depreciation and amortisation	7	(31,593)	(28,631)
Impairment of intangible assets	7	(5,785)	-
Technology costs		(7,872)	(7,102)
Other expenses		(9,010)	(8,951)
Finance costs	7	(9,571)	(9,537)
Total expenses		(423,937)	(419,241)
Profit before income tax expense		85,785	95,966
Income tax expense	8	(25,323)	(28,511)
Profit after income tax expense for the year attributable to the owners of SG Fleet Group Limited		60,462	67,455
		Cents	**Cents**
Basic earnings per share	42	23.20	26.30
Diluted earnings per share	42	23.16	26.26

*The Group has initially adopted AASB 9, AASB 15 and AASB 16 at 1 July 2018. Under the transition method chosen, comparative information has been restated for implementation of AASB 15. Refer to note 4 for detailed information.

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

	Consolidated	
	2019 $'000	2018 $'000 (Restated)*
Profit after income tax expense for the year attributable to the owners of SG Fleet Group Limited	60,462	67,455
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation difference for foreign operations	713	1,563
Effective portion of changes in fair value of cash flow hedges, net of tax	(2,040)	476
Other comprehensive income for the year, net of tax	(1,327)	2,039
Total comprehensive income for the year attributable to the owners of SG Fleet Group Limited	59,135	69,494

*The Group has initially adopted AASB 9, AASB 15 and AASB 16 at 1 July 2018. Under the transition method chosen, comparative information has been restated for implementation of AASB 15. Refer to note 4 for detailed information.

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

	Note	2019 $'000	Consolidated 2018 $'000 (Restated)*	1 July 2017 $'000 (Restated)*
Assets				
Cash and cash equivalents	9	100,492	103,275	83,923
Finance, trade and other receivables	10	72,945	76,675	67,594
Inventories	11	10,120	9,413	11,272
Prepayments	12	9,918	9,698	10,659
Other financial assets	13	240	-	-
Leased motor vehicle assets	14	57,258	63,861	64,818
Property, plant and equipment	15	4,092	3,970	4,231
Intangibles	16	412,242	420,816	420,492
Right-of-use assets	17	13,586	-	-
Total assets		680,893	687,708	662,989
Liabilities				
Trade and other payables	18	108,656	139,155	103,099
Derivative financial instruments	19	3,157	1,419	2,464
Income tax	8	5,659	2,674	5,698
Deferred tax	8	1,645	4,814	2,586
Employee benefits	20	8,768	8,058	8,018
Residual risk provision	21	10,528	10,510	11,595
Lease portfolio borrowings	22	46,178	55,289	55,328
Borrowings	23	125,320	134,329	158,119
Lease liabilities - right-of-use assets	24	13,931	-	-
Vehicle maintenance funds	25	42,273	44,716	54,524
Contract liabilities	26	35,608	36,276	35,353
Total liabilities		401,723	437,240	436,784
Net assets		279,170	250,468	226,205
Equity				
Issued capital	27	290,592	273,999	272,008
Reserves	28	(120,296)	(119,125)	(120,382)
Retained profits		108,874	95,594	74,579
Total equity		279,170	250,468	226,205

*The Group has initially adopted AASB 9, AASB 15 and AASB 16 at 1 July 2018. Under the transition method chosen, comparative information has been restated for implementation of AASB 15. Refer to note 4 for detailed information.

Consolidated	Issued capital $'000	Reserves $'000	Retained profits $'000	Total equity $'000
Balance at 1 July 2017	272,008	(120,382)	75,161	226,787
Adjustment for restatement of comparatives for AASB 15 (note 4)	-	-	(582)	(582)
Balance at 1 July 2017 - restated	272,008	(120,382)	74,579	226,205
Profit after income tax expense for the year	-	-	67,455	67,455
Other comprehensive income for the year, net of tax	-	2,039	-	2,039
Total comprehensive income for the year	-	2,039	67,455	69,494
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 27)	1,991	(1,991)	-	-
Share-based payments (note 43)	-	1,209	-	1,209
Dividends paid (note 29)	-	-	(46,440)	(46,440)
Balance at 30 June 2018	273,999	(119,125)	95,594	250,468

Refer to note 4 for detailed information on Restatement of comparatives.

Consolidated	Issued capital $'000	Reserves $'000	Retained profits $'000	Total equity $'000
Balance at 1 July 2018	273,999	(119,125)	95,594	250,468
Adjustment for adoption of AASB 9 and AASB 16 (note 2)	-	-	(194)	(194)
Balance at 1 July 2018 - restated	273,999	(119,125)	95,400	250,274
Profit after income tax expense for the year	-	-	60,462	60,462
Other comprehensive income for the year, net of tax	-	(1,327)	-	(1,327)
Total comprehensive income for the year	-	(1,327)	60,462	59,135
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 27)	16,273	-	-	16,273
Share-based payments (note 43)	-	476	47	523
Transfer on exercise of performance rights	320	(320)	-	-
Dividends paid (note 29)	-	-	(47,035)	(47,035)
Balance at 30 June 2019	290,592	(120,296)	108,874	279,170

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

	Note	Consolidated 2019 $'000	Consolidated 2018 $'000 (Restated)*
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		573,068	563,580
Payments to suppliers and employees (inclusive of GST)		(472,298)	(410,351)
Interest received		1,633	1,309
Interest and other finance costs paid		(10,699)	(9,896)
Income taxes paid		(24,658)	(29,679)
Net cash from operating activities	41	67,046	114,963
Cash flows from investing activities			
Payment for investments	13	(240)	-
Proceeds from disposal of lease portfolio assets	14	27,935	21,278
Acquisition of lease portfolio assets	14	(35,139)	(35,798)
Payments for property, plant and equipment	15	(2,181)	(1,445)
Payments for intangibles	16	(5,704)	(6,190)
Proceeds from disposal of property, plant and equipment		163	51
Net cash used in investing activities		(15,166)	(22,104)
Cash flows from financing activities			
Proceeds from borrowings		175,370	62,862
Repayment of borrowings		(194,906)	(90,141)
Repayment of lease liabilities - right-of-use assets		(4,558)	-
Dividends paid	29	(30,762)	(46,440)
Net cash used in financing activities		(54,856)	(73,719)
Net increase/(decrease) in cash and cash equivalents		(2,976)	19,140
Cash and cash equivalents at the beginning of the financial year		103,275	83,923
Effects of exchange rate changes on cash and cash equivalents		193	212
Cash and cash equivalents at the end of the financial year	9	100,492	103,275

*The Group has initially adopted AASB 9, AASB 15 and AASB 16 at 1 July 2018. Under the transition method chosen, comparative information has been restated for implementation of AASB 15. Refer to note 4 for detailed information.

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 21 August 2019. 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 Group has early adopted AASB 16 'Leases' with effect from 1 July 2018.

The following Accounting Standards and Interpretations adopted during the year are most relevant to the Group:

AASB 15 Revenue from Contracts with Customers (full retrospective approach)
The Group has adopted AASB 15 retrospectively from 1 July 2017. Accordingly, the information presented for 2018 has been restated. Additionally, the disclosure requirements in AASB 15 have generally been applied to comparative information. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price.

Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period. At this point no acquisition costs have been capitalised. The significant impact for the Group is the requirement to gross up the end of lease income as revenue and show the corresponding expense as end of lease cost of sale.

Impact of adoption: Refer note 4 for impact of full retrospective adoption of AASB 15.

Note 2. Significant accounting policies (continued)

AASB 9 Financial Instruments (applying transitional rules)
The Group has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity.

New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. As permitted by AASB 9, the Group has applied the simplified approach to measuring expected credit losses using a lifetime expected loss allowance for receivables.

Impact of adoption: Using the transitional rules available, the initial application of AASB 9 resulted in an increase in allowance of expected credit losses by $247,000, increase in deferred tax asset by $53,000 with a net impact on opening retained earnings of $194,000.

AASB 16 Leases (early adopted using the transitional rules under modified retrospective method)
The Group has early adopted AASB 16 from 1 July 2018. The standard replaced AASB 117 'Leases' and for lessees has eliminated the classifications of operating leases and finance leases. Subject to certain exceptions, a 'right-of-use' asset is capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets less than $5,000 (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease is also recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition has been replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). For classification within the statement of cash flows, the lease payments are separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard has not substantially changed how a lessor accounts for leases.

Impact of adoption: On initial application of AASB 16, using the transitional rules available, the Group elected to record right-of-use assets based on the corresponding lease liability determined as at 1 July 2018 adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position before the date of initial application. Right-of-use assets of $11,078,000 and lease obligations of $11,217,000 were recorded as of 1 July 2018. The Group de-recognised the opening balance of accrued lease provisions amounting to $139,000 which was provided under the previous accounting standards. As a result, there was no net impact on retained earnings. When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at 1 July 2018, being the weighted-average rate of 4.52% being applied across the Group. The Group applied the expedient to leases of low value assets and expensed lease payments to profit or loss as incurred.

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').

Note 2. Significant accounting policies (continued)

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for certain financial instruments measured 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 38.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of SG Fleet Group Limited as at 30 June 2019 and the results of all subsidiaries for the year then ended.

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

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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.

Note 2. Significant accounting policies (continued)

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.

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as a contract liability.

Management and maintenance income

Fleet management income and management fees are brought to account over time on a straight-line basis over the term of the lease, due to the continuous service received by customers over the term of lease.

Maintenance income is recognised for each performance obligation at a point in time when the service is provided and obligation fulfilled. 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 and the performance obligation has been satisfied. Specifically, upfront establishment fees levied to customer to establish the contract for the services to be provided for the term of the contract, are recognised over the term of the contract. Revenue related to the waiver of the lessee’s wear and tear obligations is recognised at the point in time, being at the end of the lease term.

Funding commissions

Introductory commissions earned are recognised in profit or loss in full at a point in time, being in the month in which the finance is introduced to the relevant financier. Trailing commissions earned for the collection and distribution of ongoing customer rentals to the financier are recognised over time.

End of lease income

Income earned after the expiry of the lease is recognised when it is received or when the performance obligation, being the sale of vehicle, transferring the risk and reward to the end buyer, has been satisfied and the right to receive payment is established. The gross selling price of the vehicle is recognised as End of Lease income and the value of the vehicle at the end of the lease period payable to the financier, is recognised as End of Lease cost of sale.

Rental income

Rental income from operating leases is recognised in profit or loss over time, 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.

Note 2. Significant accounting policies (continued)

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.

SG Fleet Group

Note 2. Significant accounting policies (continued)

Finance, trade and other receivables (from 1 July 2018)
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

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

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

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.

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The Group has elected to adopt the new general hedge accounting model in AASB 9. This requires the Group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness. Where derivative instruments do not qualify for hedge accounting, changes in the fair value are recognised immediately in profit or loss.

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.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were classified in equity are immediately reclassified to profit or loss.

Property, plant and equipment
Plant and equipment are 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
Computer hardware and office equipment	three to eight years
Motor vehicles	four years

Note 2. Significant accounting policies (continued)

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 the 'Leases - Group as lessor - leased motor vehicles assets' accounting policy.

Leases (from 1 July 2018)

Group as lessee

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, and the Group obtains substantially all the economic benefits of the use of the assets.

The Group has elected to apply the practical expedient to account for each lease component and any non-lease components as a single lease component.

Right-of-use assets

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of lease incentives received, any initial direct costs incurred, and an estimate of costs required for dismantling and removing the underlying asset, site restoral and asset restoral. Right-of-use assets are subsequently measured applying a cost model such that the asset is depreciated and impaired as required or adjusted for any remeasurement of the lease liability.

Where the lease transfers ownership of the asset to the lessee by the end of the lease term, or if the cost of the asset reflects that the lessee will exercise a purchase option, the lessee shall depreciate the right-of-use asset to the end of the asset's useful life, otherwise, the assets are depreciated to the earlier of the end of their useful lives or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits.

The lease term represents the non-cancellable period of the lease and includes periods covered by an option to extend if the Group is reasonably certain to exercise that option. Lease terms shall only be revised if there is a change in the non-cancellable period or there is a reassessment upon a significant event or a change in circumstances that is both within the control of the lessee and affects whether or not the lessee is reasonably certain to exercise an option. Lease terms range from 1 to 15 years. In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Note 2. Significant accounting policies (continued)

Lease liabilities - right-of-use assets
The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments comprise fixed lease payments less incentives receivable, variable lease payments, residual value guarantees payable, exercise price of purchase options where exercise is reasonably certain, and any anticipated termination penalties made over the expected term of the lease which includes optional periods where option exercise is considered reasonably certain. Variable lease payments include those dependent upon an index, interest rate or market but are included only using the index or rate existing at commencement date.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change in lease term such as if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or to the profit or loss to the extent that the carrying amount has been reduced to zero. Interest on the lease liability and variable lease payments not included in the measurement of the lease liability are recognised in profit or loss.

The Group has elected to apply the practical expedient not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

Group as lessor
A lease is classified as a finance lease if it transfers all the risks and rewards incidental to ownership of the assets. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

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
Full maintenance lease assets are stated at historical cost less accumulated depreciation. The cost of full maintenance lease assets includes the purchase cost including non-refundable purchase taxes and other expenditure that is directly attributable to the acquisition of the assets to bring the assets held-for-use in the lease asset portfolio to working condition for the intended use.

The depreciable amount of the asset is depreciated over its estimated useful life of two to five 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.

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Note 2. Significant accounting policies (continued)

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

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

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

Brand name
The brand name acquired in a business combination is amortised on a straight-line basis over the period of its expected benefit, being a finite useful life of 10 years. As a result of management review, brand name has been fully impaired during the current financial year.

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.

Contract liabilities (from 1 July 2017)
Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

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 recognised for each performance obligation at the point in time when the service is provided and the obligation is completed. Maintenance costs are expensed when incurred.

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.

Note 2. Significant accounting policies (continued)

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

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

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.

Note 2. Significant accounting policies (continued)

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

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

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

Fair value measurement

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

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

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at 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.

Note 2. Significant accounting policies (continued)

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.

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.

Comparative figures
Comparatives in the financial report have been realigned to the current period presentation. Except for restatement of comparatives disclosed in note 4, there has been no effect on the comparative year profit, net assets or equity. For clearer presentation the Group has changed the disclosure of an expense of $1,469,000 within other expenses and realigned it to technology costs within the statement of profit or loss.

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
Except for the adoption of AASB 16, 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 2019. 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.

Note 2. Significant accounting policies (continued)

New Conceptual Framework for Financial Reporting
A revised Conceptual Framework for Financial Reporting has been issued by the AASB and is applicable for annual reporting periods beginning on or after 1 January 2020. This release impacts for-profit private sector entities that have public accountability that are required by legislation to comply with Australian Accounting Standards and other for-profit entities that voluntarily elect to apply the Conceptual Framework. Phase 2 of the framework is yet to be released which will impact for-profit private sector entities. The application of new definition and recognition criteria as well as new guidance on measurement will result in amendments to several accounting standards. The issue of AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework, also applicable from 1 January 2020, includes such amendments. Where the Group has relied on the conceptual framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under Australian Accounting Standards, the Group may need to revisit such policies. The Group will apply the revised conceptual framework from 1 July 2020 and is yet to assess its impact.

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 to be recognised for each performance obligation according to a point in time when the service is provided and obligation fulfilled. These calculations require the use of assumptions, including an estimation of the profit margin to be achieved over the life of the contract for each performance obligation.

Goodwill
The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has 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.

Income tax
The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Note 4. Restatement of comparatives

Change in accounting policy
AASB 15 'Revenue from Contracts with Customers
As detailed in note 2, the Group has adopted AASB 15 by applying the full retrospective approach with effect from 1 July 2017. Accordingly, the information presented for 30 June 2018 has been restated.

The impact of adoption of AASB 15 on various revenue streams is as follows:

- Management and maintenance income: No significant impact;
- Additional products and services: There is no significant impact on the majority of this revenue stream. However: (i) upfront establishment fees previously recognised as revenue when lease contracts were executed, is now recognised over the term of the entire contract; and (ii) revenue related to the waiver of the lessee's wear and tear obligations which was previously recognised over the term of the contract is now recognised at the end of the lease term.

  The impact of these policy changes is as follows:
  - The opening retained earnings as at 1 July 2018 decreased by $582,000 as a result of the recognition of contract liabilities representing deferral of previously recognised revenue amounting to $832,000 with a corresponding decrease in deferred tax liabilities of $250,000; and
  - The net operating profit for the year ended 30 June 2018 reduced by $220,000 due to the deferral of previously recognised revenue of $314,000 and a corresponding decrease in income tax expenses of $94,000.

- Funding commissions: No significant impact;
- End of lease income: The Group is required to gross up the end of lease income as revenue and show the corresponding expense for the related end of lease cost of sale. There is no overall impact on profit or loss nor retained earnings. However, the end of lease income for the year ended 30 June 2018 has increased by $199,055,000 with a corresponding increase in end of lease cost of sale;
- Rental income: No significant impact; and
- Other income: No significant impact.

In addition to the above, interest revenue of $1,309,000 for the year ended 30 June 2018 is now shown separately on the face of the statement of profit or loss.

Reclassification
30 June 2018 comparatives in the statement of financial position have been realigned to the current period presentation. As a result, prepayments have reduced by $2,400,000 with a corresponding impact on contract liabilities.

Note 4. Restatement of comparatives (continued)

The impact of adoption of AASB 15 is summarised below:
Statement of profit or loss and other comprehensive income

		Consolidated	
Extract	2018 $'000 Reported	$'000 Adjustment	2018 $'000 Restated
Revenue	316,466	197,432	513,898
Interest revenue calculated using the effective interest method	-	1,309	1,309
Expenses			
End of lease cost of sale	-	(199,055)	(199,055)
Profit before income tax expense	96,280	(314)	95,966
Income tax expense	(28,605)	94	(28,511)
Profit after income tax expense for the year attributable to the owners of SG Fleet Group Limited	67,675	(220)	67,455
Other comprehensive income for the year, net of tax	2,039	-	2,039
Total comprehensive income for the year attributable to the owners of SG Fleet Group Limited	69,714	(220)	69,494

	Cents Reported	Cents Adjustment	Cents Restated
Basic earnings per share	26.38	(0.08)	26.30
Diluted earnings per share	26.34	(0.08)	26.26

Statement of financial position at the beginning of the earliest comparative period

		Consolidated	
Extract	1 July 2017 $'000 Reported	$'000 Adjustment	1 July 2017 $'000 Restated
Assets			
Prepayments	13,162	(2,503)	10,659
Total assets	665,492	(2,503)	662,989
Liabilities			
Deferred tax	2,836	(250)	2,586
Contract liabilities	37,024	(1,671)	35,353
Total liabilities	438,705	(1,921)	436,784
Net assets	226,787	(582)	226,205
Equity			
Retained profits	75,161	(582)	74,579
Total equity	226,787	(582)	226,205

Note 4. Restatement of comparatives (continued)

Statement of financial position at the end of the earliest comparative period

	Consolidated		
Extract	2018 $'000 Reported	$'000 Adjustment	2018 $'000 Restated
Assets			
Prepayments	12,098	(2,400)	9,698
Total assets	690,108	(2,400)	687,708
Liabilities			
Deferred tax	5,158	(344)	4,814
Contract liabilities	37,530	(1,254)	36,276
Total liabilities	438,838	(1,598)	437,240
Net assets	251,270	(802)	250,468
Equity			
Retained profits	96,396	(802)	95,594
Total equity	251,270	(802)	250,468

Statement of cash flows:
In accordance with the above, comparatives in the statement of cash flows have been restated to reflect changes to 'End of lease revenue' and 'End of lease costs'. Accordingly, receipts from customers have increased by $218,961,000 with corresponding increase in payments to suppliers and employees. There is no change to net cash from operating activities.

Note 5. 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 underlying EBITDA (earnings before interest, tax, depreciation, amortisation, impairment and other non-recurring or significant transactions). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

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.

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Note 5. Operating segments (continued)

Operating segment information

Consolidated - 2019	Australia $'000	New Zealand $'000	United Kingdom $'000	Corporate $'000	Total $'000
Revenue					
Revenue from contracts with customers	380,039	12,105	75,491	-	467,635
Rental income	7,263	3,914	29,277	-	40,454
Total sales revenue	387,302	16,019	104,768	-	508,089
Interest	1,615	8	10	-	1,633
Total revenue	388,917	16,027	104,778	-	509,722
Underlying EBITDA*	108,537	4,684	20,634	(1,121)	132,734
Depreciation and amortisation	(14,978)	(3,191)	(13,424)	-	(31,593)
Impairment of assets	(5,785)	-	-	-	(5,785)
Finance costs	(6,564)	(564)	(2,443)	-	(9,571)
Profit/(loss) before income tax expense	81,210	929	4,767	(1,121)	85,785
Income tax expense					(25,323)
Profit after income tax expense					60,462
Assets					
Segment assets	537,564	18,355	124,974	-	680,893
Total assets					680,893
Liabilities					
Segment liabilities	301,658	14,110	85,955	-	401,723
Total liabilities					401,723

In the current year, Underlying EBITDA is disclosed to align with the revised internal reports the CODM uses to review the Group's operations. There was no impact on the comparative year segment information.

Consolidated - 2018	Australia $'000	New Zealand $'000	United Kingdom $'000	Corporate $'000	Total $'000 (Restated)
Revenue					
Revenue from contracts with customers	390,413	8,918	72,131	-	471,462
Rental income	8,058	3,330	31,048	-	42,436
Total sales revenue	398,471	12,248	103,179	-	513,898
Interest	1,294	5	10	-	1,309
Total revenue	399,765	12,253	103,189	-	515,207
Adjusted EBITDA	109,710	3,787	21,761	(1,124)	134,134
Depreciation and amortisation	(10,776)	(2,625)	(15,230)	-	(28,631)
Finance costs	(6,590)	(404)	(2,543)	-	(9,537)
Profit/(loss) before income tax expense	92,344	758	3,988	(1,124)	95,966
Income tax expense					(28,511)
Profit after income tax expense					67,455
Assets					
Segment assets	536,012	19,782	131,914	-	687,708
Total assets					687,708
Liabilities					
Segment liabilities	325,605	15,949	95,686	-	437,240
Total liabilities					437,240

Note 6. Revenue

	Consolidated	
	2019 $'000	2018 $'000 (Restated)
Revenue from contracts with customers		
Management and maintenance income	94,487	93,340
Additional products and services	107,119	104,036
Funding commissions	50,633	54,805
End of lease income	213,364	216,611
Other income	2,032	2,670
	467,635	471,462
Other revenue		
Rental income	40,454	42,436
Revenue	508,089	513,898

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	2019 $'000	2018 $'000 (Restated)
Timing of revenue recognition		
Revenue transferred at a point in time - upfront	100,063	101,253
Revenue transferred over time	148,107	146,179
Revenue transferred at a point in time - end of life	219,465	224,030
	467,635	471,462

Revenue from external customers by geographic regions is set out in note 5 operating segments.

Note 7. Expenses

	Consolidated	
	2019	2018
	$'000	$'000
Profit before income tax includes the following specific expenses:		
Depreciation		
Leasehold improvements	39	44
Computer hardware and office equipment	1,766	1,504
Motor vehicles	159	108
Leased motor vehicle assets	15,487	17,895
Right-of-use assets	4,741	-
Total depreciation	22,192	19,551
Amortisation		
Brand name	-	780
Customer contracts	5,799	5,746
Software	3,602	2,554
Total amortisation	9,401	9,080
Total depreciation and amortisation	31,593	28,631
Impairment		
Intangibles - brand name	5,785	-
Finance costs		
External borrowing costs for corporate debt	7,421	7,372
External borrowing costs for lease portfolio	2,795	2,536
Net foreign exchange losses (gains)	27	(16)
Net movement in fair value of derivatives	(1,133)	(355)
Interest on lease liabilities - right-of-use assets	461	-
Total finance costs	9,571	9,537
Rental expense relating to operating leases		
Minimum lease payments	145	6,342
Superannuation expense		
Defined contribution superannuation expense	5,145	5,082

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Note 8. Income tax

	Consolidated 2019 $'000	Consolidated 2018 $'000 (Restated)
Income tax expense		
Current tax	27,626	26,610
Deferred tax - origination and reversal of temporary differences	(2,303)	1,901
Aggregate income tax expense	25,323	28,511
Deferred tax included in income tax expense comprises:		
Increase/(decrease) in deferred tax liabilities	(2,303)	1,901
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	85,785	95,966
Tax at the statutory tax rate of 30%	25,736	28,790
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	54	102
Non-deductible expenses	156	384
	25,946	29,276
Difference in overseas tax rates	(543)	(453)
Adjustment recognised for prior periods	(80)	(312)
Income tax expense	25,323	28,511

	Consolidated 2019 $'000	Consolidated 2018 $'000
Amounts charged/(credited) directly to equity		
Deferred tax liabilities	(826)	210
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	13,682	14,161
Potential tax benefit at statutory tax rates	2,326	2,407

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

Note 8. Income tax (continued)

	Consolidated 2019 $'000	Consolidated 2018 $'000 (Restated)
Deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	1,759	1,852
Prepayments	2,037	2,067
Intangibles	10,183	13,470
Employee benefits	(2,627)	(2,415)
Accrued expenses	(1,397)	(1,785)
Provisions	(3,001)	(2,996)
Allowance for expected credit loss	(77)	(51)
Contract liabilities	(3,988)	(3,946)
Deferred expenses	-	(393)
Derivative financial instruments	(923)	(402)
Assessed loss	(321)	(587)
Deferred tax liability	1,645	4,814
Amount expected to be settled after more than 12 months	1,645	4,814
Movements:		
Opening balance	4,814	2,586
Charged/(credited) to profit or loss	(2,303)	1,901
Charged/(credited) to equity	(826)	210
Exchange differences	13	117
Adjustment to opening retained earnings (on adoption on AASB 9)	(53)	-
Closing balance	1,645	4,814

	Consolidated 2019 $'000	Consolidated 2018 $'000
Provision for income tax		
Provision for income tax	5,659	2,674
Amount expected to be settled within 12 months	5,659	2,674

Note 9. Cash and cash equivalents

	Consolidated	
	2019 $'000	2018 $'000
Cash at bank	71,718	72,475
Secured deposits	28,774	30,800
	100,492	103,275
Amount expected to be recovered within 12 months	100,492	103,275

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 10. Finance, trade and other receivables

	Consolidated	
	2019 $'000	2018 $'000
Trade receivables	73,377	76,856
Less: Allowance for expected credit losses (2018: Provision for impairment of receivables)	(480)	(244)
	72,897	76,612
Finance lease receivables	48	63
	72,945	76,675
Amount expected to be recovered within 12 months	72,945	76,675

Allowance for expected credit losses
The Group has recognised a loss of $Nil (2018: $73,000) in profit or loss in respect of the expected credit losses for the year ended 30 June 2019. Under transition method chosen, comparative information has not been restated.

The ageing of the receivables and allowance for expected credit losses using the simplified method is provided for above are as follows:

Consolidated	Expected credit loss rate 2019 %	Carrying amount 2019 $'000	Allowance for expected credit losses 2019 $'000
Not overdue	-	60,101	-
0 to 30 days overdue	-	9,827	-
30 to 60 days overdue	13.90%	1,420	197
60 to 90 days overdue	14.60%	688	100
90 to 120 days overdue	12.90%	129	17
Over 120 days overdue	13.20%	1,260	166
		73,425	480

Note 10. Finance, trade and other receivables (continued)

Movements in the allowance for expected credit losses (2018: Provision for impairment of receivables) are as follows:

	Consolidated 2019 $'000	Consolidated 2018 $'000
Opening balance	244	213
Adjustment to opening retained earnings (on adoption on AASB 9)	247	-
Additional provisions recognised	-	73
Exchange difference in foreign subsidiary	1	3
Receivables written off during the year as uncollectable	(12)	(45)
Closing balance	480	244

Note 11. Inventories

	Consolidated 2019 $'000	Consolidated 2018 $'000
End-of-term operating lease assets held for disposal	10,120	9,413
Amount expected to be recovered within 12 months	10,120	9,413

Note 12. Prepayments

	Consolidated 2019 $'000	Consolidated 2018 $'000 (Restated)
Prepayments	9,918	9,698
Amount expected to be recovered within 12 months	9,918	9,698

Note 13. Other financial assets

	Consolidated 2019 $'000	Consolidated 2018 $'000
Investment in other companies - at fair value	240	-
Amount expected to be recovered after more than 12 months	240	-

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Note 14. Leased motor vehicle assets

	Consolidated 2019 $'000	Consolidated 2018 $'000
Lease motor vehicle assets - at cost	85,311	94,559
Less: Accumulated depreciation	(27,879)	(30,134)
Less: Impairment	(174)	(564)
	57,258	63,861
Amount expected to be recovered within 12 months	5,929	4,779
Amount expected to be recovered after more than 12 months	51,329	59,082
	57,258	63,861

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 2017	64,818
Additions	35,798
Disposals	(21,278)
Revaluation increments	344
Exchange differences	2,074
Depreciation expense	(17,895)
Balance at 30 June 2018	63,861
Additions	35,139
Disposals	(27,935)
Revaluation increments	399
Exchange differences	1,281
Depreciation expense	(15,487)
Balance at 30 June 2019	57,258

Note 15. Property, plant and equipment

	Consolidated 2019 $'000	Consolidated 2018 $'000
Leasehold improvements - at cost	933	621
Less: Accumulated depreciation	(619)	(578)
	314	43
Computer hardware and office equipment - at cost	8,758	7,831
Less: Accumulated depreciation	(5,411)	(4,194)
	3,347	3,637
Motor vehicles - at cost	640	523
Less: Accumulated depreciation	(209)	(233)
	431	290
	4,092	3,970
Amount expected to be recovered after more than 12 months	4,092	3,970

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	Computer hardware and office equipment $'000	Motor vehicles $'000	Total $'000
Balance at 1 July 2017	84	3,759	388	4,231
Additions	-	1,401	44	1,445
Disposals	-	(29)	(35)	(64)
Exchange differences	3	10	1	14
Depreciation expense	(44)	(1,504)	(108)	(1,656)
Balance at 30 June 2018	43	3,637	290	3,970
Additions	309	1,473	399	2,181
Disposals	-	-	(108)	(108)
Exchange differences	1	3	9	13
Depreciation expense	(39)	(1,766)	(159)	(1,964)
Balance at 30 June 2019	314	3,347	431	4,092

Note 16. Intangibles

	Consolidated 2019 $'000	Consolidated 2018 $'000
Goodwill - at cost	356,829	356,096
Brand name - at cost	7,800	7,800
Less: Accumulated amortisation	(2,015)	(2,015)
Less: Impairment	(5,785)	-
	-	5,785
Customer contracts - at cost	59,716	59,509
Less: Accumulated amortisation	(20,754)	(14,919)
	38,962	44,590
Software - at cost	26,735	21,517
Less: Accumulated amortisation	(10,284)	(7,172)
	16,451	14,345
	412,242	420,816
Amount expected to be recovered after more than 12 months	412,242	420,816

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 2017	353,528	6,565	49,700	10,699	420,492
Additions	-	-	-	6,190	6,190
Exchange differences	2,568	-	636	10	3,214
Amortisation expense	-	(780)	(5,746)	(2,554)	(9,080)
Balance at 30 June 2018	356,096	5,785	44,590	14,345	420,816
Additions	-	-	-	5,704	5,704
Exchange differences	733	-	171	4	908
Impairment of assets	-	(5,785)	-	-	(5,785)
Amortisation expense	-	-	(5,799)	(3,602)	(9,401)
Balance at 30 June 2019	356,829	-	38,962	16,451	412,242

During the year the Board resolved to integrate the Group’s two retail brands into a single retail brand and accordingly resolved to impair the nlc brand within the Australia segment at a pre-tax cost of $5,785,000.

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

	Consolidated 2019 $'000	Consolidated 2018 $'000
Australian CGU	305,771	305,771
United Kingdom CGU	51,058	50,325
Total	356,829	356,096

Note 16. Intangibles (continued)

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% (2018: 0%) for both CGUs;
- Revenue growth was projected at 3.9% (2018: 5.4%) per annum for the Australian CGU and 7.4% (2018: 4.8%) 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 9.93% (2018: 9.93%) was used for the Australian CGU and 7.12% (2018: 6.83%) 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 17. Right-of-use assets

	Consolidated	
	2019 $'000	2018 $'000
Right-of-use assets - at cost	18,196	-
Less: Accumulated depreciation	(4,610)	-
	13,586	-
Amount expected to be recovered after more than 12 months	13,586	-

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

Consolidated	Office premises	Motor vehicles	Others	Total
Adoption of AASB 16 on 1 July 2018	9,928	771	379	11,078
Additions	6,411	920	19	7,350
Disposals	(83)	(19)	-	(102)
Exchange differences	1	-	-	1
Depreciation expense	(3,855)	(743)	(143)	(4,741)
Balance at 30 June 2019	12,402	929	255	13,586

Note 18. Trade and other payables

	Consolidated 2019 $'000	Consolidated 2018 $'000
Trade payables	100,090	129,079
Accrued expenses	8,566	10,076
	108,656	139,155
Amount expected to be settled within 12 months	108,656	139,155

Refer to note 30 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 $28,866,000 (2018: $25,317,000) and bank guarantees.

Note 19. Derivative financial instruments

	Consolidated 2019 $'000	Consolidated 2018 $'000
Interest rate swap contracts	3,157	1,419
Amount expected to be settled after more than 12 months	3,157	1,419

Refer to note 30 for further information on financial instruments.

Refer to note 31 for further information on fair value measurement.

Note 20. Employee benefits

	Consolidated 2019 $'000	Consolidated 2018 $'000
Annual leave	4,044	3,698
Long service leave	4,724	4,360
	8,768	8,058
Amount expected to be settled within 12 months	7,918	7,286
Amount expected to be settled after more than 12 months	850	772
	8,768	8,058

Note 21. Residual risk provision

	Consolidated 2019 $'000	Consolidated 2018 $'000
Residual risk	10,528	10,510
Amount expected to be settled within 12 months	5,488	5,156
Amount expected to be settled after more than 12 months	5,040	5,354
	10,528	10,510

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 - 2019	Residual risk $'000
Carrying amount at the start of the year	10,510
Additional provisions recognised	26
Provision utilised	(21)
Exchange differences	13
Carrying amount at the end of the year	10,528

Note 22. Lease portfolio borrowings

	Consolidated 2019 $'000	Consolidated 2018 $'000
Lease portfolio borrowings	46,178	55,289
Amount expected to be settled within 12 months	27,902	28,914
Amount expected to be settled after more than 12 months	18,276	26,375
	46,178	55,289

Refer to note 30 for further information on financial instruments.

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 23. Borrowings

	Consolidated	
	2019 $'000	2018 $'000
Bank loans	125,320	134,329
Amount expected to be settled within 12 months	-	26,992
Amount expected to be settled after more than 12 months	125,320	107,337
	125,320	134,329

Refer to note 30 for further information on financial instruments.

Total secured liabilities
The total secured liabilities are as follows:

	Consolidated	
	2019 $'000	2018 $'000
Bank loans	125,320	134,329
Lease portfolio borrowings (note 22)	46,178	55,289
	171,498	189,618

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

Corporate borrowings
The Group repaid its corporate borrowings and entered into a new syndicated debt facility in December 2018. The corporate borrowings comprise of bank loans and ancillary facilities 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 full on the maturity date being 14 December 2022.

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

	Consolidated	
	2019 $'000	2018 $'000
Total facilities		
Corporate borrowings	180,497	181,582
Lease portfolio borrowings (note 22)	87,438	120,960
	267,935	302,542
Used at the reporting date		
Corporate borrowings	138,674	151,867
Lease portfolio borrowings (note 22)	46,178	55,289
	184,852	207,156
Unused at the reporting date		
Corporate borrowings	41,823	29,715
Lease portfolio borrowings (note 22)	41,260	65,671
	83,083	95,386

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Note 24. Lease liabilities - right-of-use assets

	Consolidated 2019 $'000	Consolidated 2018 $'000
Lease liabilities - right-of-use assets	13,931	-
Amount expected to be settled within 12 months	4,869	-
Amount expected to be settled after more than 12 months	9,062	-
	13,931	-

Reconciliation:
Reconciliation of lease liabilities at the beginning and end of financial year are set out below:

	Consolidated 2019 $'000
Adoption of AASB 16 on 1 July 2018	11,217
Additions	7,350
Disposals	(102)
Interest and other adjustments	461
Repayment of lease liabilities	(5,019)
Exchange differences	24
Balance at 30 June 2019	13,931

Note 25. Vehicle maintenance funds

	Consolidated 2019 $'000	Consolidated 2018 $'000
Vehicle maintenance funds	42,273	44,716
Amount expected to be settled within 12 months	15,146	14,909
Amount expected to be settled after more than 12 months	27,127	29,807
	42,273	44,716

Note 26. Contract liabilities

	Consolidated 2019 $'000	Consolidated 2018 $'000 (Restated)
Contract liabilities	35,608	36,276
Amount expected to be settled within 12 months	21,454	22,691
Amount expected to be settled after more than 12 months	14,154	13,585
	35,608	36,276

Reconciliation
Reconciliation at the beginning and end of the current and previous financial year are set out below:

	2019 $'000	2018 $'000 (Restated)
Opening balance	36,276	35,353
Transfer to revenue - included in the opening balance	(18,022)	(18,110)
Increase in cash received excluding amounts recognised as revenue during the year	17,354	19,033
Closing balance	35,608	36,276

Note 27. Issued capital

	Consolidated 2019 Shares	2018 Shares	2019 $'000	2018 $'000
Ordinary shares - fully paid	261,896,269	257,358,146	290,592	273,999

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	1 July 2017	253,030,869		272,008
Shares issued on exercise of options	22 August 2017	190,352	$0.00	-
Shares issued on exercise of options	11 September 2017	4,136,925	$0.00	-
Transfer from share based payment reserve on exercise of options		-	$0.00	1,991
Balance	30 June 2018	257,358,146		273,999
Shares issued on vesting of performance rights	30 August 2018	128,235	$0.00	-
Shares issued under dividend reinvestment plan	16 October 2018	4,409,888	$3.69	16,273
Transfer from share based payment reserve on exercise of performance rights		-	$0.00	320
Balance	30 June 2019	261,896,269		290,592

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 2018 Annual Report.

Note 28. Reserves

	Consolidated 2019 $'000	Consolidated 2018 $'000
Foreign currency reserve	(588)	(1,301)
Hedging reserve - cash flow hedges	(2,118)	(78)
Share-based payments reserve	1,568	1,412
Capital reserve	(119,158)	(119,158)
	(120,296)	(119,125)

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

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

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

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

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

Consolidated	Foreign currency $'000	Cash flow hedge $'000	Share-based payments $'000	Capital $'000	Total $'000
Balance at 1 July 2017	(2,864)	(554)	2,194	(119,158)	(120,382)
Foreign currency translation	1,563	-	-	-	1,563
Share-based payments	-	-	1,209	-	1,209
Movement in hedges - gross	-	686	-	-	686
Deferred tax	-	(210)	-	-	(210)
Transfer to share capital	-	-	(1,991)	-	(1,991)
Balance at 30 June 2018	(1,301)	(78)	1,412	(119,158)	(119,125)
Foreign currency translation	713	-	-	-	713
Share-based payments	-	-	476	-	476
Movement in hedges - gross	-	(2,866)	-	-	(2,866)
Deferred tax	-	826	-	-	826
Transfer to share capital	-	-	(320)	-	(320)
Balance at 30 June 2019	(588)	(2,118)	1,568	(119,158)	(120,296)

Note 29. Dividends

Dividends
Dividends paid during the financial year were as follows:

	Consolidated	
	2019 $'000	2018 $'000
Final dividend for the year ended 30 June 2018 of 9.958 cents per ordinary share paid on 16 October 2018 (2018: 9.265 cents)	25,640	23,844
Interim dividend for the year ended 30 June 2019 of 8.169 cents per share paid on 18 April 2019 (2018: 8.78 cents)	21,395	22,596
	47,035	46,440

On 21 August 2019, the Directors declared a fully franked final dividend for the year ended 30 June 2019 of 9.52 cents per ordinary shares, to be paid on 10 October 2019 to eligible shareholders on the register as at 19 September 2019. This equates to a total estimated distribution of $24,932,000, based on the number of ordinary shares on issue as at 30 June 2019. The financial effect of dividends declared after the reporting date are not reflected in the 30 June 2019 financial statements and will be recognised in subsequent financial reports.

Franking credits

	Consolidated	
	2019 $'000	2018 $'000 (Restated)
Franking credits available for subsequent financial years based on a tax rate of 30%	50,275	48,040

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.

30 June 2018 franking credit balance has been restated to include $2,441,000 of franking credits arising from the payment of the amount of provision of income tax at the reporting date.

Note 30. 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.

Note 30. Financial instruments (continued)

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.

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

Consolidated	2019 Balance $'000	2018 Balance $'000
Bank loans	(25,064)	(55,767)
Lease portfolio facilities	(6,939)	(5,705)
Cash at bank	71,718	72,475
Secured deposits	28,774	30,800
Net exposure to cash flow interest rate risk	68,489	41,803

An official increase/decrease in interest rates of 50 (2018: 50) basis points would have a favourable/adverse effect on profit before tax and equity of $342,000 (2018: $209,000) 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 2019 of $109,703,000 (2018: $88,407,000). The interest rate swap contract hedges the Group's risk against an increase in variable interest rate. However, hedge accounting is not applied. The contracts mature in 2019-2020 financial year. Weighted average fixed rate is 1.99% (2018: 3.19%).

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.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

SG Fleet Group

Note 30. Financial instruments (continued)

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 2019 $'000	Consolidated 2018 $'000
Corporate borrowings	41,823	29,715
Lease portfolio borrowings (note 22)	41,260	65,671
	83,083	95,386

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 - 2019	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	100,090	-	-	-	100,090
Interest-bearing - variable					
Bank loans	704	704	26,119	-	27,527
Lease portfolio liabilities	7,081	-	-	-	7,081
Interest-bearing - fixed rate					
Bank loans	3,605	3,605	105,664	-	112,874
Lease portfolio facilities	21,661	12,305	6,578	-	40,544
Lease liabilities - right-of-use assets	4,560	3,624	2,723	2,418	13,325
Total non-derivatives	137,701	20,238	141,084	2,418	301,441
Derivatives					
Interest rate swaps inflow	-	-	3,517	-	3,517
Total derivatives	-	-	3,517	-	3,517

Note 30. Financial instruments (continued)

Consolidated - 2018	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	129,079	-	-	-	129,079
Interest-bearing - variable					
Bank loans	17,324	40,673	-	-	57,997
Lease portfolio liabilities	5,827	-	-	-	5,827
Interest-bearing - fixed rate					
Bank loans	15,220	69,164	-	-	84,384
Lease portfolio facilities	24,508	18,454	9,110	-	52,072
Total non-derivatives	191,958	128,291	9,110	-	329,359
Derivatives					
Interest rate swaps inflow	-	1,419	-	-	1,419
Total derivatives	-	1,419	-	-	1,419

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

Note 31. 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 - 2019	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Investment in other companies	-	-	240	240
Total assets	-	-	240	240
Liabilities				
Derivative financial instruments - Interest rate swap contracts	-	3,157	-	3,157
Total liabilities	-	3,157	-	3,157

Consolidated - 2018	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Derivative financial instruments - Interest rate swap contracts	-	1,419	-	1,419
Total liabilities	-	1,419	-	1,419

There were no transfers between levels during the financial year.

Note 31. Fair value measurement (continued)

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables 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 32. 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	
	2019 $	2018 $
Short-term employee benefits	3,823,202	4,344,023
Post-employment benefits	113,766	135,680
Long-term benefits	89,870	46,692
Share-based payments	206,837	511,636
	4,233,675	5,038,031

Note 33. 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	
	2019 $	2018 $
Audit services - KPMG		
Audit or review of the financial statements	576,141	499,408
Other services - KPMG		
Tax services	98,253	118,419
Corporate advisory	25,850	29,064
	124,103	147,483
	700,244	646,891

Note 34. Commitments - operating lease receivable

	Consolidated	
	2019	2018
	$'000	$'000
Committed at the reporting date, receivable:		
Within one year	11,859	20,931
One to five years	9,363	18,840
	21,222	39,771

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

Note 35. 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 Group then sells the vehicles and realises a profit or loss on sale. Bank guarantees and letters of credit have been issued to lease portfolio financiers as security for these obligations.

An amount of $10,528,000 (2018: $10,510,000) has been recognised as a residual value provision and an amount of $174,000 (2018: $564,000) 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 36. Commitments for expenditure

	Consolidated	
	2019	2018
	$'000	$'000
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities:		
Within one year	-	4,576
One to five years	-	6,622
More than five years	-	841
	-	12,039

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

At 30 June 2019, operating lease commitments are disclosed as $nil due to the adoption of AASB 16 'leases'. Refer note 2 for further details.

Note 37. Related party transactions

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

Subsidiaries
Interests in subsidiaries are set out in note 39.

Note 37. Related party transactions (continued)

Key management personnel
Disclosures relating to key management personnel are set out in note 32 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 38. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2019 $'000	2018 $'000
Loss after income tax	(786)	(787)
Total comprehensive income	(786)	(787)

Statement of financial position

	Parent	
	2019 $'000	2018 $'000
Total current assets	-	-
Total assets	523,091	506,334
Total current liabilities	4,388	1,441
Total liabilities	213,112	165,127
Equity		
Issued capital	500,980	484,387
Accumulated losses	(191,001)	(143,180)
Total equity	309,979	341,207

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

The parent entity has also provided guarantees and indemnities for bank facilities. Refer to note 23 for further details.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2019 and 30 June 2018.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2019 and 30 June 2018.

Note 38. Parent entity information (continued)

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.

There was no impact on the parent entity on the adoption of AASB 9, AASB 15 and AASB 16.

Note 39. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest 2019 %	Ownership interest 2018 %
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%	100%
SG Fleet Solutions UK Limited	United Kingdom	100%	100%
Fleet Hire Limited	United Kingdom	100%	100%
Car Salary Exchange Limited	United Kingdom	100%	100%
Motiva Group Limited	United Kingdom	100%	100%
Motiva Vehicle Contracts Limited	United Kingdom	100%	100%
Mway Vehicle Rentals Limited	United Kingdom	100%	100%
Motiva Direct Limited	United Kingdom	100%	100%
Motrak Limited	United Kingdom	100%	100%

Note 40. Deed of cross guarantee

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

SG Fleet Group Limited (holding entity)
SG Fleet Solutions Pty Limited *
SG Fleet Holdings Pty Limited *
SG Fleet Finance Pty Limited *
SG Fleet Investments Pty Ltd *
SG Fleet Management Pty Limited *
SG Fleet Australia Pty Limited *
Fleet Care Services Pty Limited *
SG Fleet Salary Packaging Pty Limited *
Beta Dimensions Pty Limited *
SMB Car Sales Pty Limited *
NLC Pty Limited*
NLC Finance Pty Ltd
NLC Insurance Pty Ltd
Vehicle Insurance Underwriters Pty Ltd
NLC Administration Pty Limited*
Kerr Reinehr Group Pty Limited*
NLC Services Pty Limited*
SG Fleet NZ Limited
SG Fleet UK Limited
SG Fleet UK Holdings Limited
Fleet Hire Holdings Limited
SG Fleet Solutions UK Limited
Fleet Hire Limited
Car Salary Exchange Limited
Motiva Group Limited
Motiva Vehicle Contracts Limited
Mway Vehicle Rentals Limited
Motiva Direct Limited
Motrak 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'.

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

Note 41. Cash flow information

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

	Consolidated	
	2019 $'000	2018 $'000 (Restated)
Profit after income tax expense for the year	60,462	67,455
Adjustments for:		
Depreciation and amortisation	31,593	28,631
Impairment of intangibles	5,785	-
Net loss/(gain) on sale of non-current assets	(55)	13
Share-based payments	523	1,209
Leased motor vehicles - fair value increments	(399)	(344)
Net movement in fair value of derivatives	(1,128)	(359)
Change in operating assets and liabilities:		
Decrease/(increase) in finance, trade and other receivables	3,483	(9,081)
Decrease/(increase) in inventories	(707)	1,859
Decrease/(increase) in prepayments	(220)	961
Increase/(decrease) in trade and other payables	(33,046)	25,747
Increase/(decrease) in contract liabilities	(668)	923
Increase/(decrease) in provision for income tax	2,985	(3,024)
Increase/(decrease) in deferred tax liabilities	(2,290)	2,018
Increase in employee benefits	710	40
Increase/(decrease) in other provisions	18	(1,085)
Net cash from operating activities	67,046	114,963

Non-cash investing and financing activities

	Consolidated	
	2019 $'000	2018 $'000
Shares issued under employee share plan	320	1,991
Shares issued under dividend reinvestment plan	16,273	-
Additions and disposals of right-of-use assets	5,859	-
	22,452	1,991

Note 41. Cash flow information (continued)

Changes in liabilities arising from financing activities

Consolidated	Lease portfolio borrowings $'000	Bank loans $'000	Lease liabilities - right-of-use assets $'000	Total $'000
Balance at 1 July 2017	55,328	158,119	-	213,447
Net cash used in financing activities	(1,974)	(25,305)	-	(27,279)
Exchange differences	1,935	1,515	-	3,450
Balance at 30 June 2018	55,289	134,329	-	189,618
Net cash used in financing activities	(10,129)	(9,407)	(4,558)	(24,094)
Recognised on adoption of AASB 16	-	-	11,217	11,217
Non-cash additions and disposals	-	-	7,248	7,248
Exchange differences	1,018	398	24	1,440
Balance at 30 June 2019	46,178	125,320	13,931	185,429

Note 42. Earnings per share

	Consolidated 2019 $'000	2018 $'000 (Restated)
Profit after income tax attributable to the owners of SG Fleet Group Limited	60,462	67,455
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	260,582,428	256,514,976
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	-	97,235
Performance rights over ordinary shares	535,838	285,756
Weighted average number of ordinary shares used in calculating diluted earnings per share	261,118,266	256,897,967
	Cents	**Cents**
Basic earnings per share	23.20	26.30
Diluted earnings per share	23.16	26.26

Note 43. 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 $476,000 (2018: $1,209,000).

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.

Note 43. Share-based payments (continued)

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

2019

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	187,005	-	-	(187,005)	-
25/10/2017	21/08/2022	$3.66	638,913	-	-	(42,087)	596,826
25/10/2017	17/08/2023	$3.66	1,219,077	-	-	(80,305)	1,138,772
			2,044,995	-	-	(309,397)	1,735,598

2018

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	-	(7,899,041)	-	187,005
25/10/2017	21/08/2022	$3.66	-	638,913	-	-	638,913
25/10/2017	17/08/2023	$3.66	-	1,219,077	-	-	1,219,077
			8,086,046	1,857,990	(7,899,041)	-	2,044,995

Outstanding options exercisable as at 30 June 2019 was Nil (2018: 187,005). The weighted average remaining contractual life of options outstanding at the end of the financial period was 2.5 years (2018:2.25 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 dividends.

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

2019

Grant date	Vesting date	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
20/03/2017	14/08/2018	142,967	-	(128,235)	(14,732)	-
20/03/2017	22/08/2019	285,993	-	-	(56,508)	229,485
25/10/2017	22/08/2019	52,453	-	-	(3,455)	48,998
25/10/2017	18/08/2020	109,115	-	-	(7,188)	101,927
30/08/2018	01/07/2019	-	172,258	-	(12,211)	160,047
		590,528	172,258	(128,235)	(94,094)	540,457

2018

Grant date	Vesting date	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
20/03/2017	14/08/2018	142,967	-	-	-	142,967
20/03/2017	22/08/2019	285,993	-	-	-	285,993
25/10/2017	22/08/2019	-	52,453	-	-	52,453
25/10/2017	18/08/2020	-	109,115	-	-	109,115
		428,960	161,568	-	-	590,528

Performance rights exercisable as at 30 June 2019 was Nil (2018: Nil). The weighted average remaining contractual life of performance rights outstanding at the end of the financial period was 17 months (2018: 15 months).

Note 43. Share-based payments (continued)

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
30/08/2018	01/07/2019	$4.01	$0.00	5.18%	$3.500

Note 44. Events after the reporting period

Apart from the dividend declared as disclosed in note 29, no other matter or circumstance has arisen since 30 June 2019 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 2019 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 40 to the financial statements.

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

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

On behalf of the Directors

Andrew Reitzer
Chairman

Robbie Blau
Chief Executive Officer

21 August 2019
Sydney

KPMG

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 2019 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 2019;
- 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 Company 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.

KPMG

Key Audit Matters

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

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

Key Audit Matters are those matters that, in our professional judgement, 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.

Valuation of goodwill (AUD $356.8m)

Refer to Note 16 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 52% of total assets); and • the high level of judgement involved by us in assessing the inputs to the Group's annual assessment of impairment model. We focused on the significant forward-looking assumptions the Group applied in its value in use model, including: • forecast cash flows, including underlying growth rates, which can vary based on a number of factors such as the number and fleet size of new customer wins, residual values, 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 rates, which are 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. We involved corporate finance specialists to supplement our senior audit team members in assessing this key audit matter.	Our procedures included: • assessing the appropriateness of the value in use method applied by the Group to perform the annual test of goodwill for impairment against the requirements of the accounting standards; • assessing the integrity of the value in use model, including the accuracy of the underlying calculation formulas; • assessing the accuracy of previous Group forecasts to inform our evaluation of forecasts incorporated in the model. We considered factors such as the number and fleet size of new customer wins, residual values, industry growth, inflation experienced and historical trends where varying market pressures existed across different geographies and how they impacted the business, for use in further testing; • working with our corporate finance specialists in assessing the Group's discount rates against publicly available data for a group of comparable entities and independently developing a discount rate range considered comparable using this data. We adjusted this range 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 related 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; • considering the sensitivity of the model by varying key assumptions, such as discount rates and forecast growth rates, within a reasonably possible range. This allowed us to identify assumptions with a higher risk of bias or inconsistency in application, and to assess the presence of indicators of impairment; • assessing the disclosures in the Financial Report using our understanding obtained from our testing and against the requirements of the accounting standards.

Recognition of residual risk provision (AUD $10.5m)	
Refer to Note 21 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. This is owing to the significant audit effort required and the high degree of judgment applied by us in assessing the Group's residual risk provision. We focused on gathering evidence on the completeness of the residual value calculation and other key inputs used by the Group to determine 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 judgment in	Our procedures included: • assessing the accounting treatment of the Group's residual risk provision methodology to the relevant accounting standards; • testing the key control for the Group's residual risk provision process being the quarterly evaluation and authorisation of the residual value calculation by senior management; • comparing the market conditions and macroeconomic factors underpinning the Group's determination of the probable residual values against published market reports and statistical economic information (i.e. ABS-published data), a key determinant in the residual risk provision, for use in further testing;

KPMG

determining shortfalls on the disposal of these assets once ownership is transferred to the Group. It also takes into account market conditions and macroeconomic 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. It is the Group's policy to recognise a provision if the forecast sale proceeds of the asset is less than the residual value payable to the financier. This requires us to use our judgment when considering the Group's assessment, as the ultimate sale proceeds are subject to the condition of the asset and market conditions at the end of the lease. Residual value estimates are also a key input into the Group's depreciation and impairment calculations for motor vehicles.	• assessing the Group's ability to accurately estimate residual values at the end of the lease term. This is performed 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 motor vehicles against the current market value of these motor vehicles using recent external auction prices achieved for comparable assets.

Measurement of deferred maintenance income (AUD $35.6m)	
Refer to Note 26 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
It is the Group's policy that periodic payments received from customers for maintenance services are initially recognised on the balance sheet as deferred maintenance income. Revenue is subsequently recognised when maintenance work is completed and supplier costs incurred. The amount released from deferred maintenance income and recognised as revenue is determined based on the stand-alone selling price of the maintenance service provided. The measurement of deferred maintenance income is a Key Audit Matter. This is due to the audit effort and judgment involved in assessing the Group's estimations, which includes consideration of key inputs to the Group's internal pricing cost and margin calculations, and supplier costs.	Our procedures included: • assessing the Group's revenue recognition policy against AASB 15 requirements; • assessing the historical accuracy of the Group's estimates of life of contract costs by comparing past estimates to actual costs incurred; • analysing vehicle maintenance costs and developing expectations of maintenance expense which is a key input to the stand alone selling price of maintenance services. We used our knowledge of the Group, the composition of the Group's fleet (e.g. vehicle makes, types and condition), and other key metrics such as number of vehicles in the fleet. We compared this to the maintenance expenses recorded by the Group; • Developing expectations of the deferred maintenance income per vehicle against actual experience as obtained from our testing above. We compared this to the deferred

	maintenance income recorded by the Group; and • assessing the additions to deferred maintenance income by comparing a sample of entries to the underlying maintenance services billed to customers and against the amount specified in the lease.

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* and 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 and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. 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 and Company or to cease operations, or have no realistic alternative but to do so.

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 the 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_responsibilities/ar1.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 2019, 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 11 to 22 of the Directors' report for the year ended 30 June 2019.

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

KPMG

John Wigglesworth

Partner

Sydney

21 August 2019

The shareholder information set out below was applicable as at 31 July 2019.

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	359	-	1
1,001 to 5,000	578	-	30
5,001 to 10,000	312	-	10
10,001 to 100,000	368	-	11
100,001 and over	39	7	-
	1,656	7	52
Holding less than a marketable parcel	113	-	-

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	155,039,989	59.17
HSBC Custody Nominees (Australia) Limited	24,152,587	9.22
Citicorp Nominees Pty Limited	13,450,412	5.13
J P Morgan Nominees Australia Pty Limited	13,291,185	5.07
BNP Paribas Noms Pty Ltd (DRP)	13,266,059	5.06
National Nominees Limited	7,246,347	2.77
Robert Pinkas Blau	5,216,425	1.99
Netwealth Investments Limited (Wrap Services A/C)	4,884,573	1.86
Misamada Nominees Pty Limited (Misamada A/C)	1,675,820	0.64
MDJZ Fernandes Pty Ltd (MDJZ Fernandes A/C)	1,173,162	0.45
Australian Executor Trustees Limited (No 1 Account)	835,110	0.32
Shevin Pty Limited (The Shevin A/C)	687,347	0.26
BNP Paribas Nominees Pty Ltd (Agency Lending DRP A/C)	654,798	0.25
BNP Paribas Nominees Pty Ltd (IOOF Invmt Mngt Ltd DRP)	575,000	0.22
Peter Mountford	540,540	0.21
Mulcaster Super Fund Pty Ltd (Mulcaster Super Fund A/C)	500,000	0.19
Macdonald Gilbert Bell	465,960	0.18
Aust Executor Trustees Ltd (GFFD)	436,170	0.17
Enerview Pty Ltd	405,405	0.15
Insync Investments Pty Ltd (Weekley Super Fund No 1 A/C)	400,000	0.15
	244,896,889	93.46

SG Fleet Group

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares	1,735,598	7
Performance rights over ordinary shares	408,134	52

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Bluefin Investments Limited	155,039,989	59.17

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.

Restricted securities

As at 30 June 2019, there are no restricted securities.

Share buy-back

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

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	Edelvine Rigato
Notice of annual general meeting	The details of the annual general meeting of SG Fleet Group Limited are: Hobart Room, Lobby Level The Sofitel Sydney Wentworth 61-101 Phillip Street Sydney NSW 2000 3:00 PM on Thursday the 17 October 2019
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 Boardroom Pty Ltd Level 12, 225 George Street, Sydney, NSW 2000 Telephone: 1300 737 760 E-mail: enquiries@boardroomlimited.com.au Website: www.boardroomlimited.com.au
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