

## 1. Company details

Name of entity:	SG Fleet Group Limited
ABN:	40 167 554 574
Reporting period:	For the half-year ended 31 December 2017
Previous period:	For the half-year ended 31 December 2016

## 2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	up	15.4% to	154,178
Profit from ordinary activities after tax attributable to the owners of SG Fleet Group Limited	up	18.8% to	31,589
Profit for the half-year attributable to the owners of SG Fleet Group Limited	up	18.8% to	31,589

### Dividends

	Amount per security Cents	Franked amount per security Cents
Final dividend for the year ended 30 June 2017, declared on 14 August 2017. The final dividend was paid on 17 October 2017 to shareholders registered on 26 September 2017.	9.265	9.265
Interim dividend for the year ending 30 June 2018, declared on 12 February 2018. The interim dividend will be paid on 19 April 2018 to shareholders registered on 28 March 2018.	8.780	8.780

### Comments

The profit for the Group after providing for income tax amounted to \$31,589,000 (31 December 2016: \$26,594,000).

For a Review of Operations for the half-year ended 31 December 2017, please refer to the ASX announcement accompanying this Report.

## 3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(71.68)</u>	<u>(76.55)</u>

## 4. Dividend reinvestment plans

The following dividend or distribution plans are in operation:

The Board of Directors has established a Dividend Reinvestment Plan (under which any shareholder may elect that the dividends payable by SG Fleet Group Limited be reinvested in whole or in part by a subscription for shares at a price to be determined by the Board from time to time, in its absolute discretion). No Dividend Reinvestment Plan was activated during the period.

**5. Audit qualification or review**

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

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

---

**6. Attachments**

*Details of attachments (if any):*

The Interim Report of SG Fleet Group Limited for the half-year ended 31 December 2017 is attached.

---

**7. Signed**



Signed \_\_\_\_\_

Date: 12 February 2018

Andrew Reitzer  
Chairman  
Sydney

# **SG Fleet Group Limited**

**ABN 40 167 554 574**

## **Interim Report - 31 December 2017**

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 half-year ended 31 December 2017.

### **Directors**

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

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

### **Principal activities**

During the financial half-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.

### **Review of operations**

The profit for the Group after providing for income tax amounted to \$31,589,000 (31 December 2016: \$26,594,000).

For a Review of Operations for the half year ended 31 December 2017, please refer to the ASX announcement accompanying this Report.

### **Significant changes in the state of affairs**

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

### **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 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



---

Andrew Reitzer  
Chairman

12 February 2018  
Sydney



---

Robbie Blau  
Chief Executive Officer



# 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 review of SG Fleet Group Limited for the half-year ended 31 December 2017 there have been:

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

KPMG

Michael O Connell

*Partner*

Sydney

12 February 2018

Statement of profit or loss and other comprehensive income	4
Statement of financial position	5
Statement of changes in equity	6
Statement of cash flows	7
Notes to the financial statements	8
Directors' declaration	17
Independent auditor's review report to the members of SG Fleet Group Limited	18

**SG Fleet Group Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2017**

**SG Fleet Group**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>	5	154,178	133,589
<b>Expenses</b>			
Fleet management costs		(41,218)	(34,241)
Employee benefits expense		(39,021)	(34,931)
Occupancy costs		(3,049)	(2,958)
Depreciation, amortisation and impairment		(14,079)	(8,681)
Technology costs		(2,593)	(2,393)
Other expenses	6	(5,035)	(6,734)
Finance costs		(4,728)	(4,408)
<b>Profit before income tax expense</b>		44,455	39,243
Income tax expense		(12,866)	(12,649)
<b>Profit after income tax expense for the half-year attributable to the owners of SG Fleet Group Limited</b>		31,589	26,594
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation difference for foreign operations		536	(1,540)
Effective portion of changes in fair value of cash flow hedges, net of tax		128	585
Other comprehensive income for the half-year, net of tax		664	(955)
<b>Total comprehensive income for the half-year attributable to the owners of SG Fleet Group Limited</b>		<b>32,253</b>	<b>25,639</b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	18	12.35	10.53
Diluted earnings per share	18	12.34	10.37

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

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2017</b>	<b>30 Jun 2017</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Assets</b>			
Cash and cash equivalents	7	76,930	83,923
Finance, trade and other receivables		63,979	67,594
Inventories		10,674	11,272
Prepayments		12,861	13,162
Leased motor vehicle assets	8	63,148	64,818
Property, plant and equipment		4,024	4,231
Intangibles	9	420,078	420,492
<b>Total assets</b>		<u>651,694</u>	<u>665,492</u>
<b>Liabilities</b>			
Trade and other payables	10	97,113	103,099
Derivative financial instruments		1,933	2,464
Income tax		1,820	5,698
Employee benefits		8,158	8,018
Lease portfolio borrowings	11	50,763	55,328
Deferred tax		3,980	2,836
Residual risk provision		10,532	11,595
Borrowings	12	145,701	158,119
Vehicle maintenance funds		59,698	54,524
Deferred income		36,404	37,024
<b>Total liabilities</b>		<u>416,102</u>	<u>438,705</u>
<b>Net assets</b>		<u>235,592</u>	<u>226,787</u>
<b>Equity</b>			
Issued capital	13	273,999	272,008
Reserves		(121,313)	(120,382)
Retained profits		82,906	75,161
<b>Total equity</b>		<u>235,592</u>	<u>226,787</u>

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



**SG Fleet Group Limited**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2017**

**SG Fleet Group**

<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Reserves \$'000</b>	<b>Retained profits \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2016	267,348	(120,032)	53,907	201,223
Profit after income tax expense for the half-year	-	-	26,594	26,594
Other comprehensive income for the half-year, net of tax	-	(955)	-	(955)
Total comprehensive income for the half-year	-	(955)	26,594	25,639
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	4,660	-	-	4,660
Share-based payments	-	313	-	313
Dividends paid (note 14)	-	-	(19,269)	(19,269)
Balance at 31 December 2016	272,008	(120,674)	61,232	212,566
<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Reserves \$'000</b>	<b>Retained profits \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2017	272,008	(120,382)	75,161	226,787
Profit after income tax expense for the half-year	-	-	31,589	31,589
Other comprehensive income for the half-year, net of tax	-	664	-	664
Total comprehensive income for the half-year	-	664	31,589	32,253
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 13)	1,991	(1,991)	-	-
Share-based payments	-	396	-	396
Dividends paid (note 14)	-	-	(23,844)	(23,844)
Balance at 31 December 2017	273,999	(121,313)	82,906	235,592

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

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		174,992	134,915
Payments to suppliers and employees (inclusive of GST)		(110,005)	(78,388)
Interest received		692	711
Interest and other finance costs paid		(5,070)	(4,742)
Income taxes paid		(15,722)	(9,685)
		<u>44,887</u>	<u>42,811</u>
Net cash from operating activities			
<b>Cash flows from investing activities</b>			
Payment for purchase of subsidiary, net of cash acquired	17	-	(46,681)
Acquisition of lease portfolio assets	8	(15,690)	(8,770)
Proceeds from disposal of lease portfolio assets	8	8,997	5,372
Payments for property, plant and equipment		(594)	(1,813)
Proceeds from disposal of property, plant and equipment		32	76
Payments for intangibles	9	(2,626)	(1,086)
		<u>(9,881)</u>	<u>(52,902)</u>
Net cash used in investing activities			
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		21,902	56,555
Repayment of borrowings		(40,126)	(21,156)
Dividends paid	14	(23,844)	(19,269)
		<u>(42,068)</u>	<u>16,130</u>
Net cash from/(used in) financing activities			
Net increase/(decrease) in cash and cash equivalents		(7,062)	6,039
Cash and cash equivalents at the beginning of the financial half-year		83,923	81,693
Effects of exchange rate changes on cash and cash equivalents		69	(721)
		<u>76,930</u>	<u>87,011</u>
Cash and cash equivalents at the end of the financial half-year			

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

### **Note 1. General information**

The financial statements cover SG Fleet Group Limited as a Group consisting of SG Fleet Group Limited (the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-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

A description of the nature of the Group's operations and its principal activities are included in the Directors' Report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 12 February 2018. The Directors have the power to amend and reissue the financial statements.

### **Note 2. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2017 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

#### **New or amended Accounting Standards and Interpretations adopted**

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial half-year ended 31 December 2017 and are not expected to have any significant impact for the full financial year ending 30 June 2018. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

#### **Comparatives**

Comparatives in the statement of financial position have been realigned to the current period presentation. There has been no effect on the profit for the period. In the previous period, the Group presented prepayments within 'finance, trade and other receivables'. For clearer presentation, the Group has changed the disclosure to present prepayments as a separate line item in its statement of financial position.

### **Note 3. New Accounting Standards and Interpretations not yet mandatory or early adopted**

#### *AASB 9 Financial Instruments*

Compliance with AASB 9 is mandatory for the Group commencing 1 July 2018. Management is in the process of developing a model for the provisioning of doubtful debt provision, and assessing the impacts of new classification and hedging requirements. The adoption of AASB 9 is not expected to have a material impact on the Group.

**Note 3. New Accounting Standards and Interpretations not yet mandatory or early adopted (continued)**

*AASB 15 Revenue from Contracts with Customers*

Compliance with AASB 15 is mandatory for the Group commencing 1 July 2018. The Group has performed an assessment of the impact of the standard across its key revenue streams, and have concluded that the recognition of revenue is not expected to change significantly. The only material anticipated change is expected to be a gross up in the end of lease income and fleet management costs, some of which are currently presented as a net balance within revenue. This is expected to be a presentation change and will not have an impact on the operating results.

*AASB 16 Leases*

Compliance with AASB 16 is mandatory for the Group commencing 1 July 2019. It is expected that the adoption of AASB 16 will result in the majority of the Group's operating leases appearing on the statement of financial position, with the Group likely to recognise a right-of-use asset and a lease liability in its statement of financial position. The Group is in the process of identifying a complete population of leases expected to fall under the scope of the standard, as well as quantifying the impact of adoption. At this stage, the Group intends to early adopt this standard effective from 1 July 2018.

**Note 4. Operating segments**

*Identification of reportable operating segments*

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

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

*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.

*Operating segment information*

	Australia \$'000	New Zealand \$'000	United Kingdom \$'000	Corporate \$'000	Total \$'000
<b>Consolidated - 31 Dec 2017</b>					
<b>Revenue</b>					
Sales to external customers	120,712	3,465	29,309	-	153,486
Interest income	688	1	3	-	692
<b>Total revenue</b>	<u>121,400</u>	<u>3,466</u>	<u>29,312</u>	<u>-</u>	<u>154,178</u>
<b>EBITDA</b>	51,742	1,831	10,195	(506)	63,262
Depreciation and amortisation	(5,221)	(1,260)	(7,598)	-	(14,079)
Finance costs	(3,248)	(191)	(1,289)	-	(4,728)
<b>Profit/(loss) before income tax expense</b>	<u>43,273</u>	<u>380</u>	<u>1,308</u>	<u>(506)</u>	<u>44,455</u>
Income tax expense					(12,866)
<b>Profit after income tax expense</b>					<u>31,589</u>
<b>Assets</b>					
Segment assets	505,544	16,171	129,979	-	651,694
<b>Total assets</b>					<u>651,694</u>
<b>Liabilities</b>					
Segment liabilities	308,109	11,476	96,517	-	416,102
<b>Total liabilities</b>					<u>416,102</u>

Note 4. Operating segments (continued)

Consolidated - 31 Dec 2016	Australia \$'000	New Zealand \$'000	United Kingdom \$'000	Corporate \$'000	Total \$'000
<b>Revenue</b>					
Sales to external customers	114,723	2,966	15,189	-	132,878
Interest income	693	4	14	-	711
<b>Total revenue</b>	<u>115,416</u>	<u>2,970</u>	<u>15,203</u>	<u>-</u>	<u>133,589</u>
<b>EBITDA</b>					
Depreciation and amortisation	49,657	1,440	4,010	(2,775)	52,332
Finance costs	(4,590)	(959)	(3,132)	-	(8,681)
	(3,532)	(178)	(698)	-	(4,408)
<b>Profit/(loss) before income tax expense</b>	<u>41,535</u>	<u>303</u>	<u>180</u>	<u>(2,775)</u>	<u>39,243</u>
Income tax expense					(12,649)
<b>Profit after income tax expense</b>					<u>26,594</u>
<b>Consolidated - 30 Jun 2017</b>					
<b>Assets</b>					
Segment assets	510,961	16,510	138,021	-	665,492
<b>Total assets</b>					<u>665,492</u>
<b>Liabilities</b>					
Segment liabilities	321,990	12,615	104,100	-	438,705
<b>Total liabilities</b>					<u>438,705</u>

Note 5. Revenue

	Consolidated 31 Dec 2017 \$'000	31 Dec 2016 \$'000
<i>Sales revenue</i>		
Management and maintenance income	46,615	42,326
Additional products and services	50,171	42,175
Funding commissions	27,243	27,516
End of lease income	6,220	5,261
Rental income	21,867	14,018
Other income	1,370	1,582
	<u>153,486</u>	<u>132,878</u>
<i>Other revenue</i>		
Interest	692	711
<b>Revenue</b>	<u>154,178</u>	<u>133,589</u>

**Note 6. Other expenses**

Other expenses includes the following specific expenses:

	<b>Consolidated</b>	
	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Acquisition costs	-	2,396
Other expenses	5,035	4,338
	<u>5,035</u>	<u>4,338</u>
Total other expenses	<u><u>5,035</u></u>	<u><u>6,734</u></u>

**Note 7. Cash and cash equivalents**

	<b>Consolidated</b>	
	<b>31 Dec 2017</b>	<b>30 Jun 2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash at bank	46,030	52,669
Secured deposits	30,900	31,254
	<u>76,930</u>	<u>83,923</u>
	<u><u>76,930</u></u>	<u><u>83,923</u></u>

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 8. Leased motor vehicle assets**

	<b>Consolidated</b>	
	<b>31 Dec 2017</b>	<b>30 Jun 2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Lease portfolio assets - at cost	94,789	93,617
Less: Accumulated depreciation	(30,764)	(27,926)
Less: Impairment	(877)	(873)
	<u>63,148</u>	<u>64,818</u>
	<u><u>63,148</u></u>	<u><u>64,818</u></u>

*Reconciliations*

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

<b>Consolidated</b>	<b>Leased assets \$'000</b>
Balance at 1 July 2017	64,818
Additions	15,690
Disposals	(8,997)
Revaluation increments	14
Exchange differences	523
Depreciation expense	(8,900)
	<u>63,148</u>
Balance at 31 December 2017	<u><u>63,148</u></u>

Note 9. Intangibles

	<b>Consolidated</b>	
	<b>31 Dec 2017</b>	<b>30 Jun 2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Goodwill - at cost	354,632	353,528
Brand name - at cost	7,800	7,800
Less: Accumulated amortisation	(1,625)	(1,235)
	<u>6,175</u>	<u>6,565</u>
Customer contracts - at cost	59,097	58,785
Less: Accumulated amortisation	(11,977)	(9,085)
	<u>47,120</u>	<u>49,700</u>
Software - at cost	17,946	15,308
Less: Accumulated amortisation	(5,795)	(4,609)
	<u>12,151</u>	<u>10,699</u>
	<u><u>420,078</u></u>	<u><u>420,492</u></u>

*Reconciliations*

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

<b>Consolidated</b>	<b>Goodwill</b>	<b>Brand</b>	<b>Customer</b>	<b>Software</b>	<b>Total</b>
	<b>\$'000</b>	<b>name</b>	<b>contracts</b>	<b>\$'000</b>	<b>\$'000</b>
		<b>\$'000</b>	<b>\$'000</b>		
Balance at 1 July 2017	353,528	6,565	49,700	10,699	420,492
Additions	-	-	-	2,626	2,626
Exchange differences	1,104	-	274	4	1,382
Amortisation expense	-	(390)	(2,854)	(1,178)	(4,422)
	<u>-</u>	<u>(390)</u>	<u>(2,854)</u>	<u>(1,178)</u>	<u>(4,422)</u>
Balance at 31 December 2017	<u><u>354,632</u></u>	<u><u>6,175</u></u>	<u><u>47,120</u></u>	<u><u>12,151</u></u>	<u><u>420,078</u></u>

Note 10. Trade and other payables

	<b>Consolidated</b>	
	<b>31 Dec 2017</b>	<b>30 Jun 2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade payables	88,649	91,981
Accrued expenses	8,464	11,118
	<u>97,113</u>	<u>103,099</u>

Trade payables include residual values payable to financiers, which are secured by the underlying operating lease asset, cash lock-up of \$25,453,000 (30 June 2017: \$25,218,000) and bank guarantees.

**Note 11. Lease portfolio borrowings**

	<b>Consolidated</b>	
	<b>31 Dec 2017</b>	<b>30 Jun 2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Lease portfolio borrowings	<u>50,763</u>	<u>55,328</u>

Refer to note 12 for further information on assets pledged as security and financing arrangements.

*Lease portfolio borrowings*

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

**Note 12. Borrowings**

	<b>Consolidated</b>	
	<b>31 Dec 2017</b>	<b>30 Jun 2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Bank loans	<u>145,701</u>	<u>158,119</u>

*Assets pledged as security*

*Australian Corporate borrowings*

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

*UK corporate borrowings*

UK corporate borrowings comprise facilities totalling £16,525,000. The facilities are repayable in instalments of £625,000 per quarter followed by a bullet payment of £12,150,000 on maturity being 17 November 2019.

*Financing arrangements*

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

	<b>Consolidated</b>	
	<b>31 Dec 2017</b>	<b>30 Jun 2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Total facilities		
Corporate borrowings	177,440	190,192
Lease portfolio borrowings (note 11)	119,016	113,450
	<u>296,456</u>	<u>303,642</u>
Used at the reporting date		
Corporate borrowings	152,166	168,495
Lease portfolio borrowings (note 11)	50,763	55,328
	<u>202,929</u>	<u>223,823</u>
Unused at the reporting date		
Corporate borrowings	25,274	21,697
Lease portfolio borrowings (note 11)	68,253	58,122
	<u>93,527</u>	<u>79,819</u>



**Note 13. Issued capital**

	31 Dec 2017 Shares	30 Jun 2017 Shares	Consolidated 31 Dec 2017 \$'000	30 Jun 2017 \$'000
Ordinary shares - fully paid	257,358,146	253,030,869	273,999	272,008

*Movements in ordinary share capital*

Details	Date	Shares	\$'000
Balance	1 July 2017	253,030,869	272,008
Shares issued on exercise of options	22 August 2017	190,352	-
Shares issued on exercise of options	11 September 2017	4,136,925	-
Transfer from share based payment reserve on exercise of options		-	1,991
Balance	31 December 2017	257,358,146	273,999

**Note 14. Dividends**

Dividends paid during the financial half-year were as follows:

	Consolidated 31 Dec 2017 \$'000	31 Dec 2016 \$'000
Final dividend for the year ended 30 June 2017 of 9.265 cents per ordinary share paid on 17 October 2017 (2016: 7.63 cents)	23,844	19,269

On 12 February 2018, the Directors declared a fully franked interim dividend for the year ending 30 June 2018 of 8.78 cents per ordinary shares, to be paid on 19 April 2018 to eligible shareholders on the register as at 28 March 2018. This equates to a total estimated distribution of \$22,596,000, based on the number of ordinary shares on issue as at 31 December 2017.

**Note 15. Fair value measurement**

The following tables detail the Group's 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 - 31 Dec 2017	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Liabilities</i>				
Derivative financial instruments - Interest rate swap contracts	-	1,933	-	1,933
Total liabilities	-	1,933	-	1,933

Consolidated - 30 Jun 2017	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Liabilities</i>				
Derivative financial instruments - Interest rate swap contracts	-	2,464	-	2,464
Total liabilities	-	2,464	-	2,464

### Note 15. Fair value measurement (continued)

There were no transfers between levels during the financial half-year.

Unless otherwise stated, the carrying amounts of financial instruments reflects 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 16. 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 \$10,532,000 (30 June 2017: \$11,595,000) has been recognised as a residual value provision and an amount of \$877,000 (30 June 2017: \$873,000) 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 17. Business combinations

#### *Comparative period acquisitions*

In the previous year, the Group acquired a 100% interest in UK based entities Fleet Hire Holdings Limited and Motiva Group Limited for the total consideration of \$58,323,000.

The purchase price accounting for the business combination has now been finalised. This did not impact the comparative year statement of financial position, statement of profit or loss and other comprehensive income or opening retained profits.

### Note 18. Earnings per share

	<b>Consolidated</b>	
	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit after income tax attributable to the owners of SG Fleet Group Limited	<u>31,589</u>	<u>26,594</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	255,685,555	252,492,229
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	100,109	3,990,141
Performance rights over ordinary shares	<u>260,969</u>	<u>-</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>256,046,633</u>	<u>256,482,370</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	12.35	10.53
Diluted earnings per share	12.34	10.37

**Note 19. Events after the reporting period**


Apart from the dividend declared as disclosed in note 14, no other matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



---

Andrew Reitzer  
Chairman

12 February 2018  
Sydney



---

Robbie Blau  
Chief Executive Officer



# Independent Auditor's Review Report

To the shareholders of SG Fleet Group Limited

## Report on the Interim Financial Report

### Conclusion

We have reviewed the accompanying **Interim Financial Report** of SG Fleet Group Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of SG Fleet Group Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2017 and of its performance for the Interim Period ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- statement of financial position as at 31 December 2017
- statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the interim period ended on that date
- notes 1 to 19 comprising a summary of significant accounting policies and other explanatory information
- Directors' Declaration.

The **Group** comprises SG Fleet Group Limited (the Company) and the entities it controlled at the Interim Period's end or from time to time during the Interim Period.

The **Interim Period** is the 6 months ended on 31 December 2017.

### Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the interim financial report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- such internal control as the Directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

## Auditor's responsibility for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Interim Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2017 and its performance for the interim period ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of SG Fleet Group Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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



KPMG



Michael O Connell  
*Partner*

Sydney  
12 February 2018