



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

15 February 2016

Dear Sir,

Results for announcement to the market – half year ended 31 December 2015

The following are attached:

1. Half Year Report (ASX Appendix 4D) in accordance with ASX Listing Rules 4.2A and 4.2B; and
2. Interim Report - 31 December 2015.

Yours faithfully

Sarah Edwards
Company Secretary

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SG Fleet Group Limited

ABN 40 167 554 574

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1. Company details

Name of entity:	SG Fleet Group Limited
ABN:	40 167 554 574
Reporting period:	For the half-year ended 31 December 2015
Previous period:	For the half-year ended 31 December 2014

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	up	9.2% to	93,326
Profit from ordinary activities after tax attributable to the owners of SG Fleet Group Limited	down	0.2% to	19,670
Profit for the half-year attributable to the owners of SG Fleet Group Limited	down	0.2% to	19,670

Dividends

	Amount per security Cents	Franked amount per security Cents
Final dividend for the period ended 30 June 2015, declared on 17 August 2015. The final dividend was paid on 22 October 2015 to shareholders registered on 1 October 2015.	6.117	6.117

On 15 February 2016 the directors declared a dividend of 5.223 cents per ordinary share with a record date of 31 March 2016 to be paid on 21 April 2016.

Comments

The profit for the Group after providing for income tax amounted to \$19,670,000 (31 December 2014: \$19,712,000).

For a Review of Operations for the half-year ended 31 December 2015, 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>(69.81)</u>	<u>(0.76)</u>

4. Control gained over entities

On 30 November 2015, the group acquired 100% of the ordinary shares of nlc Pty Limited and its subsidiaries. Refer to note 14 to the financial statements for further details.

5. 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.

6. 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.

7. Attachments

Details of attachments (if any):

The Interim Report of SG Fleet Group Limited for the half-year ended 31 December 2015 is attached.

8. Signed



Signed _____

Date: 15 February 2016

Andrew Reitzer
Chairman
Sydney



SG Fleet Group Limited

ABN 40 167 554 574

Interim Report - 31 December 2015

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 2015.

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

Principal activities

During the financial half-year the principal continuing activities of the Group consisted of motor vehicle fleet management and salary packaging services.

Review of operations

The profit for the Group after providing for income tax amounted to \$19,670,000 (31 December 2014: \$19,712,000).

For a Review of Operations for the half year ended 31 December 2015, please refer to the ASX announcement accompanying this Report.

Significant changes in the state of affairs

On 30 November 2015, the Group acquired nlc Pty Limited and its subsidiaries ('nlc') for total consideration of \$211,335,000. nlc is a specialist manager and provider of novated lease, consumer vehicle finance and vehicle sourcing services.

During the period, the Group increased its total banking facilities from \$56,742,000 as at 30 June 2015 to \$168,557,000. The increase in banking facilities were used to partly fund the nlc acquisition.

There were no other 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 Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order 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 on the following page.

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



Robbie Blau
Chief Executive Officer

15 February 2016
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 review for the interim period ended 31 December 2015 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

KPMG

Michael O Connell
Partner

Sydney

15 February 2016

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SG Fleet Group Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2015



		Consolidated	
	Note	31 Dec 2015	31 Dec 2014
		\$'000	\$'000
Revenue	4	93,326	85,429
Expenses			
Fleet management costs		(23,862)	(22,073)
Employee benefits expense		(23,357)	(22,459)
Occupancy costs		(2,193)	(2,053)
Depreciation, amortisation and impairment		(4,245)	(3,367)
Technology costs		(1,653)	(1,733)
Other expenses	5	(6,724)	(3,253)
Finance costs		(2,208)	(1,908)
Profit before income tax expense		29,084	28,583
Income tax expense		(9,414)	(8,871)
Profit after income tax expense for the half-year attributable to the owners of SG Fleet Group Limited		19,670	19,712
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation difference for foreign operations		158	484
Effective portion of changes in fair value of cash flow hedges		(24)	-
Other comprehensive income for the half-year, net of tax		134	484
Total comprehensive income for the half-year attributable to the owners of SG Fleet Group Limited		<u>19,804</u>	<u>20,196</u>
		Cents	Cents
Basic earnings per share	16	8.05	8.12
Diluted earnings per share	16	7.96	8.12

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

		Consolidated	
	Note	31 Dec 2015	30 Jun 2015
		\$'000	\$'000
Assets			
Cash and cash equivalents	6	78,081	89,143
Finance, trade and other receivables		45,763	40,072
Inventories		7,552	4,921
Leased motor vehicle assets		18,547	17,664
Deferred tax		-	14,483
Property, plant and equipment		1,769	1,003
Intangibles	7	<u>365,178</u>	<u>142,692</u>
Total assets		<u>516,890</u>	<u>309,978</u>
Liabilities			
Trade and other payables	8	59,157	46,933
Derivative financial instruments		31	7
Income tax		3,210	8,982
Employee benefits		6,703	4,943
Deferred tax		2,835	-
Residual risk provision		10,809	12,368
Borrowings	9	155,466	43,868
Vehicle maintenance funds		62,485	17,948
Deferred income		<u>26,797</u>	<u>25,547</u>
Total liabilities		<u>327,493</u>	<u>160,596</u>
Net assets		<u>189,397</u>	<u>149,382</u>
Equity			
Issued capital	10	267,348	232,768
Reserves		(117,703)	(118,313)
Retained profits		<u>39,752</u>	<u>34,927</u>
Total equity		<u>189,397</u>	<u>149,382</u>

SG Fleet Group Limited
Statement of changes in equity
For the half-year ended 31 December 2015



Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2014	232,768	(119,372)	15,620	129,016
Profit after income tax expense for the half-year	-	-	19,712	19,712
Other comprehensive income for the half-year, net of tax	-	484	-	484
Total comprehensive income for the half-year	-	484	19,712	20,196
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	244	-	244
Dividends paid (note 11)	-	-	(9,708)	(9,708)
Balance at 31 December 2014	<u>232,768</u>	<u>(118,644)</u>	<u>25,624</u>	<u>139,748</u>
Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2015	232,768	(118,313)	34,927	149,382
Profit after income tax expense for the half-year	-	-	19,670	19,670
Other comprehensive income for the half-year, net of tax	-	134	-	134
Total comprehensive income for the half-year	-	134	19,670	19,804
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 10)	34,580	-	-	34,580
Share-based payments	-	476	-	476
Dividends paid (note 11)	-	-	(14,845)	(14,845)
Balance at 31 December 2015	<u>267,348</u>	<u>(117,703)</u>	<u>39,752</u>	<u>189,397</u>

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

	Note	Consolidated 31 Dec 2015 \$'000	31 Dec 2014 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		101,103	98,662
Payments to suppliers and employees (inclusive of GST)		(61,351)	(66,767)
Interest received		1,029	921
Interest and other finance costs paid		(2,208)	(1,908)
Income taxes paid		(13,400)	(5,726)
		<u>25,173</u>	<u>25,182</u>
Cash flows from investing activities			
Payment for purchase of subsidiary, net of cash acquired	14	(127,781)	-
Acquisition of lease portfolio assets		(14,542)	(11,287)
Proceeds from disposal of lease portfolio assets		10,819	10,259
Payments for property, plant and equipment		(353)	(233)
Payments for intangibles		(1,001)	(509)
Proceeds from disposal of property, plant and equipment		33	-
		<u>(132,825)</u>	<u>(1,770)</u>
Cash flows from financing activities			
Proceeds from borrowings		151,650	6,160
Repayment of borrowings		(40,219)	(9,544)
Dividends paid		(14,845)	(9,708)
		<u>96,586</u>	<u>(13,092)</u>
Net cash from/(used in) financing activities		<u>96,586</u>	<u>(13,092)</u>
Net increase/(decrease) in cash and cash equivalents		(11,066)	10,320
Cash and cash equivalents at the beginning of the financial half-year		89,143	57,906
Effects of exchange rate changes on cash and cash equivalents		4	331
		<u>78,081</u>	<u>68,557</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>78,081</u></u>	<u><u>68,557</u></u>

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 15 February 2016. 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 2015 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 2015 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, revised or amending Accounting Standards and Interpretations adopted

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial half-year ended 31 December 2015 and are not expected to have any significant impact for the full financial year ending 30 June 2016. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 3. Operating segments

Identification of reportable operating segments

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

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements. Australian segment information for 31 December 2015 includes information relating to nlc.

Intersegment receivables, payables and loans

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

Note 3. Operating segments (continued)

Operating segment information

Consolidated - 31 Dec 2015	Australia \$'000	New Zealand \$'000	United Kingdom \$'000	Corporate \$'000	Intersegment eliminations/ unallocated \$'000	Total \$'000
Revenue						
Sales to external customers	87,847	1,905	2,744	-	(199)	92,297
Interest income	1,015	9	5	-	-	1,029
Total revenue	88,862	1,914	2,749	-	(199)	93,326
EBITDA						
Depreciation and amortisation	38,032	619	416	(3,534)	4	35,537
Finance costs	(2,636)	(541)	(1,068)	-	-	(4,245)
	(268)	(122)	(145)	(1,669)	(4)	(2,208)
Profit/(loss) before income tax expense	35,128	(44)	(797)	(5,203)	-	29,084
Income tax expense						(9,414)
Profit after income tax expense						19,670
Assets						
Segment assets	494,309	9,631	12,950	-	-	516,890
Total assets						516,890
Liabilities						
Segment liabilities	314,603	6,534	6,356	-	-	327,493
Total liabilities						327,493
Consolidated - 31 Dec 2014						
	Australia \$'000	New Zealand \$'000	United Kingdom \$'000	Corporate \$'000	Intersegment eliminations/ unallocated \$'000	Total \$'000
Revenue						
Sales to external customers	80,845	1,192	2,648	-	(177)	84,508
Interest income	900	15	4	2	-	921
Total revenue	81,745	1,207	2,652	2	(177)	85,429
EBITDA						
Depreciation and amortisation	33,353	85	655	(238)	3	33,858
Finance costs	(1,838)	(272)	(1,257)	-	-	(3,367)
	(275)	-	(126)	(1,504)	(3)	(1,908)
Profit/(loss) before income tax expense	31,240	(187)	(728)	(1,742)	-	28,583
Income tax expense						(8,871)
Profit after income tax expense						19,712
Consolidated - 30 Jun 2015						
Assets						
Segment assets	287,558	6,261	16,159	-	-	309,978
Total assets						309,978
Liabilities						
Segment liabilities	148,573	3,293	8,730	-	-	160,596
Total liabilities						160,596

Note 4. Revenue

	Consolidated	
	31 Dec 2015	31 Dec 2014
	\$'000	\$'000
<i>Sales revenue</i>		
Management and maintenance income	34,418	30,653
Additional products and services	27,328	24,482
Funding commissions	15,890	15,075
End of lease income	5,867	5,926
Rental income	5,930	5,354
Other income	2,864	3,018
	<u>92,297</u>	<u>84,508</u>
<i>Other revenue</i>		
Interest	1,029	921
Revenue	<u><u>93,326</u></u>	<u><u>85,429</u></u>

Note 5. Other expenses

Other expenses includes the following specific expenses:

	Consolidated	
	31 Dec 2015	31 Dec 2014
	\$'000	\$'000
nic acquisition costs	3,218	-
Other expenses	3,506	3,253
Total other expenses	<u><u>6,724</u></u>	<u><u>3,253</u></u>

Note 6. Cash and cash equivalents

	Consolidated	
	31 Dec 2015	30 Jun 2015
	\$'000	\$'000
Cash at bank	62,402	79,210
Secured cash	15,679	9,933
	<u><u>78,081</u></u>	<u><u>89,143</u></u>

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

Note 7. Intangibles

	Consolidated	
	31 Dec 2015	30 Jun 2015
	\$'000	\$'000
Goodwill - at cost	305,570	136,460
Brand name - at cost	7,800	-
Less: Accumulated amortisation	(65)	-
	<u>7,735</u>	<u>-</u>
Customer contracts - at cost	45,328	1,728
Less: Accumulated amortisation	(363)	-
Less: Impairment	(1,079)	(1,079)
	<u>43,886</u>	<u>649</u>
Software - at cost	10,194	6,690
Less: Accumulated amortisation	(2,207)	(1,107)
	<u>7,987</u>	<u>5,583</u>
	<u><u>365,178</u></u>	<u><u>142,692</u></u>

Reconciliations

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

Consolidated	Goodwill	Brand	Customer	Software	Total
	\$'000	name	contracts	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2015	136,460	-	649	5,583	142,692
Additions	-	-	-	1,001	1,001
Additions through business combinations (note 14)	169,110	7,800	43,600	1,775	222,285
Amortisation expense	-	(65)	(363)	(372)	(800)
Balance at 31 December 2015	<u><u>305,570</u></u>	<u><u>7,735</u></u>	<u><u>43,886</u></u>	<u><u>7,987</u></u>	<u><u>365,178</u></u>

Accounting policy for brand name

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

Accounting policy for customer contracts

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

Note 8. Trade and other payables

	Consolidated	
	31 Dec 2015	30 Jun 2015
	\$'000	\$'000
Trade payables	52,243	39,148
Accrued expenses	6,914	7,785
	<u>59,157</u>	<u>46,933</u>

Trade payables include residual values payable to financiers, which are secured by the underlying operating lease asset and a cash lock-up of \$15,679,000 (30 June 2015: \$9,933,000) and bank guarantees.

Note 9. Borrowings

	Consolidated	
	31 Dec 2015	30 Jun 2015
	\$'000	\$'000
Bank loans	142,250	32,250
Lease portfolio liabilities	13,216	11,618
	<u>155,466</u>	<u>43,868</u>

Total secured liabilities

The total secured liabilities are as follows:

	Consolidated	
	31 Dec 2015	30 Jun 2015
	\$'000	\$'000
Bank loans	142,250	32,250
Lease portfolio liabilities	13,216	11,618
	<u>155,466</u>	<u>43,868</u>

Assets pledged as security

Banking facilities

The banking facility is secured by guarantees and indemnities as well as fixed and floating charges or composite guarantees and debentures issued by the Group. The Group increased its banking facilities during the period. The bank loans increased by \$110,000,000 which was used to partly fund nlc acquisition (refer to note 14). The facilities are repayable by payment of \$3,750,000 every quarter for next four years and a bullet payment of \$82,250,000 on maturity date 29 November 2019.

Lease portfolio liabilities

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

Financing arrangements

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

	Consolidated	
	31 Dec 2015	30 Jun 2015
	\$'000	\$'000
Total facilities		
Banking facilities	168,557	56,742
Lease portfolio facilities	40,546	40,714
	<u>209,103</u>	<u>97,456</u>
Used at the reporting date		
Banking facilities	159,361	49,157
Lease portfolio facilities	13,216	11,617
	<u>172,577</u>	<u>60,774</u>
Unused at the reporting date		
Banking facilities	9,196	7,585
Lease portfolio facilities	27,330	29,097
	<u>36,526</u>	<u>36,682</u>

Note 10. Equity - issued capital

	Consolidated			
	31 Dec 2015 Shares	30 Jun 2015 Shares	31 Dec 2015 \$'000	30 Jun 2015 \$'000
Ordinary shares - fully paid	<u>251,791,826</u>	<u>242,691,826</u>	<u>267,348</u>	<u>232,768</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2015	242,691,826		232,768
Shares issued on acquisition of nlc Pty Ltd	30 November 2015	<u>9,100,000</u>	\$3.80	<u>34,580</u>
Balance	31 December 2015	<u><u>251,791,826</u></u>		<u><u>267,348</u></u>

Note 11. Equity - dividends

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

	Consolidated	
	31 Dec 2015 \$'000	31 Dec 2014 \$'000
Final dividend for the period ended 30 June 2015 of 6.117 cents per ordinary share paid on 22 October 2015 (2014: 4 cents)	<u>14,845</u>	<u>9,708</u>

On 15 February 2016, the Directors declared a fully franked interim dividend for the period ended 31 December 2015 of 5.223 cents per ordinary shares, to be paid on 21 April 2016 to eligible shareholders on the register as at 31 March 2016. This equates to a total estimated distribution of \$13,151,000, based on the number of ordinary shares on issue as at 31 December 2015.

Note 12. Fair value measurement

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

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

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

Note 13. 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 \$10,809,000 (30 June 2015: \$12,368,000) has been recognised as a residual value provision, calculated on an onerous pool basis, to cover potential shortfalls on the disposal of these vehicles.

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

Note 14. Business combinations

On 30 November 2015, the Group acquired 100% of the ordinary shares of nlc Pty Limited and its subsidiaries ('nlc') for the total consideration transferred of \$211,335,000.

nlc is a specialist manager and provider of novated lease, consumer vehicle finance and vehicle sourcing services. The goodwill of \$169,110,000 is attributable to the expected synergies and cross-selling opportunities that will arise from the acquisition, the future growth prospects of new products and initiatives together with the skills base and operating processes within the acquired entity. The nlc acquisition contributed \$4,129,000 to revenue and \$825,000 to profit before tax for the period from 30 November 2015 to 31 December 2015. The nlc acquisition would have contributed \$25,495,000 to revenue and \$3,964,000 to profit before tax if the acquisition had occurred on 1 July 2015.

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

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

The Group incurred acquisition-related costs of \$3,218,000 on transaction advisory, legal fees and due diligence costs. These costs have been included in other expenses in the Group's statement of profit or loss and other comprehensive income.

The values identified in relation to the acquisition of nlc are provisional as at 31 December 2015.

Details of the acquisition are as follows:

	Fair value \$'000
Cash and cash equivalents	48,974
Trade receivables	4,363
Prepayments	403
Inventories	179
Property, plant and equipment	666
Brand name	7,800
Customer contracts	43,600
Software	1,775
Trade payables	(9,685)
Provision for income tax	(776)
Deferred tax liability	(14,756)
Employee benefits	(1,367)
Vehicle maintenance funds	(37,556)
Deferred income	(1,395)
Net assets acquired	42,225
Goodwill	169,110
Acquisition-date fair value of the total consideration transferred	211,335
Representing:	
Cash paid or payable to vendor	176,755
SG Fleet Group Limited shares issued to vendor	34,580
	211,335
Cash used to acquire business, net of cash acquired:	
Cash paid to vendor	176,755
Less: cash and cash equivalents	(48,974)
Net cash used	127,781

Note 14. Business combinations (continued)

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

Note 15. Events after the reporting period

Apart from the dividend declared as disclosed in note 11, no other matter or circumstance has arisen since 31 December 2015 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.

Note 16. Earnings per share

	Consolidated	
	31 Dec 2015	31 Dec 2014
	\$'000	\$'000
Profit after income tax attributable to the owners of SG Fleet Group Limited	19,670	19,712
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	244,274,435	242,691,826
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	2,988,021	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	247,262,456	242,691,826
	Cents	Cents
Basic earnings per share	8.05	8.12
Diluted earnings per share	7.96	8.12

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 2015 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

15 February 2016
Sydney



Robbie Blau
Chief Executive Officer



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

Report on the financial report

We have reviewed the accompanying interim financial report of SG Fleet Group Limited ('the Company'), which comprises the consolidated statement of financial position as at 31 December 2015, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the interim period ended on that date, notes 1 to 16 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year's end or from time to time during the interim period.

Directors' responsibility 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 for 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

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 2015 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.

Independence

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



Conclusion

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:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the interim period ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.


KPMG



Michael O Connell
Partner

Sydney

15 February 2016