Annual Report 2018

Eclipx Group Limited
ACN 131 557 901

About Eclipx Group

Eclipx Group is an established leader in fleet leasing and management, diversified financial services and online auction services in Australia and New Zealand.

Eclipx Group comprises FleetPartners, FleetPlus, FleetChoice, AutoSelect, CarLoans.com.au, Georgie, Right2Drive, GraysOnline, Are You Selling and Eclipx Commercial.

For more information visit www.eclipx.com.

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Chairman's Letter

On behalf of the Eclipx Group Board I am pleased to present the 2018 Eclipx Group Annual Report for the year ended 30 September 2018.

While our core fleet and equipment financing businesses both performed well, overall this Financial Year was challenging. Our results fell below guidance as a result of our recent acquisitions experiencing some adverse business conditions, including:

- A reduction in insolvency related auction activity materially impacting revenue at GraysOnline.
- Our Right2Drive business being negatively impacted by Australia's prolonged drought, reducing business originations as well as competitive pressures from some insurers offering replacement vehicles.

We are in the process of restructuring both of these businesses so they are better equipped to meet the expectations we had at the time of their acquisition, and to take full advantage as conditions improve in their respective markets.

2018 financial performance

Despite these issues, the Eclipx Group Board is pleased to report a solid earnings performance for the Group in FY18, with Net Operating Income increasing 27% to $325.3 million for the year and Group Net Profit After Tax adjusted for Amortisation and One-off Costs (NPATA) improving 14% to $78.1 million.

On 13 November 2018, the Board declared a fully franked final dividend of 8.00 cents per share, taking the full Financial Year dividend to 16.00 cents per share, up 4.9% on last year. The record date for the final dividend was 14 December 2018, with the final dividend payable on 25 January 2019.

This Annual Report also contains the Directors' Report and audited Financial Statements, providing comprehensive details of the Group's operations and financial results across each of our business segments.

The markets in which we operate

Over the past 12 months to 30 September 2018, the markets in Australia and New Zealand were and will continue to be volatile, impacted by a growing number of both local and global political issues, especially in Australia with the Banking Royal Commission's negative impact upon financial markets generally and the flow-on impact on housing prices, resulting in negative consumer sentiment.

Whilst there is no doubt the Eclipx Group business was challenging over the past 12 months, our core portfolio of businesses that serve the commercial sector is particularly resilient in these conditions. Our core fleet businesses provide vehicle mobility solutions that are essential in supporting the day-to-day commercial transport needs of a range of businesses in Australia and New Zealand, ranging from SMEs to Government.

GraysOnline is Australia's largest online vehicle and equipment auction platform and its core activities provide an essential service to businesses, government and consumers disposing of or acquiring vehicles and equipment in Australia.

Right2Drive achieved growing recognition and acceptance of the convenience and value of its product from a number of our insurance partners, resulting in further growth of its business.

Also, Eclipx Group benefits from "best-in-class" diversified funding platforms, including committed facilities from all Major Trading Banks.

Our consumer business is the smallest part of our portfolio. Recognising the changing conditions in some aspects of this market, we are restructuring our consumer operating rationale. This segment is being repositioned as a new vehicle, trade-in and novated leasing business for consumers. We are pleased with the results so far, recognising there is much more work to be done.

In a fast changing environment Eclipx Group understands a key ingredient for success in our business is investment in technology. This Financial Year, Eclipx Group invested heavily in both its fleet and car rental platforms, and along with a number of online portals, enabling our customers to better manage their relationship with us and transact online.

We are now beginning to see the benefit of the IT investment we have made over the last four years, in terms of improvements in operating efficiency and in the ease with which customers interact with us.

The future

These are both exciting and challenging times for the Eclipx Group. Your Board and management are focused on continuing to build a market leading business that will ultimately benefit shareholders.

Our go-to market strategy is based on simplification of our business to three fundamental elements:

- Market leading corporate facing fleet and novated leasing businesses in Australia and New Zealand.
- Our GraysOnline auction business.
- Our consumer business, including Right2Drive.

Environmental, societal and corporate governance

Environmental, societal and corporate governance (ESG) continues to be a high priority at Eclipx Group.

Our partnership with the Clean Energy Finance Corporation (CEFC) has continued, with the aim of increasing the uptake of low emissions vehicles across Australia. We have now financed more than $48 million worth of vehicles in our clean energy funding facility since its establishment in 2015.

Our fleet businesses have also undertaken initiatives to help reduce their environmental impact, with FleetPlus achieving carbon neutral status during FY18. In New Zealand we have recently introduced hybrid cars to our fleet offering (pictured, centre, on page 17).

Contributing to the communities we work and live in continues to be valued across the Eclipx Group. During FY18 our volunteering program was launched and employees collectively donated their talent and time to multiple not-for-profits. On an annual basis our employees are encouraged to give back by taking a day of volunteering leave to support a cause they are passionate about.

Our people are also committed fundraisers and have contributed thousands of dollars to various causes through individual and team fundraising initiatives, including Steptember, Fiver for a Farmer, Movember and other personal challenges. You can read about some of these contributions on page 23.

Our people

The Eclipx Group Board Directors has a breadth of relevant expertise and skills and I thank each of them for their commitment and contributions this year. In January 2018 we welcomed Linda Jenkinson onto the Board and in March we farewelled Greg Ruddock. On behalf of the Board and on your behalf, I welcome Linda to the Board and I thank Greg for his outstanding contribution at Eclipx Group, since our ASX listing three years ago.

Our diverse employee group across Australia and New Zealand is what drives and grows our company and the Board join me in thanking each of our team members for their dedication and commitment to the Eclipx Group.

We have committed to annually surveying our employees and our 2018 engagement survey confirmed the importance of workplace health and safety, cross-Group communication, and gender diversity in our business. Our latest survey results also confirmed, once again, that our managers are strongly supportive and inclusive which is very much valued by their teams.

I would like to thank all of the people who make up the Eclipx Group comprising the Board, our talented and committed management team, our workforce of employees across all our businesses and geographies. Their dedication, resilience and drive equips the Eclipx Group to deliver exceptional service and outcomes for our customers that will ultimately benefit our shareholders.

Our management team's remuneration is directly impacted by the Eclipx Group performance. As we missed profit guidance by more than 5% in FY18, no short term incentive has been paid and long term incentives have been materially impacted. Further detail is contained in the Remuneration Report (page 52).

Establishing a market leading salary packaging and fleet company

Throughout the year just past, the Eclipx Board had been in dialogue with McMillan Shakespeare Limited ("MMS"ASX: MMS) about a proposed merger of the two companies. The dialogue focused on the industrial logic of the merger and identified the benefits associated with the scale and combination of complementary best-in breed business units.

Subsequently, on 8 November 2018 the Eclipx Group announced it had signed a Scheme Implementation Agreement with McMillan Shakespeare Limited.

The proposed merger, which is subject to Eclipx shareholders approving the scheme in 2019, will be implemented by MMS acquiring all shares in Eclipx. Under the terms of the merger Eclipx shareholders will receive 0.1414 MMS shares plus 46 cents cash for each Eclipx share held on the date of settlement. Using 8 November 2018 as an example, this would imply a total value of $2.851 for each Eclipx share (although the value of the consideration will fluctuate with movements in the market value of MMS shares).

The Eclipx Board unanimously endorses the merger and believes it represents a unique and compelling value proposition for both companies, combining the best of both organisations to create a leading fleet management and salary packaging provider in Australia and New Zealand.

Kerry Roxburgh
Chairman

Managing Director's Letter

Before I review our business and financial performance in 2018 I'd like to recap on our key strategies to drive profitable growth and shareholder returns.

This is particularly important in a world of increasing change and volatility which has the capacity to affect all of our businesses.

How we prepare for and manage rapid change is an increasingly important asset for our Group relative to the competition in our sectors from both domestic and international players. The consistent execution of these strategies underpins our performance.

In 2018 we made progress on a number of fronts and there is more to do in 2019 and beyond.

1. Eclipx is purposefully designed to be a diversified asset services business operating across both the asset and customer life cycle. Our integrated model is a competitive strength and enables us to provide compelling value propositions to our customers while driving multiple income streams.
2. Customer satisfaction is our continued focus. We understand the links between a high net promoter score, recurring revenues and sustained asset growth. We are proud to have more than doubled our NPS over the last two years to industry leading levels with scope for further gains.
3. Technology investments drive growth, customer satisfaction and cost efficiencies. Eclipx has invested in core systems and software across our businesses with new portals, online initiatives and system implementations. In 2018 we began to see the benefit of our investment in IT over the last four years and we accelerated our investments in IT development to increase the rate at which we will generate the benefits we need to obtain to keep us ahead of our competition.
4. We leverage our expertise in treasury, funding and risk management to sustain returns and maintain performance through the cycle. Eclipx has deep expertise in building diversified funding lines. We will continue to be financially conservative with careful risk controls.

2018 snapshot

During the 2018 Financial Year Eclipx Group delivered profitable growth across all its activities with a strong performance in the core Australian commercial and fleet business. We delivered this growth while also ensuring the ongoing integration of previously acquired businesses.

At the same time we were challenged by headwinds in both our GraysOnline and Right2Drive businesses which caused us to announce a revised NPATA Guidance and Market Update for FY18 in the range of $77 million to $80 million (+13% to 17% on FY17).

I am pleased to report that our NPATA for the year ended 30 September 2018 was up 14% on last year to $78.1 million and within our revised guidance range.

This result includes a continued strong increase in the market share of our fleet businesses - with new wins and recommitments from existing customers - whilst also engaging GraysOnline to sell our used fleet vehicles, boosting our end of lease results.

In response to changing market dynamics and the drive for improved profit growth, Eclipx has repositioned its consumer business focusing on novated leasing, new car buying and trade-in services.

Right2Drive expanded its reach into the consumer and corporate direct car rental markets in the latter half of the year, recording an 8% growth in hire income during the year. This strategic change is expected to result in improved fleet utilisation, lower costs and improved cash flow.

GraysOnline continued its integration with the Eclipx Group and during the Financial Year the business experienced strong sales growth in its auto division (+23% on pro-forma FY17). We believe Grays remains well placed to benefit when the insolvency markets activity improves and asset turnover increases in the industrial market segment.

The Commercial Equipment Finance team in New Zealand was successfully established and launched and will be targeting the SME sector which will contribute to its ongoing success in the future.

I am pleased to also report on successful pricing of the 4th Australian Assets Securitisation (ABS Eclipx Turbo Series 2017 – 1 Trust), closing materially oversubscribed and allocated to 20 investors, reducing the cost of funding on $351.5 million of leased receivables.

On 19 December 2017 Eclipx took up the opportunity to expand our portfolio further by acquiring Are You Selling - a leading used car buying service providing fast payments, convenience and reliability to consumers across Australia who are selling their used car. Are You Selling is set to become a core capability required to support our re-positioned consumer proposition, where the discounted purchase of a new vehicle is core to the provision of vehicle trade-ins, novated leasing and consumer car loans.

Throughout FY18, as part of our ongoing investment in technology, we successfully developed and launched a range of Group-wide digital platforms and projects to provide enhanced data and efficiencies for our customers, including *Miles*, a new fleet system, and *Nitro*, a new and improved customer portal for fleet customers in Australia and New Zealand.

Finally, as testament to our consistent and exceptional customer service I am pleased to report our most recent overall NPS score of +69 across the Group.

Looking ahead

In our ever-changing world the need to reposition for growth and disruption is at the forefront of Eclipx's strategy.

Our key priorities are to:

1. Generate superior return on capital employed, including growing earnings from our recent acquisitions. We have repositioned Right2Drive with growth in hire volumes beginning to result in higher utilisation. We are investing in Grays Auto to generate volume growth, cash flow and profitability.
2. Simplify the business and reduce costs. By consolidating platforms, merging brands and continuing the process of integration of our businesses we will provide greater value to our customers, whilst reducing our cost to income ratio. These initiatives have commenced in FY19.
3. Continue to deliver industry leading performance in our core Australian commercial and fleet operations.
4. Expand our finance capability to transition from our historic commercial customer focus to acquiring a presence in the SME and consumer markets.
5. Continue to invest in technology and business intelligence to enhance our customer offerings and utilise our unique data insights in fleet, in driver analytics, at auctions, into asset values and in risk management.
6. Deliver profitable growth across all our segments in 2019.

People are at the heart of the Eclipx Group; our customers, our employees, our executive team and our Board.

Leading Eclipx's 1,200+ people is a privilege and I am proud of Eclipx's ability to attract and retain the best talent within all our operations.

Each employee has contributed to our growth, with their curious and innovative approach to the market over the past Financial Year. I personally thank them, along with our senior management team and the Board, for their ongoing support and contributions.

They each contribute to the success of Eclipx and the following pages of our Annual Report acknowledge the achievements of our team, along with some of the highlights that have contributed towards making Eclipx what it is today.

Finally, my thanks go to you, our shareholders, for your continuing investment in the Eclipx Group.

Doc Klotz
Chief Executive Officer and Managing Director

Our History

Over more than 30 years the Eclipx Group has developed into an established leader in fleet leasing and management, consumer finance, commercial equipment finance, online auction services and diversified financial services across Australia and New Zealand.

1987
Australian company founded as a joint venture between ANZ and JMJ Fleet

1990
ANZ and Linfox form a joint venture to establish an NZ fleet business

1995
ANZ acquires 100% of AVIS Fleet NZ

1996
ANZ acquires 100% of the Australian and NZ joint ventures

2001
ANZ acquires PL Lease Management

2006
ANZ sells FleetPartners to Nikko Investments

2008
Nikko sells FleetPartners to GIC and Ironbridge

2014
Significant executive reorganisation

Acquisitions of FleetPlus and CarLoans

2015
Rebranded as Eclipx Group and listed on the ASX

2016
Acquisition of Right2Drive

2017
Acquisition of GraysOnline and Are You Selling

2018
Start up of the NZ SME Division

Business Overview

Eclipx Group is an established leader in vehicle leasing, diversified financial services, equipment leasing and management, and online auction services in Australia and New Zealand. We offer consumers and businesses of all sizes access to a diverse suite of solutions, including:

- Fleet leasing and management
- Commercial equipment finance
- Novated leasing
- Vehicle sales, trade-ins and consumer motor finance
- Car hire and medium term accident replacement vehicles
- An online auction marketplace for industrial and commercial assets, used vehicles, wine, AV and IT

Eclipx's ecosystem

We are an ASX-listed company operating in Australia and New Zealand, providing a multi-touch and multi-customer journey through the vehicle and equipment asset lifecycle.

FleetPartners service driven · fleetplus FIRST. IT'S HOW WE TREAT YOU.

Operating across both Australia and New Zealand, FleetPartners and FleetPlus are leading providers of fleet management, leasing and salary packaging solutions. Utilising leading technology and decades of expertise, innovative and tailored solutions are provided to a diverse range of customers, including multi-nationals, corporates, small to medium sized businesses and individuals. In addition to its core fleet services and novated leasing they also provide solutions across accident management, short term rentals, driver education and telematics, including driver behaviour data and car pool bookings.

FleetChoice

FleetChoice provides novated leasing and salary packaging administration services for small to medium sized organisations and their employees across Australia, making reporting easy via a combination of direct contact and online reporting tools to streamline tax and compliance.

In addition to its core fleet and finance services, it also assists customers to access a nation-wide supplier network offering fleet discounts, full vehicle servicing, maintenance and repairs.

Georgie

Georgie offers a new way to buy new cars. Georgie's team of car buying specialists help customers find a car deal that fits their lifestyle with the bulk buying power of Eclipx Group and its experienced team.

CarLoans.com.au

CarLoans.com.au is an online service that assists individuals to secure the best car loan to suit their needs. The business sources loans from a wide range of Australian lenders and recommends loans that meet the individual requirements of each customer. CarLoans can assist with secured loans, as well as operating and finance leases.

are you selling.com.au

Are You Selling is Australia's leading used car buying service providing fast payments, convenience and reliability to its thousands of customers around Australia, without the inconvenience of having to visit dealerships or sell their car online.

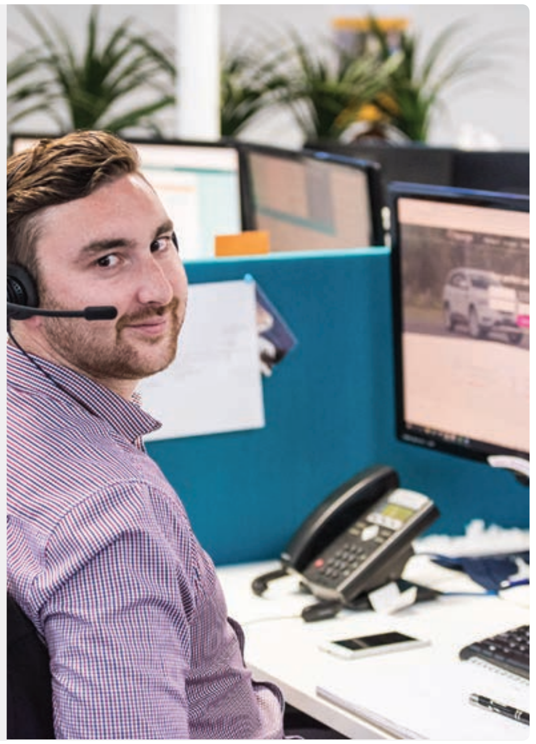
GEORGIE

Leveraging our scale, technology, experience and independence

Against a backdrop of significant growth in the Eclipx Group's fleet businesses over the past four years, we are continuing to invest in new business and technology initiatives to generate multiple income streams across the asset and customer life cycle.

Our new car buying service, Georgie, was launched at the beginning of the Financial Year as part of this focus - the business matches customer needs with the most appropriate new car to ensure buyers get the right vehicle, the first time.

The Georgie team arranges test drives, manages trade-ins and coordinates the delivery of new cars for customers.



Right2Drive Accident Replacement Vehicles

Operating 24 hours a day, 7 days a week from locations across Australia and New Zealand, Right2Drive provides "not at fault" drivers with like-for-like loan vehicles after an accident. It also supplies rentals to the corporate and leisure sectors and has served more than 100,000 customers during its brief history, with a customer satisfaction rating of NPS +86 (amongst the highest in the world).

With a fleet of over 3,000 vehicles, including more than 100 different makes and models (from economy, to luxury SUVs and a wide range of utes and vans), Right2Drive has a large and broad fleet of vehicles to suit every need.

AutoSelect

AutoSelect is the remarketing channel of FleetPartners New Zealand's end of lease stock. With three branches nationwide – Auckland, Wellington, and Christchurch, AutoSelect offers a huge selection of over 400 vehicles direct to the New Zealand retail market.

Providing peace of mind vehicle purchasing for the retail buyer, most vehicles come with a full service history and all AutoSelect vehicles receive a VTNZ 100 point check and/or an independent appraisal from the Automobile Association.

eclipx COMMERCIAL

As a specialist business equipment finance company, Eclipx Commercial arranges finance solutions for businesses of all sizes across Australia and New Zealand, to enable them to lease or purchase IT, office and manufacturing equipment. Their leasing, line of credit and equipment rental products are designed to assist businesses to free up their cash flow and provide alternate solutions to financing their equipment needs.

graysonline.com

GraysOnline is the largest industrial and commercial online auction business in Australasia, offering a huge range of industrial, consumer and commercial goods, direct from manufacturers and distributors.

GraysOnline offers one of the widest ranges of products online; from motor vehicles, manufacturing, construction, equipment and transport, to IT, consumer electronics and wine. For vendors, GraysOnline helps with all aspects of a sale program; from valuations to cataloguing, project management, marketing, health and safety compliance and detailed reporting.

Business Overview

CONTINUED

Our approach

Eclipx is relentlessly focused on delivering high growth and strong performance to benefit both customers and investors, through:

A COMMITMENT TO CUSTOMERS, FIRST

Delivering an outstanding customer experience through our commitment to customer service and value-adding end-to-end technology.

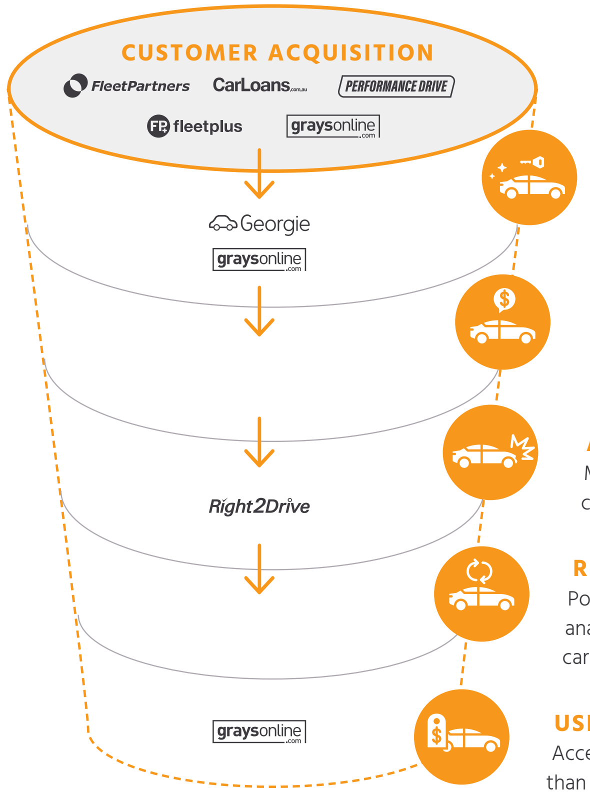
CUT-THROUGH PROPRIETARY TECHNOLOGY

Offering first-to-market innovation via online technology solutions that provide customers with a high level of service across a broad suite of products and services.

A HIGHLY TUNED, DIVERSIFIED FUNDING MODEL

Providing customers with access to funding via a capital efficient, securitised funding model that is both cost-effective and low-risk.

We have established a vertically integrated finance business over the past four years:



FLEET LEASING & MANAGEMENT / NOVATED LEASING
End to end outsourced solutions for companies to manage and lease their fleet.

NEW & USED CAR BUYING
Fleet discounting for consumers of new cars leveraging ECX buying power and broad access to affordable used vehicles via GraysOnline.

VEHICLE FINANCE / INSURANCE
Access to over 20 lenders for novated and consumer finance solutions.

ACCIDENT REPLACEMENT
Market-leading accident replacement vehicles and consumer service when customers are in need.

RENEWAL / REPURCHASE
Powered by marketing automation and large-scale data analysis, customers are identified as they re-enter the car market.

USED CAR DISPOSAL
Access to a large buying population to drive a better price than with dealer trade-in, and more control and safety than a private sale.

GRAYSONLINE

Building Australia's largest buy, sell and hire ecosystem

GraysOnline entered into a 10-year partnership with iSeekplant.com.au - Australia's largest online hire marketplace for machinery owners - during the FY18 year.

This new partnership will see GraysOnline providing auction services to iSeekplants' 6,000+ customers who have over 82,000 working hire assets, becoming Australia's largest buy, sell and hire ecosystem.

Thousands of construction industry professionals use the iSeekplant website each week to look for equipment to hire for projects spanning residential construction, civil, agriculture, mining, roads and infrastructure.

ARE YOU SELLING

Capitalising on Are You Selling's growth

Eclipx Group's trade-in business, Are You Selling, is Australia's leading used car buying service providing fast payments, convenience and reliability to its thousands of customers around Australia. Established in 2012, Are You Selling has experienced exceptional growth, delivering an 80 per cent increase in used car purchases year on year and growing from one employee to more than 30.

In late 2017 Eclipx acquired Are You Selling and the team continue to use innovative technology to enhance the car selling experience for customers in their own home, without the inconvenience of having to meet with potential buyers or visit dealerships to sell their car.

Year in Review

For the year ending 30 September 2018 Eclipx managed or financed 117,060 vehicles with $2.4 billion in assets under management, our Net Operating Income (NOI) was $325.3 million (+27% on FY17) and Net Profit After Tax and Amortisation (NPATA) was $78.1 million (+14% on FY17).

The increase in NOI reflects strong growth in our fleet and commercial businesses, underpinned by continued solid end-of-lease (EOL) profit performance and a full year contribution from GraysOnline, offsetting some softness in the Right2Drive and CarLoans businesses.

These results are in-line with the revised guidance provided on 6 August 2018.

In FY18 Eclipx had $349 million in available financing resources for growth having completed a $65 million US private placement as part of its corporate debt program. The placement was for a seven year term with a fixed rate coupon, delivered in AUD hedged with no exchange or interest rate risk.

Acquisition of Are You Selling

On 19 December 2017, Eclipx Group acquired Car Buyers Australia Pty Ltd, trading as AreYouSelling.com.au which offers online 'direct to consumer' purchasing of used vehicles and the subsequent on-sale of these vehicles.

This acquisition provides an additional vehicle trade-in option for Eclipx customers and also expands the GraysOnline vehicle sourcing footprint. Car Buyers has recorded a profit before tax of $1.1 million.

Eclipx is improving business performance through a focus on enhancing and building customer relationships, continuing to develop technology, growing the consumer segment and acquisitions.

Our focus areas have included:

1. Growing the market share in the fleet business:

- Relentless focus on excellence in customer service and providing value added solutions.

2. Diversifying into adjacent markets:

- Acquisitions of CarLoans, Right2Drive and GraysOnline, providing opportunities for Eclipx to increase parts of the fleet vehicle value chain.
- Diversifying earnings from a 100% traditional fleet business to a business deriving income from non-fleet activities of GraysOnline, Are You Selling and Eclipx Commercial in Australia and New Zealand.

3. Leveraging the Group's funding expertise to improve competitiveness:

- Standalone warehouses to fund equipment finance, consumers and state government leases to optimise funding rates and capital structures.
- Diversifying funding sources to allow expansion.
- Extending corporate debt and introducing seven year funding into the corporate debt structure of the Group.

4. Utilising efficiencies of scale and cross selling:

- Introducing telematics devices to assist clients in fleet management to reduce their operating costs.
- Cross selling of equipment finance, operating leases and novated leases to clients.
- Leveraging the scale of the organisation to realise supply chain improvements.

FLEETPLUS

Customer service accolades

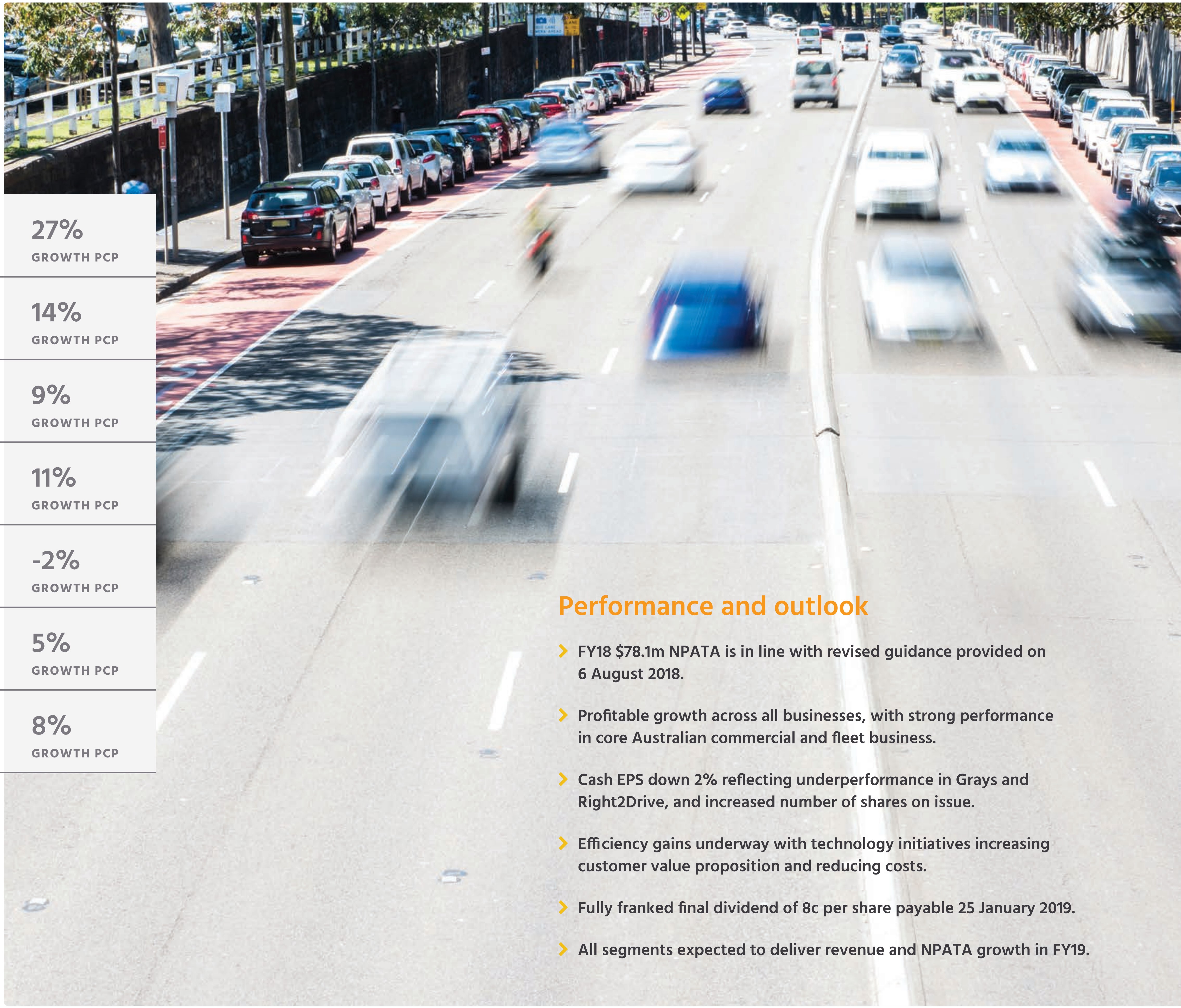
FleetPlus received a prestigious Partner for Growth Award in Customer Service from Coca-Cola Amatil during the year, in recognition of their partnership to transform Amatil's company-wide fleet.

As a result of this work Amatil reduced their fleet costs, improved processes, increased driver satisfaction and safety, and reduced the frequency and severity of accidents in their fleet.

Eclipx is forecasting continued growth in FY19 by:

- Growing the volume of new business writings in fleet and capturing additional margin through the vehicle life cycle.
- Expanding Eclipx Commercial in Australia and New Zealand.
- Consolidating the fleet businesses where this will improve efficiencies and the customer experience.
- Continuing to invest in technology.
- Growing the presence of Eclipx in the market.

Financial Highlights



325.3 Million NET OPERATING INCOME (NOI)	27% GROWTH PCP
78.1 Million NPATA (1)	14% GROWTH PCP
2,432 Million AUMOF (2) (CLOSING)	9% GROWTH PCP
1,095 Million NEW BUSINESS WRITINGS (NBW) (3)	11% GROWTH PCP
24.7 Cents CASH EPS (4)	-2% GROWTH PCP
16 Cents DIVIDEND PER SHARE	5% GROWTH PCP
117,060 Units VUMOF	8% GROWTH PCP

Performance and outlook

- FY18 $78.1m NPATA is in line with revised guidance provided on 6 August 2018.
- Profitable growth across all businesses, with strong performance in core Australian commercial and fleet business.
- Cash EPS down 2% reflecting underperformance in Grays and Right2Drive, and increased number of shares on issue.
- Efficiency gains underway with technology initiatives increasing customer value proposition and reducing costs.
- Fully franked final dividend of 8c per share payable 25 January 2019.
- All segments expected to deliver revenue and NPATA growth in FY19.

(1) NPATA is net profit after tax and tax adjusted add back of amortisation of intangibles.

(2) AUMOF is assets under management or financed, includes balance sheet and principal and agency (P&A) funded assets.

(3) NBW excludes sale and leaseback agreements totaling $23.9m in FY17 and $8.6m in FY18.

(4) Cash EPS is defined as each period's NPATA divided by the total weighted number of ordinary shares on issue for that period.

Corporate Responsibility and Sustainability

Corporate responsibility and sustainability is a high priority at Eclipx. Our primary focus is to ensure robust stewardship of the business and to deliver sustainable long term growth while operating in an ethical and transparent way.

Values and integrity
Corporate governance
Developing our people
Employee engagement
Our workforce
Diversity, inclusion and benefits
Community support
Environment
Health and safety

Values and integrity

The Board of Directors, as Eclipx's highest governance body, sets an expectation that Eclipx's values and ethical standards are reflected in our operations.

Eclipx is committed to maintaining the highest ethical standards in the conduct of its business activities and has adopted a Code of Conduct that applies to all Directors, employees, consultants and contractors of Eclipx.

The Code of Conduct outlines how Eclipx expects its representatives to behave and conduct business in the workplace, on a range of issues.

Corporate governance

The Eclipx Group Board is committed to implementing the highest possible standards of corporate governance and its underlying commitment to excellence is enshrined in its approach to governance.

The Board believes that sound governance is fundamental to ongoing success and growth and wherever possible, that its practices are consistent with the Second Edition of the Australian Securities Exchange (ASX) Corporate Governance Council's Principles and Recommendations.

To support these principles, we have established distinct management committees, each of which has a dedicated charter which outlines the purpose, responsibilities, composition, guidelines and source of decision-making authority.

The Asset Risk Committee reviews and approves the parameters in taking asset risk and residual values, and the Risk Management Committee identifies, assesses and reviews the key enterprise risks and relevant mitigating control activities and their effectiveness in accordance with our Risk Management Framework.

The Workplace Health and Safety Committee addresses workplace health and safety and regulatory compliance, and the Project Steering Committee governs the approval, scheduling and execution of new project initiatives with oversight of all discretionary work undertaken.

The Board reviews the governance framework periodically to ensure we continue to uphold the highest governance standards. As part of our commitment to corporate responsibility and sustainability.

Developing our people

Eclipx's Learning and Development team was established in FY18 after the success of training programs within Right2Drive and Georgie. The positive results of these programs, along with employee feedback from our 2017 engagement survey, identified the need for a Group-wide approach and support for increased employee development initiatives.

Over our past Financial Year an analysis of training needs has taken place along with the implementation of a series of professional development opportunities resulting in 3,500 hours of face to face and online training for employees on a variety of topics, including customer service, resilience building, leadership coaching and strategy development.

Eclipx employees are also offered compliance and risk related training throughout the year on various topics, including anti-money laundering, privacy, fraud awareness, anti-bribery and corruption, workplace health and safety, diversity and equality and cyber security.

In FY18, Eclipx's employees completed approximately 5,000 hours of training on these topics.

Employee engagement

Our commitment to employee engagement has remained a top priority at Eclipx and we continue to confidentially survey our employees annually with the help of external consulting firm, Aon Hewitt. Scores for our existing businesses continue to improve on the whole and in FY18 employees at GraysOnline and Car Buyers participated in the survey for the first time.

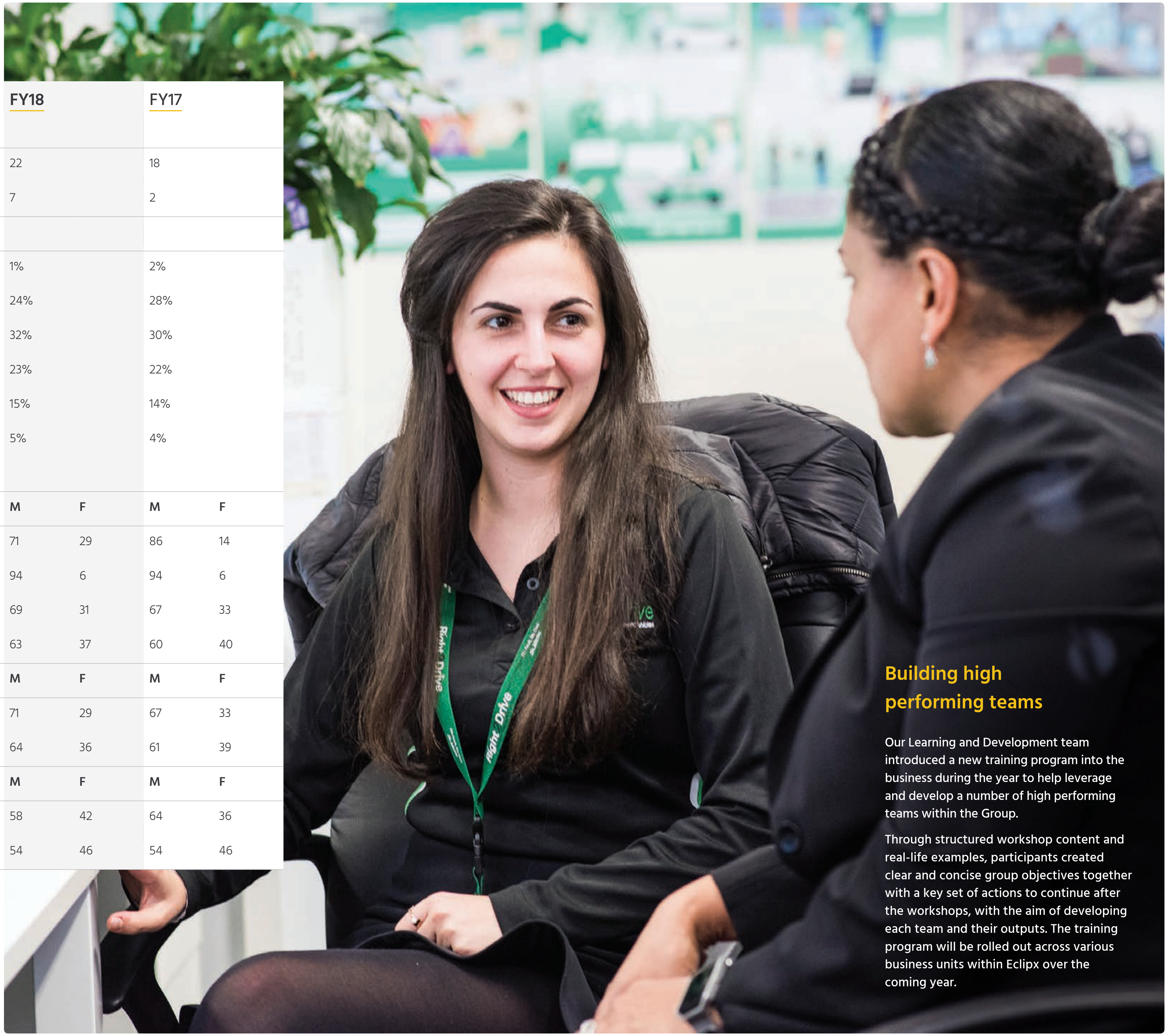
> The engagement survey is an important measure of our culture and inputs into our priorities and initiatives.

Our people have confirmed that Eclipx's managers are supportive, we always make safety a priority and diversity and inclusion is important to them. Our focus areas, as a result of the survey, include talent and staffing, effective communication, cross-Group collaboration and agility.

Our workforce

	FY18		FY17	
TURNOVER (%)				
Voluntary (%)	22		18	
Involuntary (%)	7		2	
AGE DIVERSITY (%)				
<20	1%		2%	
20-29	24%		28%	
30-39	32%		30%	
40-49	23%		22%	
50-59	15%		14%	
60+	5%		4%	
GENDER DIVERSITY				
Group	**M**	**F**	**M**	**F**
Board (%)	71	29	86	14
Group Executive (%)	94	6	94	6
Management (%)	69	31	67	33
Individual (%)	63	37	60	40
Australia Only	**M**	**F**	**M**	**F**
Management (%)	71	29	67	33
Individual (%)	64	36	61	39
New Zealand Only	**M**	**F**	**M**	**F**
Management (%)	58	42	64	36
Individual (%)	54	46	54	46

*FY18 workforce figures include data from GraysOnline and Car Buyers (AreYouSelling.com.au) as new business acquisitions.



Building high performing teams

Our Learning and Development team introduced a new training program into the business during the year to help leverage and develop a number of high performing teams within the Group.

Through structured workshop content and real-life examples, participants created clear and concise group objectives together with a key set of actions to continue after the workshops, with the aim of developing each team and their outputs. The training program will be rolled out across various business units within Eclipx over the coming year.

Empowering women across Eclipx

Women in Eclipx (WINE) was officially launched by a group of employees during FY18 to help create development opportunities for the more than 450 women working across Eclipx's various businesses.

The group's vision is to inspire, develop and empower Eclipx's female employees by creating networking, ideas sharing and mentoring opportunities. A number of WINE events took place over the year, including a presentation and employee networking event with Eclipx Board Director, and Order of Australia recipient, Gail Pemberton.

ECLIPX COMMERCIAL

Paving the way for new talent

In our efforts to recruit and retain the best talent, Eclipx Commercial Australia has embarked on a formal traineeship program. Their first trainee, Matthew Nicolopoulos, commenced his one-year traineeship in August 2018 while continuing his studies in business management.

In his sales support role, Matthew is supporting the Eclipx Commercial team in data entry and settlements. It's a start in the business sector for the high school graduate and a win-win for Eclipx Commercial and Matthew: "This traineeship has given me a big helping hand and getting my foot in the door is a major achievement."

Diversity, inclusion and benefits

Eclipx Group offers an inclusive work environment for our diverse mix of employees regardless of their gender, age, disability, ethnicity, marital or family status, religious or cultural background, sexual orientation or gender identity.

We also provide a supportive and rewarding working environment that offers a range of development opportunities and benefits:

INTERNAL MOBILITY

We aim to provide employees with meaningful work and development opportunities across the Group's various brands. Internal mobility opportunities may take the form of a secondment, permanent transfer or relocation to a new office, state or country.

STUDY ASSISTANCE

We offer study assistance to employees as an acknowledgement of our most important resource - our employees and the knowledge, skills and values they bring to work. The Group recognises that the personal growth and development of our employees improves individual and organisational capability and is an integral part of the success of our people and business.

FLEXIBLE WORK

We believe that fostering an environment in which our employees can better integrate and balance their work life and personal commitments will ensure we can attract and retain a diverse and talented workforce now and into the future. We also recognise that this approach leads to greater productivity, wellbeing and job satisfaction.

VOLUNTEER LEAVE

We encourage and support our employees to engage with the communities they live and work in, while also driving engagement and collaboration amongst employees. One day of paid volunteering leave is offered to all permanent and fixed term employees (with a contract term of 12 months or more) on an annual basis, so they can take time out to support a cause they are passionate about as an individual or as part of a team.

PARENTAL LEAVE

We offer 12 weeks of paid leave for primary carers and one week of paid leave for secondary carers, along with flexible return to work options.

We also offer an optional Keeping in Touch Plan to employees on parental leave, including 10 optional Keeping in Touch working days. This allows employees to transition more smoothly back into their role and team, remain connected to the business, become familiar with new or updated processes, and able to maintain and refresh their skills.

Eclipx also provides all employees with access to an Employee Assistance Program.

Community support

Engagement with and support of the communities we live and work in is a priority at Eclipx and we continuously provide our people with opportunities to participate in the environmental, social and sustainability programs and causes they are passionate about. Across our businesses employees dedicate time, funds, skills and knowledge to help various not-for-profits.

Eclipx employees participated in a number of fundraising initiatives throughout FY18, including 'Steptember' for the second year running. Steptember is an annual campaign to raise funds and awareness for the Cerebral Palsy Alliance and in 2018, more than 100 Eclipx teams across Australia and New Zealand raised over $30,000 and took more than 77 million steps.

As part of Eclipx's commitment to supporting our community we launched paid volunteering leave for employees in May 2018.

This benefit is open to all permanent and fixed term employees (with a contract term of 12 months or more), who are encouraged to take one day of paid leave each year to volunteer with a community organisation of their choice, as an individual or within a team.

Since the program launched, until the end of FY18, more than 460 hours were volunteered by Eclipx employees across a range of activities; from providing pro bono consulting services, to planting trees, helping at food redistribution services, supporting families with children in hospital, volunteering at soup kitchens and local surf life saving clubs, and organising clothing drives for disadvantaged women.

Pictured below are employees from FleetPartners, GraysOnline, Georgie, CarLoans and FleetChoice. The team spent a day volunteering at Foodbank - Australia's largest hunger relief organisation which provides 67 million meals a year to over 2,400 charities and 1,750 schools.

RIGHT2DRIVE

Supporting refugees

Right2Drive has continued to support humanitarian refugees by providing casual and permanent employment and support with language programs, vocational interpreters and agencies, to ensure successful skill building and workplace integration.

One of these employees is Manhal Al Fadous (pictured left), a Syrian refugee who arrived in Australia in 2016 with his wife and three children. A year later, Manhal was employed by Right2Drive in Adelaide and has continued his employment as a Client Services Executive:

"We fled Syria due to the war and spent a couple of years in a refugee camp in Jordan, where we were later accepted into the Australian refugee program. Before the war I owned a successful mobile phone company and my wife was a university student. We look forward to continuing our new and peaceful beginning in Australia."

ECLIPX GROUP

Design-athon win to support children with autism

A team of six employees from across the Eclipx Group participated in the Cerebral Palsy Alliance's 'Enabled by Design-athon' in September 2018, in competition with several other corporate teams. The hackathon-style event challenges participants to create a product prototype with the aim of helping people with disability.

The Eclipx team - whose Design-athon team name was 'The Abled Explorers' - were tasked with creating a product to help motivate children with autism to stay active. The team chose to create an app called 'Choose Your Adventure' which was focused on both engaging children and parents in a fun way, and creating a community of people affected by autism.

In their pitch at the end of the two-day event the team presented a live demonstration of the app to a panel of judges and the event audience. The team was successful in winning the competition and have gone on to progress the app in the hope it will become a reality in the not too distant future.

Environment

At Eclipx we have introduced a number of solutions to help reduce our environmental impact and climate risk.

Eclipx's partnership with the Clean Energy Finance Corporation (CEFC) has continued, with the aim of increasing the uptake of low emissions vehicles across Australia. We have now financed more than $48 million worth of vehicles in our clean energy funding facility, since its establishment in 2015. Eclipx's partnership with CEFC provides corporate, government and not-for-profit fleet customers with access to discounted interest rates when choosing eligible low emissions passenger and light commercial vehicles.

We also recycle at the majority of our business locations through designated bins which separate paper, organic and plastic waste for collection. Empty toner cartridges and waste containers are also recycled through a third party and e-waste is either redirected or responsibly disposed of.

Eclipx has not received any fines during the reporting period for non-compliance with environmental laws and regulations.

Health and safety

Workplace health and safety is an important aspect of Eclipx's operations and we aim to create and maintain safe environments for all stakeholders, including employees, contractors, customers, visitors and the communities in which we operate.

Eclipx employs a team of health and safety professionals to implement our health and safety systems and develop programs that guide our compliance with applicable health and safety laws and regulations. This supports the planned, orderly and effective control of our health and safety impact across the Eclipx Group.

We also ensure our people are proactively engaged, contribute to and are accountable and responsible for workplace health and safety performance through ensuring they carry out hazard and risk assessments, identify and control risks across our sites and operations, and report all incidents and near miss events.

Addressing our fleet businesses' environmental impact

In FY18 Eclipx's fleet businesses focused on playing their part to reduce their environmental impact.

FleetPlus achieved carbon neutral status against the National Carbon Offset Standard, by reducing its carbon emissions through the introduction of efficiencies in electricity use, air and road travel. The business then offset its remaining emissions by investing in renewable energy certificates and carbon credits.

FleetPartners also takes its commitment to the environment seriously and in its first major step to reduce its carbon footprint, it offset the carbon emitted by its company car fleet through partnering with a third party provider to plant 860 native trees.

This initiative resulted in the establishment of a bio-diverse forest which will offset 230 tonnes of CO2e, reduce soil degradation and provide essential habitat for native wildlife in the area. Employees from FleetPartners (pictured below) also volunteered their time to plant 3,000 native seedlings with a group of other corporate volunteers during the year.

Board of Directors

Kerry Roxburgh

Chairman and Independent Non-Executive Director since 26 March 2015

Kerry Roxburgh has more than 50 years' experience in the financial services industry. He is currently Chairman of Tyro Payments Ltd and is the lead Independent Non-Executive Director of Ramsay Health Care Ltd. He is also a Non-Executive Director of the Medical Indemnity Protection Society and MIPS Insurance Ltd, and was previously a member of the Advisory Board of AON Risk Solutions in Australia.

Kerry was previously CEO of E*TRADE Australia and was subsequently Non-Executive Chairman until it was acquired by ANZ in 2007. Prior to his time at E*TRADE, Kerry was an Executive Director of HSBC Bank Australia where, for 10 years, he held various positions including Head of Corporate Finance and Executive Chairman of HSBC James Capel Australia. Prior to HSBC, Kerry spent 20 years as a Chartered Accountant with HLB Mann Judd and previously at Arthur Andersen.

Kerry is a Practitioner Member of the Stockbrokers and Financial Advisers Association of Australia.

In addition to Eclipx Group Ltd, during the last three years Kerry also served as a Director for the following listed company: Ramsay Health Care Ltd (appointed July 1997).

Doc Klotz

Chief Executive Officer and Managing Director since 27 March 2014

Doc Klotz has over 25 years' experience in senior executive roles in financial services and travel in Australia, New Zealand and the United States.

Prior to joining Eclipx in 2014 Doc was Head of Operations at FlexiGroup, an ASX 200 company. Doc has also had senior executive experience with Travel Services International, Hotels.com and Expedia, Inc. in the United States.

Garry McLennan

Deputy Chief Executive Officer, Chief Financial Officer and Executive Director since 27 March 2014

Garry McLennan has over 40 years' corporate and financial services experience, including five years as Chief Financial Officer at FlexiGroup, an ASX 200 company.

Prior to his time at FlexiGroup, Garry spent 23 years at HSBC Bank Australia where he was Chief Financial Officer and subsequently Chief Operating Officer.

He has previously served on the board of HSBC Bank Australia and The Australian Banking Industry Ombudsman Ltd.

Gail Pemberton

Independent Non-Executive Director since 26 March 2015

Gail Pemberton's executive roles have included Chief Operating Officer UK at BNP Paribas Securities Services and CEO and Managing Director, BNP Paribas Securities Services, Australia and New Zealand. Gail joined BNP Paribas after a highly successful 20-year career at Macquarie Bank, where she held the role of Group CIO for 12 years and subsequently as COO of the Financial Services Group in her last three years at Macquarie.

Gail's current Board roles include Non-Executive Director of Eclipx (ASX:ECX) and Prospa. She has also worked with both the Federal and NSW Government in the past as an independent adviser on major transformation programs and talent and capability enhancement. She previously served on the Boards of Melbourne IT (ASX:MLB), OneVue (ASX:OVH), SIRCA and RoZetta Technology and Onthehouse (ASX:OTH) as independent Chair, and as a Candidate Non-Executive Director of the Colonial First State Group (being demerged from Commonwealth Bank of Australia ASX:CBA) and as Non-Executive Director for PayPal Australia, QIC, UXC (ASX:UXC), Baycorp, Alleron Funds Management, Air Services Australia, the Sydney Opera House Trust and Harvey World Travel (ASX:HWT).

Gail was awarded the Order of Australia (AO) in the 2018 Australia Day Honours list for distinguished service to the finance and banking industry, to business through a range of roles, as an advocate for technology, and as a mentor to women.

Board of Directors

CONTINUED

Trevor Allen

Independent Non-Executive Director since 26 March 2015

Trevor Allen has over 40 years' corporate and commercial experience, primarily as a corporate and financial adviser to Australian and international corporates.

He is a Non-Executive Director of Peet Ltd and Freedom Foods Group Ltd and a Non-Executive Alternate Director, Company Secretary and Public Officer of Australian Fresh Milk Holdings Pty Ltd and Fresh Dairy One Pty Ltd. He is also a Non-Executive Director of Topco Investments Pty Ltd, the holding company of Real Pet Food Company Limited.

Prior to undertaking non-executive roles in 2012, Trevor held senior executive positions as an Executive Director - Corporate Finance at SBC Warburg and its predecessors for eight years and as a Corporate Finance Partner at KPMG for nearly 12 years. At the time of his retirement from KPMG in 2011 he was the Lead Partner in its National Mergers and Acquisitions Group.

Trevor was Director - Business Development for Cellarmaster Wines from 1997 to 2000, having responsibility for the acquisition, integration and performance of a number of acquisitions made outside Australia in that period.

During the last three years Trevor has also served as a Director for the following companies: Aon Superannuation Pty Ltd (resigned August 2016), Yowie Group Ltd (resigned January 2018) and Brighte Capital Pty Ltd (resigned June 2018).

Russell Shields

Independent Non-Executive Director since 26 March 2015

Russell Shields has more than 35 years' experience in financial services, including six years as Chairman of ANZ Bank, Queensland and Northern Territory.

Prior to joining ANZ, Russell held senior executive roles with HSBC, including Managing Director Asia Pacific – Transport, Construction and Infrastructure and State Manager Queensland, HSBC Bank Australia. He was previously Chairman of Onyx Property Group Pty Ltd.

During the last three years Russell has also served as a Director for the following listed companies: Aquis Entertainment Ltd (appointed August 2015) and Retail Food Group Ltd (resigned October 2018).

Linda Jenkinson

Independent Non-Executive Director since 4 January 2018

Linda Jenkinson is a proven global entrepreneur who has started three multi-national companies, one of which listed on the NASDAQ.

Most recently she was the co-founder of John Paul, a global concierge services and digital solutions company that services some of the world's leading customer facing businesses.

Linda is currently a Director of Guild Group Holdings and Air New Zealand (AIR) in New Zealand, a Director of Harbour Asset Management and the Director and Secretary of the Massey Foundation in New Zealand and the United States. Previously she was a partner at A.T. Kearney in their Global Financial Services Practice and was a leader in A.T. Kearney Global Sourcing Practice.

Linda holds a Master of Business Administration from The Wharton School, University of Pennsylvania and a Bachelor of Business Studies from Massey University.

In 2016, Linda was named a World Class New Zealander by Kea and as one of the most influential women in the Bay Area for 2014 by the San Francisco Business Times.

In 2014 Linda was a recipient of Massey University's Sir Geoffrey Peren Award, which recognises a graduate who has reached the highest level of achievement or who has been of significant service to the university, community or nation.

Corporate Directory

Eclipx Group Limited

ACN 131 557 901

Eclipx Group is listed on the Australian Securities Exchange under the ASX code of ECX.

Directors

Kerry Roxburgh – Chairman
Doc Klotz
Garry McLennan
Gail Pemberton
Trevor Allen
Russell Shields
Linda Jenkinson

Group General Counsel and Company Secretary

Matthew W. Sinnamon

Registered Office and Principal Administration Office

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Auditor

KPMG
Tower 3, International Towers Sydney
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Sydney, NSW 2000

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Corporate Governance Statement

For a copy of Eclipx's Corporate Governance Statement visit:
investors.eclipxgroup.com/Investor-Centre

Financial Report

for the year ended 30 September 2018

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Directors' Report

The Directors present their report on the consolidated entity (referred to hereafter as Group or Eclipx) consisting of Eclipx Group Limited (Company) and the entities it controlled at the end of, or during, the year ended 30 September 2018.

1. DIRECTORS

The following persons were Directors of the Company during the Financial Year and up to the date of this report:

KERRY ROXBURGH
BCOM, MBA, MeSAFAA

Chairman since 26 March 2015, Independent Non-Executive Director since 26 March 2015.

Mr Kerry Roxburgh has more than 50 years' experience in the financial services industry. He is Chairman of Tyro Payments Ltd. He is the Lead Independent Non-Executive Director of Ramsay Health Care Ltd, a Non-Executive Director of the Medical Indemnity Protection Society and of MIPS Insurance Ltd. Until 30 September 2016, he was also a member of the Advisory Board of AON Risk Solutions in Australia.

He was previously CEO of E*TRADE Australia and was subsequently Non-Executive Chairman until June 2007, when it was acquired by ANZ Bank. Prior to his time at E*TRADE, Kerry was an Executive Director of HSBC Bank Australia where, for 10 years, he held various positions including Head of Corporate Finance and Executive Chairman of HSBC James Capel Australia.

Prior to HSBC, he spent more than 20 years as a Chartered Accountant with HLB Mann Judd and previously at Arthur Andersen.

He is a Practitioner Member of the Stockbrokers and Financial Advisers Association of Australia.

In addition to Eclipx Group Ltd, during the last three years Kerry also served as a Director for the following listed company: Ramsay Health Care Ltd (appointed July 1997).

GAIL PEMBERTON
MA (UTS), FAICD, GCERT FIN

Independent Non-Executive Director since 26 March 2015.

Ms Gail Pemberton has more than 35 years' experience in banking and wealth management and is a specialist in technology and operations.

Prior to taking up a Non-Executive Director career, Gail was Chief Operating Officer, UK at BNP Paribas Securities Services and CEO and Managing Director, BNP Paribas Securities Services, Australia and New Zealand. She was previously Group CIO, and subsequently Financial Services Group COO at Macquarie Bank.

Her current board roles include Chairman of OneVue Ltd and Melbourne IT Ltd. She is a Non-Executive Director of PayPal Australia Pty Ltd.

She previously was Chairman of Onthehouse, and served on the board of Alleron Funds Management, Air Services Australia, the Sydney Opera House Trust, Harvey World Travel, UXC Ltd and Queensland Investment Corporation. She has also provided independent consulting services to the NSW Government Department of Premier and Cabinet on their Corporate and Shared Services reform program.

In addition to Eclipx Group Ltd, during the last three years Gail also served as a Director for the following listed companies: OneVue Ltd (appointed 2007) and Melbourne IT Ltd (appointed May 2016).

Directors' Report

CONTINUED

TREVOR ALLEN
BCOM (HONS), CA, FF, FAICD

Independent Non-Executive Director since 26 March 2015.

Mr Trevor Allen has over 40 years of corporate and commercial experience, primarily as a corporate and financial adviser to Australian and international corporates.

He is a Non-Executive Director of Peet Ltd and Freedom Foods Group Ltd. He is a Non-Executive Alternate Director, Company Secretary and Public Officer of Australian Fresh Milk Holdings Pty Ltd and Fresh Dairy One Pty Ltd. He is a Non-Executive Director of Topco Investments Pty Ltd, the holding company of Real Pet Food Company Limited.

Prior to undertaking non-executive roles in 2012, he held senior executive positions as an Executive Director - Corporate Finance at SBC Warburg and its predecessors for eight years and as a Corporate Finance Partner at KPMG for nearly 12 years. At the time of his retirement from KPMG in 2011, he was the Lead Partner in its National Mergers and Acquisitions group.

He was Director - Business Development for Cellarmaster Wines from 1997 to 2000, having responsibility for the acquisition, integration and performance of a number of acquisitions made outside Australia in that period.

During the last three years Trevor also served as a Director for the following companies: Aon Superannuation Pty Ltd (resigned August 2016), Yowie Group Ltd (resigned January 2018) and Brighte Capital Pty Ltd (resigned June 2018).

LINDA JENKINSON
BBS, MBA

Independent Non-Executive Director since 4 January 2018.

Ms Jenkinson is a proven global entrepreneur who has started three multi-national companies, one of which listed on the NASDAQ. Most recently she was the co-founder of John Paul, a global concierge services and digital solutions company that services some of the world's leading customer facing businesses.

Ms Jenkinson is currently a director of Guild Group Holdings and Air New Zealand (AIR) in New Zealand, a director of Harbour Asset Management and the director and secretary of the Massey Foundation in New Zealand and the United States. Previously Ms Jenkinson was a partner at A.T. Kearney in their Global Financial Services Practice and was a leader in A.T. Kearney Global Sourcing Practice. Ms Jenkinson holds a Master of Business Administration from The Wharton School, University of Pennsylvania and a Bachelor of Business Studies from Massey University.

In 2016, Ms Jenkinson was named a World Class New Zealander by Kea and was named as one of the most influential women in the Bay Area for 2014 by the San Francisco Business Times. In 2014 Ms Jenkinson was a recipient of Massey University's Sir Geoffrey Peren Award, which recognises a graduate who has reached the highest level of achievement or who has been of significant service to the university, community or nation.

RUSSELL SHIELDS
FAICD

Independent Non-Executive Director since 26 March 2015.

Mr Russell Shields has more than 35 years' experience in financial services including six years as Chairman Queensland and Northern Territory for ANZ Bank. Previously Russell was the Chairman of Onyx Property Group Pty Ltd.

Prior to joining ANZ, he held senior executive roles with HSBC including Managing Director Asia Pacific - Transport, Construction and Infrastructure and State Manager Queensland, HSBC Bank Australia.

In addition to Eclipx Group Ltd, during the last three years Russell also served as a Director for the following listed companies: Aquis Entertainment Ltd (appointed August 2015) and Retail Food Group Ltd (resigned October 2018).

GREG RUDDOCK
BCOM (UWA)

Non-Executive Director resigned 31 March 2018.

Mr Greg Ruddock is the Joint Chief Executive Officer of Ironbridge and co-leads investment and portfolio management activities. He has 14 years of private equity experience with Gresham Private Equity and Ironbridge.

Prior to joining Ironbridge, he spent seven years with Wesfarmers in mergers and acquisitions, five years with Kalamazoo Ltd in various senior roles, and four years as Director of Gresham Private Equity.

Greg has represented the Ironbridge Funds on the boards of Stardex, Super Amart, BBQs Galore, Easternwell, ISGM and AOS.

In addition to Eclipx Group Ltd, during the last three years Greg also served as a Director for the following listed company: Navigator Resources Ltd (appointed February 2016).

IRWIN ('DOC') KLOTZ

Chief Executive Officer and Managing Director since 27 March 2014.

Mr Doc Klotz has over 25 years' experience in senior executive roles in the financial services and travel industries in Australia, New Zealand and the United States.

Prior to joining Eclipx in 2014, he was Head of Operations at FlexiGroup, an ASX 200 company (ASX: FXL).

He has senior executive experience with Travel Services International, Hotels.com and Expedia, Inc. in the United States.

GARRY McLENNAN
BBUS (UTS), CPA, FAICD

Deputy Chief Executive Officer and Chief Financial Officer since 27 March 2014.

Mr Garry McLennan has over 40 years' of corporate and financial services experience including five years as Chief Financial Officer at FlexiGroup, an ASX 200 company (ASX: FXL).

Prior to his time at FlexiGroup, he spent 23 years at HSBC Bank Australia where he was Chief Financial Officer and subsequently Chief Operating Officer. He has previously served on the board of HSBC Bank Australia and The Australian Banking Industry Ombudsman Ltd.

Directors' Report

CONTINUED

2. COMPANY SECRETARY

Mr Matt Sinnamon was appointed Company Secretary and Group General Counsel on 27 October 2014. He is admitted to the Supreme Court of New South Wales and the High Court of Australia. He is a member of the Governance Institute of Australia, a Chartered Secretary and is entered on the Roll of Public Notaries.

The Company Secretary function is responsible for ensuring the Company complies with its statutory duties and maintains proper documentation, registers and records. The role provides advice to the Directors and officers about corporate governance and legal matters.

3. DIRECTORS' MEETINGS

The table below sets out the numbers of meetings held during the 2018 Financial Year and the number of meetings attended by each Director. During the year a total of 17 Board meetings, five Audit and Risk Committee meetings and five Remuneration and Nomination Committee meetings were held.

	Board		Audit and Risk Committee		Remuneration and Nomination Committee	
Director	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Kerry Roxburgh	17	17	5	5	5	5
Gail Pemberton	17	17	2	2	5	5
Trevor Allen	17	17	5	5	5	5
Russell Shields	17	16	5	5	-	-
Gregory Ruddock	7	7	3	3	-	-
Linda Jenkinson	12	12	-	-	1	1
Garry McLennan	17	17	-	-	-	-
Doc Klotz	17	17	-	-	-	-

4. REVIEW OF OPERATIONS

Business acquisitions

On 19 December 2017, the Group acquired Car Buyers Australia Pty Ltd trading as areyouselling.com.au ("Car Buyers"). The principal activity of the business acquired is the online direct to consumer purchasing of used vehicles and the subsequent on sale of these vehicles. The Car Buyers acquisition provides an additional vehicle trade-in option for Eclipx customers and also expands the Grays vehicle sourcing footprint. Car Buyers recorded a profit before tax of $1.1m for the period under review.

Principal activities

Eclipx is a diversified financial services organisation that provides complete fleet management services, corporate and consumer asset backed finance, medium term vehicle rentals and online auctioneering and associated services to the Australian and New Zealand market. As at 30 September 2018 Eclipx managed or financed in excess of 117,000 vehicles across Australia and New Zealand.

In Australia the Group operates under ten primary brands: FleetPartners, FleetPlus, FleetChoice, CarLoans.com.au, Right2Drive, Eclipx Commercial, Onyx, GraysOnline.com, Georgie and areyouselling.com.au.

In New Zealand the Group operates under five primary brands: FleetPartners, FleetPlus, CarLoans.co.nz, Right2Drive and AutoSelect.

Business model

Eclipx generates revenue in different ways across its brands that can broadly be split as below:

- Eclipx-funded model (used primarily by FleetPartners and Eclipx Commercial) is where Eclipx purchases vehicles to lease to customers and earns a spread, or net interest income, being the difference between the interest income it receives from customers and its cost of funds. Eclipx recognises net interest income over the life of the lease;
- Third-party-funded model (used primarily by FleetPlus, FleetChoice and CarLoans) is where Eclipx acts as a broker or agent that arranges vehicle financing for the customer from third party banks and financial institutions. Under this model, as compensation for originating new business, Eclipx earns part of its revenue from upfront brokerage commissions paid by the third-party funders;
- Eclipx earns finder fees for introducing individuals to car dealerships, when they use the car buying services of Georgie;
- Eclipx earns revenue on the sale of ex-fleet vehicles and on the sale of vehicles it has purchased through areyouselling.com.au;
- Eclipx earns management and maintenance fees, ancillary revenue from related products and services and end of lease income;
- Vehicle rental (Right2Drive, Onyx) is where Eclipx rents motor vehicles to "not at fault" drivers that have accident damaged vehicles; and
- Auction proceeds (Grays) would include commissions earned on auctions, recovery of agreed costs associated with the auction and revenue on the sale of goods where Grays acquired the goods for resale purposes.

Whilst a non-IFRS disclosure, Eclipx believes Net Operating Income is a key measure of financial and operating performance for its businesses as it takes into account the direct costs incurred in generating gross revenue.

The origination of new business is a key driver of profitability and the group targets growth through business-to-business relationships online and word of mouth business-to-consumer. The Group drives profitability by managing revenue, income generating assets, credit quality and operating expenses.

Directors' Report

CONTINUED

4. REVIEW OF OPERATIONS (continued)

The core capabilities of Eclipx are:

Vehicle, fleet and asset management	Eclipx supports its core vehicle fleet leasing activities by offering customers a broad range of vehicle management services, including initial vehicle procurement, ongoing maintenance, supply management and contract amendments during and at the end of a lease. Eclipx also enhances the value of its products and quality of service to customers by leveraging economies of scale and relationships with third party suppliers.
Online auctioneering	Eclipx through the Grays acquisition has almost 100 years of auctioneering experience, with Grays being the largest industrial and commercial online auction business in the Asia-Pacific region. Grays has national coverage across Australia and an international network which allows Grays to access networks of buyers and sellers in Asia, the Middle East, Africa and Europe. The extensive coverage allows Grays to access a wide client base and achieve in excess of 45m visitors to its site annually.
Credit risk assessment and management	Eclipx draws on nearly 30 years of operating experience, a wealth of proprietary data (including customer credit performance, arrears management, loss rates, and recovery rates), and external credit reporting data from local credit bureaus, to assess the credit risk of customers. The proprietary data and experience assists Eclipx in pricing transactions and estimating the quantum of potential credit losses. Eclipx's credit risk assessment team operates independently from the sales teams with established processes to ensure formal credit policies are followed. Technology and credit scorecards are used to enable prompt credit decision making and control the consistency of assessment.
Treasury and access to funding	Eclipx needs access to funding in order to purchase vehicles that it leases to its customers. Eclipx utilises facilities called warehouse facilities (which in turn may be refinanced through the issuance of asset backed securities), corporate debt and cash. In the broker funding model, Eclipx arranges funding for customers from third party banks and other funders (under principal and agency arrangements or introducer arrangements).
Residual value risk management	Eclipx typically sells a vehicle at the end of the lease and seeks to recover net proceeds equal to or greater than the residual value. In order to manage residual value risk, Eclipx seeks to estimate accurately future used car values with the assistance of a proprietary algorithm, actively monitor car usage and maintenance to manage in-life lease modifications and maximise end of lease sale proceeds.
Technology	Customer-focused technology solutions and innovation are critical components of Eclipx's business model. They assist Eclipx in providing a competitive and attractive proposition to customers. Technology solutions are focused both on delivering value or services to customers (e.g. through faster processing times), and on streamlining internal operations to improve efficiency and risk management. Eclipx has commenced and is intending to continue to drive efficiency improvements to make IT a competitive advantage by upgrading and consolidating IT platforms, infrastructure and apps.
Sales and distribution	Eclipx has created a customer-centric, service-driven culture, supported by aligned commission and incentive structures for staff, and a multi-channel and multi-brand sales and customer acquisition strategy.

Group financial performance

The table below shows the key financial performance metrics for the 2018 Financial Year of the Group and its segments:

	Australia Commercial		Australia Consumer		Grays		New Zealand Commercial		Total	
	2018 $'m	**2017 $'m**	**2018 $'m**	**2017 $'m**	**2018 $'m**	**2017 $'m**	**2018 $'m**	**2017 $'m**	**2018 $'m**	**2017 $'m**
Net operating income	129.8	121.9	79.4	79.6	77.2	14.1	38.9	39.7	325.3	255.3
Operating expenses	(66.4)	(61.0)	(52.3)	(55.3)	(60.4)	(11.2)	(25.7)	(22.7)	(204.8)	(150.2)
Holding company debt interest	(6.8)	(5.1)	(4.6)	(1.6)	(2.2)	(0.7)	(1.2)	(1.8)	(14.8)	(9.2)
Expenses not reflecting ongoing operations	(0.5)	-	(3.9)	(0.3)	(7.0)	(11.7)	-	-	(11.4)	(12.0)
Amortisation of intangibles	(4.1)	(4.2)	(3.0)	(2.7)	(3.1)	(0.5)	(1.1)	(0.6)	(11.3)	(8.0)
Tax	(12.6)	(14.3)	(4.0)	(6.0)	(1.2)	2.6	(3.0)	(4.0)	(20.8)	(21.7)
Statutory net profit after tax	**39.4**	**37.3**	**11.6**	**13.7**	**3.3**	**(7.4)**	**7.9**	**10.6**	**62.2**	**54.2**
Expenses not reflecting ongoing operations (post tax)	0.3	-	3.0	0.2	4.8	8.2	-	-	8.1	8.4
Amortisation of acquired intangibles (post tax)	1.9	2.1	0.7	0.7	1.1	0.2	0.4	0.4	4.1	3.4
Cash net profit after tax including amortisation of software	**41.6**	**39.4**	**15.3**	**14.6**	**9.2**	**1.0**	**8.3**	**11.0**	**74.4**	**66.0**
Software amortisation (post tax)	1.0	0.8	1.2	1.3	1.2	0.2	0.3	-	3.7	2.3
Cash NPATA	**42.6**	**40.2**	**16.5**	**15.9**	**10.4**	**1.2**	**8.6**	**11.0**	**78.1**	**68.3**

Whilst a non-IFRS measure, cash net profit after tax (Cash NPATA) reflects net profit after tax adjusted for the after tax effect of the amortisation of intangible assets and adjustments for costs that do not reflect the ongoing operations of the business. Consistent with prior periods the adjustments for 2018 and 2017 relates to costs associated with acquisitions and significant business restructuring.

Net operating income

Net operating income is the sum of revenue less cost of revenue, lease finance costs and impairment losses. The growth in net operating income of $70.0m is largely as a result of the Grays segment ($63.1m), which has been part of the Group for the full year for 2018 compared to approximately 2 months in the comparative period. The Australia Commercial segment experienced growth as the Group continued to grow the contribution from Eclipx Commercial Finance and the fleet business in Australia.

Operating expenses

Operating expenditure has increased $54.6m compared to the prior period. The increase in operating expenditure is predominantly as a result of the acquisition of Grays that occurred in August 2017, which resulted in part year consolidation in 2017 and a full year consolidation in 2018. This provided $49.2m of the total growth in operating expenses. The Group incurred additional expenditure as it expanded into the New Zealand SME market with the launch of Eclipx Commercial Finance.

Holding company debt interest

The increase of $5.6m in holding company debt interest occurs as a result of the incremental borrowings under the facility. The amounts drawn under the facility increased from $254.8m to $340.2m. The increase in holding company debt interest of $5.6m relates to the portion of holding company debt that was not allocated to the funding of leases through the warehouse funding structure.

Directors' Report

CONTINUED

4. REVIEW OF OPERATIONS (continued)

Expenses not reflecting ongoing operations

Expenses not reflecting ongoing operations relate to costs incurred in the Group that will not be ongoing as they relate to an acquisition of a business or a restructure in the Group. This would include amounts paid associated with redundancies, exit payments for contracts and premises and the recognition of any onerous contracts associated with the restructure.

The table below reflects theses expenses:

Cost description	2018 $'m	2017 $'m
Transaction related costs Car Buyers	0.5	-
Transaction related costs Grays	0.4	8.3
Transaction related costs Onyx	-	0.3
Restructuring costs Right2Drive	3.3	-
Restructuring costs Fleet	0.4	-
Restructuring costs Grays	6.8	3.4
Total	**11.4**	12.0

Transaction costs related to Car Buyers relates to costs incurred associated with the successful acquisition of Car Buyers, these costs include due diligence work and deal completion costs to conclude the acquisition of the business where the costs are of a non-recurring basis.

Transaction costs related to Grays relates to costs incurred associated with the successful acquisition of Grays: these costs include due diligence work, deal completion costs, advisor's fees and costs to conclude the acquisition the business. For 2018 additional costs were recognised which related to matters directly associated with the Grays acquisition where the costs are of a non-recurring basis.

Transaction costs related to Onyx relates to costs incurred associated with the successful acquisition of Onyx, these costs include due diligence work and deal completion costs to complete the acquisition where the costs are of a non-recurring basis.

Restructuring costs Right2Drive relate to material costs the Group incurred associated with redundancies, exit payments for contracts and licenses which the business incurred as a result of implementing a new car rental system. The new car rental system replaces manual processes, enhances the customer experience and provides a platform to expand product offering.

Restructuring cost Fleet relates to costs incurred across Australia and New Zealand associated with redundancies.

Restructuring costs Grays relates to terminating suppliers and vendor contracts $1.8m, centralising operational functions $3.7m and integrating Grays into the Group $1.3m. For 2017 costs incurred relate to the costs associated with exiting unprofitable lines and the integration costs as Grays integrated operations in the Group.

The costs incurred by the Group are in line with the acquisition strategy regarding Grays and these items have been expensed in accordance with the accounting standards.

Amortisation of intangibles

Amortisation of intangibles includes costs associated with the amortisation of acquired intangibles related to brand names and customer relationships and amortisation associated with software including acquired software recognised at the time of acquiring a business and software which the Group has implemented. Amortisation of intangibles has increased by $3.3m as a result of the amortisation of acquired intangibles relating to the Grays and Car Buyers acquisitions $1.2m and amortisation of software $2.1m.

Tax

The Group had an effective tax rate of 25% (2017:28.6%). The Group is liable for tax in Australia and New Zealand where the tax rates are 30% and 28% on taxable earnings. The major reason for the effective tax rate being below the 30% tax rate is:

- The Group receives profits from New Zealand businesses which are taxed in New Zealand at an effective tax rate of 28% and
- The Group recognised a deferred tax asset in relation to an assessable loss that previously was not recognised as the ability to utilise the assessable loss was not certain.

Statutory net profit after tax

The statutory profit for 2018 has increased to $62.2m; this represents a growth of $8.0m against the prior period. The Group has experienced growth in revenue as a result of the full year contribution from Grays and growth in fleet and equipment finance. The growth in revenue has been partially offset by incremental operating costs, corporate debt interest and amortisation of intangibles.

Expenses not reflecting ongoing operations (post tax)

The Group assesses its performance on a Cash NPATA basis. Cash NPATA is calculated by adding back the after tax effect of expenses not reflecting ongoing operations.

Amortisation of acquired intangibles (post tax)

The Group adds back the after tax effect of the amortisation of acquired intangibles to calculate Cash NPATA.

Software amortisation (post tax)

The Group adds back the after tax effect of the amortisation of software to calculate Cash NPATA. Software amortisation has increased as a result of the software recognised at the time of acquiring Grays $1.5m pre tax ($1.1m post tax) and amortisation of software implemented in 2018.

Cash NPATA

Cash NPATA has increased by $9.8m as a result of an increase in statutory earnings $8.0m, increase post tax adjustments of amortisation of intangibles associated with the acquisition of Grays and software $2.3m and a decrease in restructuring and acquisitions related costs of $0.5m post tax.

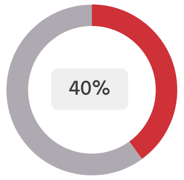
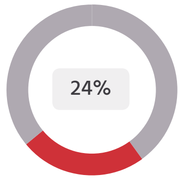
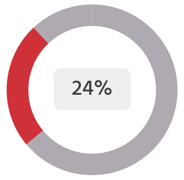
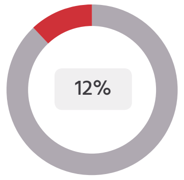
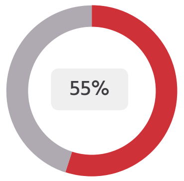
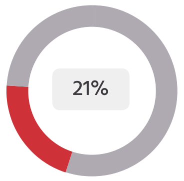
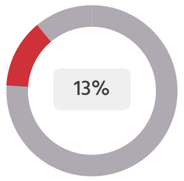
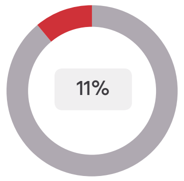
Directors' Report

CONTINUED

4. REVIEW OF OPERATIONS (continued)

Segment results

With the growth and diversification of the Group an additional segment has been disclosed. In the accompanying financial report Eclipx has identified and disclosed the results of four operating segments:

	Australia Commercial	Australia Consumer	Grays	New Zealand Commercial
Description	› Vehicle fleet leasing and management business › Commercial equipment finance and leasing	› Novated leasing and the facilitation of consumer finance for cars › Medium term rental to "not at fault drivers"	› Auctioneering and valuation services	› Vehicle fleet leasing and management business › Commercial equipment finance and leasing
Brands	FleetPartners FleetPlus Eclipx Commercial	FleetPartners FleetPlus FleetChoice CarLoans.com.au Right2Drive Onyx Georgie areyouselling.com.au	GraysOnline.com	FleetPartners FleetPlus AutoSelect Eclipx Commercial
Net operating Income	 40%	 24%	 24%	 12%
$'m	129.8	79.4	77.2	38.9
Contributions to Cash NPATA	 55%	 21%	 13%	 11%
$'m	42.6	16.5	10.4	8.6

Australia Commercial

The Australia Commercial segment has reported a Cash NPATA of $42.6m (2017:$40.2m). The segment has achieved growth in net operating income of $7.9m.

The segment has seen growth of 6% in new business writings. Fleet achieved a growth of 3% and equipment finance achieved a growth of 29%. The growth in equipment finance has been underpinned by an investment in a credit platform that has delivered faster credit approval times. The focus on the small medium enterprise and mid-market customer base has allowed the segment to increase its new business yields. The segment has leveraged the full Group capabilities by providing car buying, trade-in and auction services to the corporate customers who own and manage their own fleets.

The segment has increased operating costs to support the growth in assets under management or finance and will be gaining efficiencies with the investment in automation and improved processes.

Australia Consumer

This Australia Consumer segment has reported Cash NPATA of $16.5m (2017:$15.9m). The segment has achieved growth with the launch of Georgie and the acquisition of Car Buyers and growth in new hires in the Right2Drive business. The segment has been impacted by reduced accident rates due to reduced weather events, auto insurers entering the credit hire market and the lowering of commissions being earned on the sale of finance and insurance products. To address the impact in net operating income the segment has addressed the operating costs. Right2Drive has undergone restructuring as a result of the implementation of a new rental system which will allow for greater efficiency. The segment has invested in technology and has reviewed processes to improve the customer experience and to lower costs. The segment will be activating a single-agent sales model to offer a full suite of products including car-trade-ins, consumer finance, novated solutions and insurance.

Grays

The Grays segment has reported Cash NPATA of $10.4m, Grays was acquired on 11 August 2017 and the numbers reported for the prior period relate to a partial period. Grays has successfully refocused the business on profitable channels and asset categories. For example, Grays launched Grays Finance offering finance to corporates and consumers and launched a proprietary e-tender B2B platform to sell high quality ex-fleet vehicles and vehicles acquired through Car Buyers.

GraysOnline auction activity was affected both by a ten-year low in bank-initiated insolvencies in Australia and the current buoyant construction sector where large plant and equipment is being deployed for longer periods in infrastructure projects, resulting in reduced auctioned equipment disposals.

New Zealand Commercial

The New Zealand Commercial segment has reported Cash NPATA of $8.6m (2017:$11.0m). The Cash NPATA for 2018 includes costs of $3.3m relating to the launch of Eclipx Commercial Finance in New Zealand. The focus of Eclipx Commercial Finance will be on the small medium enterprises and mid-market customers and will provide finance for fleet and non-fleet assets. The business commenced in November 2017.

The segment has achieved a 13% growth in new business writings as a result of the expansion in New Zealand and the retention of key fleet customers on sole supply agreements. New Zealand continues to grow its strategic relationships so as to provide co-branded operating lease products to new vehicle sales outlets.

AutoSelect, the retail sales channel continues to outperform wholesale disposal options and has expanded its retail locations in Auckland, Wellington and Christchurch. The segment has successfully migrated its fleet systems and has integrated the fleet and commercial equipment platform, which will allow for greater efficiency.

Directors' Report

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5. FINANCIAL POSITION

The Group financial position as at 30 September 2018 is summarised below:

Summary of financial position	2018 $'m	2017 $'m
Cash and cash equivalents	62.1	59.1
Restricted cash and cash equivalents	146.2	136.2
Receivables and other assets	208.9	138.5
Inventory	38.6	25.2
Leases	1,597.6	1,496.4
Intangibles	829.6	806.6
Other	16.5	16.9
Total assets	**2,899.5**	**2,678.9**
Borrowings	1,814.3	1,610.4
Trade and other liabilities	118.2	123.6
Provision	13.7	19.9
Other	53.3	61.7
Total liabilities	**1,999.5**	**1,815.6**
Net assets	**900.0**	**863.3**

Receivables and other assets

The growth in receivables and other assets of $70.4m is attributable to the following.

Receivable and other assets	$'m
Credit Hire receivables and billings in progress	27.6
Car Buyers (new business acquired)	10.3
Fleet receivables	12.0
Prepayments	11.9
Current tax receivable	1.8
Auction debtors	4.5
Other	2.3
Total	**70.4**

Fleet receivables has increased with the growth of the fleet and the amount outstanding at the end of the year associated with the inventory sales that occurred in September.

Credit hire receivables and billings in progress has grown as the timing for settlement from insurers has increased. The Group has experienced an improvement in the claims percentage to invoice but has noted an increase in the period to settlement. The group is actively pursuing aged accounts and is also moving towards long term arrangements covering utilisation, rates and collection periods with a number of general insurers.

Car Buyers was acquired in December 2017 and the growth in receivables is due to the growth in the business coupled with the business acquisition.

Prepayments includes amounts paid for legal services relating to the collection of credit hire receivables, prepayments of Group insurances, inventory still to be received and prepayments associated with auction proceeds.

Inventory

Inventory has increased by $13.4m as a result of an increase in fleet vehicles returning to the Group at the end of the lease period and the acquisition and growth of Car Buyers.

Leases

Leases have increased against the prior period by $101.2m. This increase is attributable to the increased business writings that have been experienced in Australia and New Zealand. The increased business writings and increased income generating assets have created a base for profit in the coming years as the business derives annuity income on these assets over the remaining contractual term. The provision for impairment held against operating leases for 2018 is $3.8m (2017: $3.5m).

Borrowings

Borrowings for 2018 include an amount of $340.2m (2017: $254.8m) relating to corporate debt. The additional borrowings received from the corporate debt were utilised to fund the acquisition of Car Buyers, fund the growth of the lease portfolio either through additional capital into its warehouse or by funding some assets on balance sheet, support the growth in trade receivables in the credit hire business and fund the investment in technology. The remaining borrowings are associated with additional funding into the warehouse by external parties.

Provisions

The decrease in provisions of $6.2m predominantly relates to the finalisation of the Gray's acquisition accounting. In the first half of the Financial Year the Group had a decrease in provisions of $6.5m. For the second half of the Financial Year the Group recognised additional provisions associated with staff annual leave and long service leave.

Cash flows

For the Financial Year ended 30 September 2018, the Group increased the total cash holdings including restricted cash by $13.0m (2017: $17.0m). The significant items impacting cash flow this year were:

- The payments of dividends $31.2m;
- Additional investment in software and property, plant and equipment $32.9m;
- Acquisition and growth in Car Buyers $19.4m;
- Growth in receivables excluding the growth in Car Buyers $60.1m; and
- The inflow of $85.4m received from the corporate debt.

Funding

Eclipx looks to optimise the funding facilities that it has in place. Eclipx maintains committed funding facilities to cater for the forecast business growth and as at 30 September 2018, Eclipx had undrawn debt facilities of $286.8m (2017: $215.6m).

For leasing finance facilities where Eclipx acts as the funder, funding will be provided by a combination of warehouse and asset backed securitisation funding structures. Funders (major trading banks and institutional investors) provide financing to a special purpose vehicle established by Eclipx which is used to fund the purchase of assets that are to be leased to customers. These facilities are also known as revolving warehouse facilities because they can be drawn and repaid on an ongoing basis up to an agreed limit subject to conditions. A group of assets funded via a warehouse facility can be pooled together and refinanced by issuing securities (backed by those assets) to investors in public wholesale capital markets (such as domestic and international banks and institutional funds).

Directors' Report

CONTINUED

6. BUSINESS STRATEGIC OBJECTIVES

Eclipx is focused on improving business performance through a focus on enhancing and building on customer relationships, enhancement and development of technology, growth in the consumer segment and acquisitions.

Strategic Objective	Execution
To grow the market share in the fleet business	• Continued annual growth in the fleet business. • Expanded into the state government and large corporate markets.
Diversify into adjacent markets	• Acquisitions of CarLoans, Right2Drive and GraysOnline which are businesses that are growth opportunities and are complementary to the Eclipx fleet business. • Diversified earnings from a 100% traditional fleet business to a business deriving income from non-fleet activities of Grays, areyouselling.com and Eclipx Commercial Finance in Australia and New Zealand.
Leverage the Group's funding expertise to improve competitiveness	• Standalone warehouses to fund equipment finance, consumers and state government leases to optimise funding rates and capital structures. • Diversified funding sources to allow expansion. • The Group extended its Corporate debt and has introduced a seven year funding into the Corporate debt structure of the Group.
Utilisation of efficiencies of scale and cross selling	• Introduction of telematics devices to assist clients in fleet management to reduce their operating costs. • Cross selling of equipment finance, operating leases and novated leases to clients. • The Group has leveraged the scale of the organisation to realise supply chain improvements.

7. KEY RISKS

The key risks facing Eclipx are those risks that will have an impact on the financial performance and the execution of the strategy.

Key risk	Mitigating factors
Eclipx may inaccurately set and forecast vehicle residual values and there may be unexpected falls in used vehicle prices	• Eclipx performs a monthly portfolio revaluation using market information on all assets where Eclipx is at risk on the residual value and any impairment identified is immediately recognised. • Eclipx has diversified wholesale and retail disposal channels for vehicles returning at the end of the lease, allowing them to minimise any losses on vehicles where the residual value is above the market value. • Residual values are reviewed regularly by the pricing and risk team and adjusted based on market and actual performance.
Eclipx may be exposed to increased funding costs due to changes in market conditions	• Eclipx has a diversified funding structure which includes multiple funding parties. • Funding margins are negotiated and agreed on an annual basis. • Eclipx will have the ability to charge any margin increase onto new business that is written in the year.
Eclipx is exposed to credit risk	• Eclipx has a dedicated credit team that assesses risk drawing on nearly 30 years of operating experience, a wealth of proprietary data (including customer credit performance, arrears management, loss rates, and recovery rates), and external credit reporting data from local credit bureaus.
Eclipx may be affected by changes in fringe benefits tax legislation in Australia	• Eclipx has diversified the consumer segment to include non-novated services so as to provide alternative product offerings to consumers.
Eclipx may be unable to access funding on competitive terms	• Eclipx has a diversified funding structure which includes multiple funding parties. • Funding facilities are negotiated and agreed on an annual basis. • Eclipx mitigates the interest rate risk by hedging the portfolio and funding is provided based on the contractual maturity of the lease.
Grays is subject to earnings volatility in the banking, insolvencies and financing division	• Grays has diversified earnings by introducing the sale of insurance and finance solutions to customers. • Grays has grown the auto division, which has less volatility of earnings. • Grays will continue to strengthen relationships in this market.
The credit hire industry is a developing market in Australia and New Zealand	• Right2Drive has educated the public regarding their legal rights which are supported by legal precedent to having a not at fault replacement vehicle. • Right2Drive will provide vehicles at market rates and has collection policies and procedures in place to collect amounts outstanding.

Directors' Report

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8. OUTLOOK

For the Financial Year ended 30 September 2018 Eclipx has been able to grow the assets under management or financed and grow the customer and client base. The Group has integrated and restructured Grays in accordance with the business plan developed as part of the acquisition strategy.

For the 2019 Financial Year Eclipx is forecasting to continue to achieve growth, and this will be achieved by:

- Growing the volume of new business writings in fleet, and to capture additional margin through the vehicle life cycle;
- Expand the business in Eclipx Commercial Finance in New Zealand and Australia;
- Consolidate the fleet businesses where this will improve efficiencies and the customer experience;
- Continue to invest in technology; and
- Growing the presence of Eclipx in the market.

9. SUBSEQUENT EVENTS

On 8 November the Group signed a Scheme Implementation Agreement with McMillan Shakespeare Limited ("MMS"ASX: MMS) to merge the companies to establish a leading salary packaging and fleet company. The proposed merger, which is subject to Eclipx shareholders approving the scheme, will be implemented by MMS acquiring all shares in Eclipx. Under the terms of the merger, Eclipx shareholders will receive 0.1414 MMS shares plus 46 cents cash for each Eclipx share. Under the proposed timetable, a Scheme Booklet is expected to be circulated to all Eclipx shareholders in December 2018 / early January 2019 and an Eclipx Scheme Meeting to consider the Eclipx Scheme is likely to be scheduled for February 2019. Subject to conditions defined within the Eclipx Scheme being satisfied, MMS and Eclipx anticipate the merger to complete in the first quarter of 2019.

On 13 November 2018 the Board declared a fully franked dividend of 8.00 cents per share.

Except for the matters disclosed above, no other matter or circumstance has occurred since the end of the reporting period that may materially affect the Group's operations, the results of those operations or the Group's state of affairs in future Financial Years.

10. CHANGES IN STATE OF AFFAIRS

During the Financial Year, there was no significant change in the state of affairs of the Group other than that referred to in the financial statements or notes thereto.

11. ENVIRONMENTAL FACTORS

Eclipx is not subject to any significant environmental regulation under Australian Commonwealth or State Law. Eclipx recognises its obligations to its stakeholders (customers, shareholders, employees and the community) to operate in a way that lowers the impact it and its customers has on the environment. During the course of the year Eclipx has worked with funders and customers to support initiatives on improving their carbon footprint.

12. DIVIDENDS

Dividends paid during the Financial Year were as follows:

	2018 $'000	2017 $'000
Fully franked final dividend for the year ended 30 September 2017 of 7.75 cents per ordinary share paid on 19 January 2018 and	24,335	18,514
Fully franked interim dividend for the year ended 30 September 2018 of 8.00 cents per ordinary share paid on 2 July 2018.	25,319	19,897
	49,654	38,411

On 13 November 2018, the Directors declared a fully franked final dividend for the year ended 30 September 2018 of 8.00 cents per ordinary share, to be paid on 25 January 2019 to eligible shareholders on the register as at 14 December 2018. This equates to a total estimated dividend of $25,570,935 based on the number of ordinary shares on issue as at 30 September 2018. The financial effect of dividends declared after the reporting date are not reflected in the 30 September 2018 financial statements and will be recognised in subsequent financial reports.

13. INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Directors and Officers of Eclipx are indemnified against liabilities pursuant to agreements with Eclipx. Eclipx has entered into insurance contracts with third party insurance providers, in accordance with normal commercial practices. Under the terms of the insurance contracts, the nature of the liabilities insured against and the amount of premiums paid are confidential

14. NON AUDIT SERVICES

KPMG, the external auditors of Eclipx provided non-audit services during the Financial Year end 30 September 2018. The role of the external auditor is to provide an independent opinion that the financial reports are true and fair and that they comply with applicable regulations. The Audit and Risk Committee have implemented processes and procedures to review the independence of the external auditors and to ensure that they may only provide services that are consistent with their role of external auditor.

Eclipx acquired non-audit services from KPMG where the utilisation of KPMG would be beneficial to Eclipx due to the specific skills and knowledge the non-audit service team would have regarding the transaction and the impact this could have on the Group. The following non-audit services were acquired from KPMG:

- KPMG Debt Advisory services assisted with the debt restructuring of Eclipx in Australia and New Zealand to address the funding impacts of APS 120 Securitisation, and
- KPMG Debt Advisory services assisted with the roll-over of the Corporate debt and the impact of introducing an additional funder to the structure.

Directors' Report

CONTINUED

14. NON AUDIT SERVICES (CONTINUED)

Following review of the services provided by KPMG for the year ended 30 September 2018 the Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 in view of the nature and amount of the services provided, and that all non-audit services were subject to the corporate governance procedures adopted by the Company.

The fees paid or payable to KPMG were as follows:

	2018	2017
	$	$
Audit and assurance services		
Audit and review of financial statements	1,032,933	757,087
Non audit services		
Transactional services including IPO	-	563,947
Debt restructuring	769,520	599,067
Total remuneration for non-audit services for KPMG	769,520	1,163,014
Total remuneration for KPMG	**1,802,453**	1,920,101

A copy of the auditor's independence declaration is set out on page 48 on this financial report, and forms part of the Directors Report.

15. ROUNDING OF AMOUNTS

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and the Financial Report. Amounts, unless otherwise stated, have been rounded off to the nearest whole number of thousands of dollars.

This Directors' Report is signed on behalf of the Directors in accordance with the resolution of Directors made pursuant to section 298(2) of the Corporations Act 2001.

Kerry Roxburgh
Chairman

Sydney
13 November 2018

Doc Klotz
Chief Executive Officer

Sydney
13 November 2018

KPMG

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

To the Directors of Eclipx Group Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Eclipx Group Limited for the Financial Year ended 30 September 2018 there have been:

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

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

KPMG

KPMG

Dean Waters
Partner

Melbourne
13 November 2018

Letter from Remuneration and Nomination Committee (unaudited)

30 SEPTEMBER 2018

Dear Shareholders,

On behalf of the Board, I am pleased to present Eclipx Group Limited's (Group) FY18 Remuneration Report.

Eclipx has achieved cash NPATA in FY18 of $78.1m, growth of +14% compared to FY17. Net Operating Income was up 27% to $325.3m. For the first time, New Business Writings surpassed the $1 billion dollar milestone. Our Fleet and Commercial Equipment Finance businesses performed very well in a challenging market. While these results were solid, they nevertheless fell short of original market guidance. The profit shortfall was driven by underperformance in the Right2Drive and Grays auction businesses.

Despite the shortfall, the business achieved a number of strategic milestones this year including the realisation of $16m in pre tax acquisition synergies within the GraysOnline business, the implementation of the Miles technology platform in New Zealand and the delivery of our market leading fleet customer portal, Nitro. In December 2017, Eclipx made the highly strategic acquisition of Car Buyers Australia (AreYouSelling.com.au), which brings to the group a high growth, online vehicle trade-in service capability. Also of significance in FY18, was the successful creation and launch of the Commercial Equipment Finance team targeting the SME sector in New Zealand.

In regards to Short Term Incentives (STI), the gateway of a minimum of 95% of the Group's profitability target was not achieved and consequently no STI awards will be paid to Executive KMP for the FY18 results. The FY18 Performance Outcomes table on page 55 shares the achievements against each KPI.

Total Shareholder Return (TSR) and Earnings Per Share growth (EPS) are critical metrics we consider when evaluating the performance of the Group and are the two metrics that determine the vesting of Long Term Incentive (LTI) grants to our Executives. The second tranche of the FY15 LTI was tested in April 2018 and met or exceeded the EPS and TSR targets. The FY16 LTI grants were tested at the end of FY18 and failed to meet the required performance hurdles for EPS and TSR.

Finally, over the course of FY18, the Remuneration and Nomination Committee conducted a thorough review of key elements of the remuneration framework that was established at the time Eclipx listed in 2015, with the assistance of Ernst & Young, our remuneration advisors. As a result, we plan to introduce the following changes effective from the FY19 performance period and going forward:

- Introduction of STI deferral commencing for awards made in respect of FY19 performance;
- Removal of retesting for the tranche of LTI relating to TSR performance in respect of all new LTI grants; and
- Revising the definition of the change of control trigger as it applies to the LTI Plan from 30% to 50%.

I look forward to the opportunity to answer any questions regarding the Remuneration Report from shareholders at the Group's Annual General Meeting in February 2019.

Yours faithfully,

Gail Pemberton
Chair of the Remuneration and Nomination Committee
13 November 2018

Remuneration Report (audited)

The Remuneration and Nomination Committee (Committee) of the Board presents the Eclipx Group Limited Remuneration Report (Report) for the year ended 30 September 2018 (FY18).

The Report has been audited as required by section 308(3C) of the Corporations Act 2001 and is presented in the following sections:

1. Introduction
2. Remuneration governance
3. Link to strategy
4. Remuneration framework
5. Performance against key metrics
6. Non-Executive Director fees
7. Service agreements
8. Executive remuneration disclosures
9. Equity instruments
10. Loans
11. Other transactions

1. INTRODUCTION

The Report outlines the Group's approach to remuneration, its link to the Group's business strategy, and how performance has been reflected in the remuneration outcomes for Key Management Personnel (KMP).

This report covers the KMP of the Group, who are the people responsible for determining and executing the strategy. This Group is comprised of both Executive KMP (CEO/MD, Deputy CEO/CFO and COO), and Non-Executive Directors.

Remuneration Report (audited)

CONTINUED

For the year ended 30 September 2018, the KMP were:

KMP	Position	Term as KMP
Non-Executive Directors		
Kerry Roxburgh	Independent Chairman	Full Year
Gregory Ruddock	Non-Executive Director	Resigned 31 March 2018
Gail Pemberton	Independent Non-Executive Director	Full Year
Trevor Allen	Independent Non-Executive Director	Full Year
Russell Shields	Independent Non-Executive Director	Full Year
Linda Jenkinson	Independent Non-Executive Director	Appointed 4 January 2018
Executive Directors		
Doc Klotz	Chief Executive Officer and Managing Director	Full Year
Garry McLennan	Deputy Chief Executive Officer and Chief Financial Officer	Full Year
Senior Executive		
Jeff McLean	Chief Operating Officer	Full Year

The FY18 Remuneration outcomes are summarised as follows:

Fixed Remuneration

Doc Klotz received his first increase in fixed remuneration since his commencement in the role.

Jeff McLean received his first increase in fixed remuneration since FY16.

Short Term Incentive (STI)

The financial performance gateway was not met and no KMP received an STI payment as a result.

Long Term Incentive (LTI)

Performance for the second tranche of the FY15 LTI was tested in April 2018 with all targets met or exceeded:

- Eclipx's TSR for the period (73.51%) ranked the Group at the 86th percentile
- Eclipx's EPS growth (13.28%) exceeded the compound annual growth target (10%)

Performance for the FY16 LTI was tested at the end of FY18 and did not meet the EPS or TSR targets.

2. REMUNERATION GOVERNANCE

The committee consists of four Independent Non-Executive Directors:

- Ms Gail Pemberton (Committee Chair);
- Mr Kerry Roxburgh;
- Mr Trevor Allen; and
- Ms Linda Jenkinson (effective 1 May 2018).

The following diagram demonstrates how the Board, Committee, Remuneration Advisors and Management interact to set the remuneration structure and determine remuneration outcomes for the Group:

Board

The Board oversees the Group's Remuneration Policy

Remuneration and Nomination Committee

The Committee is responsible for making recommendations to the Board in relation to the Remuneration Policy. This may include recommendations in relation to:

- Remuneration strategy;
- The appointment, performance and remuneration of Non-Executive Directors, Executive Directors and Senior Executives; and
- The design and positioning of remuneration elements, including fixed and at risk pay, equity-based incentive plans and other employee benefits programs.

Remuneration Advisors

The Committee has appointed Ernst & Young (EY) as the external remuneration advisor to the Group. EY provides independent advice in relation to:

- Market remuneration practices and trends;
- Regulatory frameworks; and
- The design, valuation and vesting of equity awards.

No remuneration recommendations (as defined by the Corporations Act 2001) were requested or provided from EY or any other advisors.

Management

The Chief Executive Officer and Managing Director is responsible for making recommendations to the Remuneration and Nomination Committee in relation to the remuneration of the Deputy CEO and CFO and Senior Executives.

Remuneration Report (audited)

CONTINUED

3. LINK TO STRATEGY

The Group's remuneration strategy supports rewarding performance in areas critical to the achievement of Group strategy. This is achieved by attracting and retaining talented people who are motivated to achieve challenging performance targets aligned with both the business strategy and the long term interests of shareholders. The following diagram illustrates the link between business strategy and remuneration outcomes:

Strategy

Over the past five years, Eclipx Group has rapidly repositioned its business, leveraging its core competencies of customer centricity, treasury, credit, risk and unique data insights to:

- Expand our distribution footprint in our chosen markets through acquisitions, start-ups and third party relationships
- Invest in customer centric technology to increase customer satisfaction whilst identifying new revenue and margin opportunities
- Invest in process digitisation to streamline our processes, enabling us to consolidate our infrastructure whilst delivering superior value to customers
- Attract and retain the best industry talent
- Deliver superior long term value to shareholders.

↓

Remuneration Strategy

The Eclipx Group remuneration strategy seeks to:

1. Deliver sustainable shareholder value by:
   - Ensuring there is a significant at risk component of total remuneration;
   - Assessing performance and the Short Term Incentive (STI) Plan outcomes against financial and non-financial KPIs linked to the Eclipx Strategy; and
   - Aligning Long Term Incentive (LTI) Plan performance hurdles with targeted shareholder returns.
2. Attract, retain and motivate talent by:
   - Ensuring the remuneration strategy is simple, transparent and consistently applied;
   - Offering a competitive total remuneration opportunity and ensuring remuneration is differentiated based on capability and performance; and
   - Incentivising key talent to deliver business performance that accelerates shareholder value creation.

↓

Link to Performance

Remuneration outcomes are linked to performance through:

◉ Setting fixed remuneration to reflect the individual's experience, capability and the value they bring to the Group

◈ ▣ Requiring a significant portion of executive remuneration to be at risk;

◈ Applying a profitability gateway that must be achieved before any STI payment is made to Executive KMP;

◈ Ensuring that KPIs focus on strategic business objectives designed to deliver shareholder value;

◈ ▣ Applying challenging financial and non-financial metrics to measure short and long term performance;

▣ Ensuring that LTI will only vest as a result of achieving earnings per share growth and total shareholder return targets.

◉ Fixed ◈ STI ▣ LTI

4. REMUNERATION FRAMEWORK

Remuneration components and outcome

(i) Fixed remuneration

What is included in fixed remuneration?	Fixed remuneration comprises base salary, non-monetary benefits and superannuation.
How is fixed remuneration determined?	Fixed remuneration, along with the other elements of Total Remuneration, for the Executive KMP group is determined with reference to comparable roles in companies which have a similar market capitalisation and similar growth aspirations to Eclipx. Fixed remuneration for each individual is set based on their experience, capability and the value they bring to the Group.

(ii) Short term incentives

The following table outlines the major features of the FY18 STI Plan:

What is the purpose of the STI?	To motivate and reward participants for achieving specific measurable financial and non-financial results which link pay to performance and hence contribute to the achievement of the Eclipx strategy.
Who is eligible to participate in the STI plan?	Eligibility to participate in the STI plan is determined by the Board. All Executive KMP participated in the FY18 STI plan.
How is performance evaluated?	The Committee is responsible for making recommendations to the Board regarding the performance and at risk remuneration of Executive KMP.
Is there a minimum profit gateway?	At least 95% of the Group's profitability target must be achieved before any STI award will be payable to Executive KMP. Once this gateway is achieved, the percentage achievement of KPIs will determine individual STI outcomes.
What are the FY18 KPIs?	The FY18 KPIs were set as follows:

KPI	Doc Klotz	Garry McLennan	Jeff McLean
Financial	60%	60%	60%
People	15%	15%	10%
Customer	5%	-	5%
Strategy	10%	10%	5%
Individual	10%	15%	20%

All KPIs are set to be challenging and represent a significant achievement. Please refer to the section FY18 Performance Outcomes on page 57.

Why were these KPIs chosen?	The combination of KPIs was chosen because the Board believes that there needs to be a balance between financial metrics and other metrics which support the Group's strategic initiatives which are linked to long term strategy and drive future returns for shareholders.
What is the maximum STI opportunity?	Executive KMP may not currently receive more than their target STI amount.
How is the award delivered?	Awards are paid in cash following the finalisation of the audited year-end financial statements. Deferral of a portion of STI will be introduced from FY19.

Remuneration Report (audited)

CONTINUED

(ii) Short term incentives (continued)

FY18 Performance Outcomes

No KMP received an STI award relating to FY18 performance as the minimum profit gateway (95% of Cash NPATA) was not met.

The table below outlines the KPIs that applied to the Executive KMP in FY18, and the level of achievement against each respective KPI.

KPI	Weighting (1)	Target	Level of achievement
Financial	60%	Achievement of Company Financial Target (Cash NPATA)	**Did not achieve target** $78.1m NPATA was achieved
People	10-15%	Drive employee engagement, talent management and safety risk management	**Achieved or did not achieve target** Employee engagement did not improve on FY17. A Graduate program has been developed and launched and safety now has a Group wide focus.
Customer	0-5%	Drive Net Promoter Score (NPS) improvements	**Achieved target** Significant NPS improvement across all business units
Strategy	5-10%	Execute strategic M&A opportunities	**Achieved target** Acquisition targets identified and formal alliances or partnerships developed
Individual	10-20%	KPIs related to new partnerships, internal and external communication, projects and cross-company initiatives	**Achieved or partially achieved or did not achieve target** Various projects launched including some strategic digital initiatives

(1) The weighting varies for each KMP, these are specified on page 56.

FY18 STI Outcomes

The following table outlines the STI awarded to each Executive KMP for FY18:

		STI opportunity as % of fixed remuneration		STI earned as % of target	STI forfeited as % of target
Name	Target STI opportunity for FY18	Minimum	Target		
Executive Directors					
Doc Klotz	$900,000	0%	100%	0%	100%
Garry McLennan	$700,000	0%	100%	0%	100%
Senior Executive					
Jeff McLean	$318,250	0%	67%	0%	100%

(iii) Long term incentives

The following table outlines the major features of the FY18 LTI Plan:

<table>
<tr><td>What is the purpose of the LTI Plan?</td><td>The Group established an LTI Plan to assist in the motivation, retention and reward of key employees. The LTI Plan is designed to align participants' efforts with the interests of shareholders by providing participants with exposure to Eclipx Group Limited shares.</td></tr>
<tr><td>Who is eligible to participate in the plan?</td><td>Eligibility to participate in the LTI Plan is determined by the Board. All Executive KMP participated in the FY18 LTI Plan.</td></tr>
<tr><td>When was the grant made?</td><td>The FY18 LTI grant was made to Senior Executives on 8 November 2017. The Executive Director grants were approved by shareholders at the Annual General Meeting on 22 February 2018 and granted on the same date.</td></tr>
<tr><td>What performance period applies?</td><td>Awards made under the LTI Plan are subject to a three year performance period commencing on the first day of the applicable Financial Year (Performance Period).
The FY18 LTI performance period commenced on 1 October 2017 and will conclude on 30 September 2020.</td></tr>
<tr><td>How is the LTI delivered?</td><td>The LTI is provided through a mix of Options and Rights (Award). The number of Options and Rights granted in respect of each Award is determined by the Board.
The exercise price for the FY18 Options was set at $4.18 which represented the share price on 8 November 2017.
The Group uses the fair value methodology when calculating the number of Options and Rights to grant each year. The mix of Rights to Options is determined by the Board on an annual basis. For the FY18 LTI grant, the ratio of the number of Rights to Options granted to each Executive KMP was approximately one Right to four Options.
To ensure consistency and simplicity, the Group continues to allocate the number of Options and Rights using a fair value methodology. To increase transparency for our shareholders a comparison of the fair value and face value of the Options and Rights for the CEO is set out below:
<table>
<tr><th></th><th>Vehicle</th><th>Number Granted</th><th>Fair Value</th><th>Face Value (^)</th></tr>
<tr><td>Doc Klotz</td><td>Options</td><td>632,000</td><td>$259,120</td><td>N/A</td></tr>
<tr><td></td><td>Rights</td><td>158,000</td><td>$421,070</td><td>$600,400</td></tr>
</table>
^ Because Options have an exercise price, there is no simple approach to present the face value of Options. On the date the Options were granted (22 February 2018), the Options were "underwater", as the exercise price of the Options was higher than the closing share price of $3.80.
The face value of Rights is calculated using a share price of $3.80, being the closing share price on the date the Rights were granted (22 February 2018). The face value of the Rights does not take into account the performance hurdles that must be met before the Rights may vest.</td></tr>
<tr><td>Are dividends paid during the performance period?</td><td>No.</td></tr>
</table>

Remuneration Report (audited)

CONTINUED

What performance hurdles need to be met?

The Award is subject to the following equally weighted performance hurdles:

a) Relative Total Shareholder Return (TSR) versus Comparator Group (50% of total grant); and

b) Absolute Earnings per Share (EPS) Growth (50% of total grant).

The TSR and EPS performance hurdles are applied independently such that the portion of an Award subject to one hurdle can vest regardless of whether the other hurdle is met.

Relative TSR component

Relative TSR was selected as a performance measure to directly align executive remuneration with returns delivered to shareholders, relative to other ASX-listed companies. TSR is a method of calculating the return shareholders would earn if they held a notional number of shares over a period of time. TSR measures the percentage growth in the company's share price plus the value of dividends received during the period, assuming that all of those dividends are re-invested into new shares.

The Group's relative TSR is measured against constituents of the ASX 200 (excluding GICS Industry "Metals & Mining" companies) over the vesting period for each grant. The Comparator Group was selected to ensure a robust and meaningful comparator group size, given the small number of listed direct competitors in the Australian market.

Miraqle Metrics, a division of Orient Capital provides the Group with a periodic TSR Calculation and Ranking Reports which ranks the TSR performance of the Group against the constituents of the comparator group. The percentage of Awards comprising the relative TSR component that vests, if any, will be based on the following:

Relative TSR percentile ranking	% of relative TSR hurdled Awards that vest
Below the 51st percentile	Nil
At the 51st percentile	50%
Between the 51st and 75th percentile	Straight line pro rata vesting between 50% and 100%
At or above the 75th percentile	100%

Absolute EPS component

Absolute EPS was selected as a performance measure as EPS growth is a key strategic objective for the Group. The EPS targets are set annually with consideration to earnings and EPS forecasts, based on the following process:

- Prior to each grant Management will prepare three-year earnings forecasts and calculate the three-year growth rate.
- Forecasts are then converted into a three-year Compound Annual Growth Rate (CAGR) which will represent the growth required to achieve the EPS target by the end of the performance period. The CAGR is referred to in setting the top of the vesting range.
- These forecasts are provided to the Committee who will review the appropriateness of the proposed targets and recommend the final targets to the Board for approval.

For the FY18 Award, the percentage of Awards subject to the Cash EPS hurdle that vest, if any, will be determined based on the Group's compound annual growth in Cash EPS over the Performance Period by reference to the "base year" Cash EPS. FY17 will be the base year for Awards granted under the FY18 LTI Offer. Accordingly, to determine the growth in Cash EPS, the Cash EPS achieved in FY20 will be compared to Cash EPS achieved in FY17, and the level of compound annual growth (stated as a percentage) will determine the proportion of the Cash EPS hurdled Awards that vest.

What performance hurdles need to be met? (continued)

The Group's annual compound Cash EPS growth rate	% of Cash EPS hurdled Awards that vest
Below 7% compound annual growth	Nil
At 7% compound annual growth	50%
Between 7% and 10% compound annual growth	Straight line pro rata vesting between 50% and 100%
At or above 10% compound annual growth	100%

How are the performance awards valued?

The TSR hurdled Awards are valued via the Monte-Carlo simulation method.

The Cash EPS hurdle is valued via the Binominal tree method and has been chosen as it provides evidence of the Group's growth in earnings and is directly linked to shareholder returns and the Group's overall strategic objectives.

Is retesting available for any of the performance hurdles?

If Awards subject to the 50% TSR component only do not vest in full during the first Performance Period, they have the opportunity for a single retest over an extended performance period ending 12 months after the completion of the first Performance Period.

Retesting was introduced upon listing in 2015 due to the volatility of the share price and the market. The Board reviews the LTI Plan design annually. The Board determined that retesting continued to be appropriate for the FY18 grant due to the ongoing volatility of the share price and the market. If a retest was determined appropriate for the FY18 LTI grant this would only occur over a single extended performance period which would commence on 1 October 2017 and end on 30 September 2021. Retesting for grants from FY19 onwards has been removed to better align with market practice.

What happens if an Executive KMP ceases employment?

Where an Executive KMP ceases employment defined by the Group as resignation or termination for cause, any unvested LTI Awards (or vested and unexercised Awards) are forfeited, unless otherwise determined by the Board.

Where an Executive KMP ceases employment for any other reason, unvested Awards will continue "on-foot" and will be tested at the end of the original vesting period. Note that the Plan Rules provide the Board with discretion to determine that a different treatment should apply at the time of cessation, if applicable.

What happens if there is a change of control?

A change of control occurs where, as a result of any event or transaction, a new person or entity becomes entitled to a significant percentage of shares in the Group.

In the event of a change of control of the Group the following treatment will apply:

- Upon a 50% change of control, all unvested Awards will vest in full;
- Upon a 30% change of control, all unvested Awards will vest in full, unless, prior to the 30% change of control occurring, the Board determines that the transaction should not be treated as a change of control for the purpose of the LTI Plan.

  The change of control trigger for FY19 LTI grants onwards will be revised from 30% to 50%.

Remuneration Report (audited)

CONTINUED

LTI Outcomes

The table below summarises the performance and outcomes for the IPO FY15 grant that vested during FY18.

KMP	Plan	Award Type (1)	Performance Condition	Number of awards granted	Performance outcomes	% LTI tranche that vested	% LTI tranche forfeited
Doc Klotz	FY15 LTI	Loan Shares	Relative TSR Component	400,000	86th percentile	100%	0%
	FY15 LTI	Loan Shares	Absolute EPS Component	400,000	13.28% compound annual growth	100%	0%
Garry McLennan	FY15 LTI	Loan Shares	Relative TSR Component	400,000	86th percentile	100%	0%
	FY15 LTI	Loan Shares	Absolute EPS Component	400,000	13.28% compound annual growth	100%	0%

(1) Loan shares were only used for the IPO FY15 grant and have not been offered for LTI grants from FY16 onwards.

The FY16 LTI was tested at the end of FY18 and failed to meet the required performance hurdle for EPS growth and thus the corresponding portion of those grants (50%) have lapsed. The TSR target set for 50% of the FY16 grant was also not met and as a result that portion will be eligible for a one-time retest in FY19.

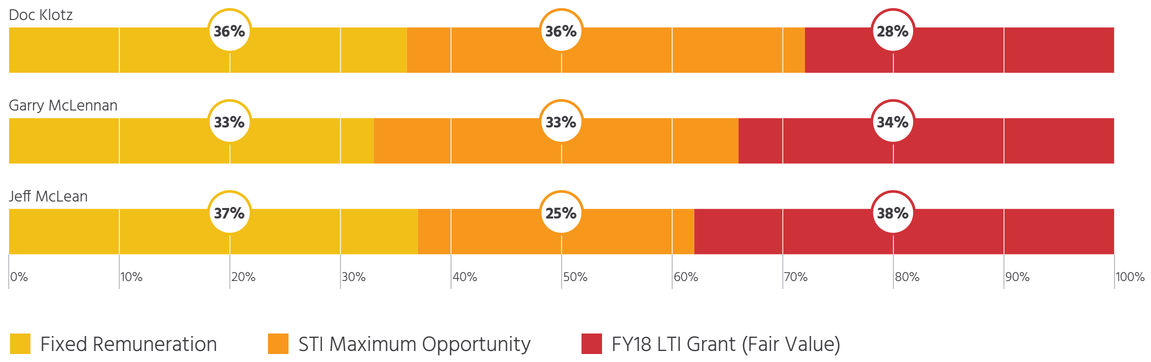
Executive KMP Remuneration Opportunity Mix

Each Executive KMP has a remuneration opportunity mix that consists of fixed and at risk remuneration. The at risk remuneration opportunity comprises a STI opportunity and LTI grant.

The relative mix of the three remuneration components is determined by the Board on the recommendation of the Committee.

The components are reviewed on an annual basis and quantum set to recognise the responsibilities of each role. The remuneration opportunity mix that applied for FY18 is set out below. This incorporates the FY18 STI Maximum Opportunity and the actual FY18 LTI grant value.

Executive KMP Remuneration Opportunity Mix



5. PERFORMANCE AGAINST KEY METRICS

The following table provides information on FY18 performance against key metrics:

	IPO	2015	2016	2017	2018
Cash NPATA ($'000)	-	48,585	55,330	68,275	78,108
Cash EPS (cents)	-	20.23	22.19	25.11	24.69
Share Price at the end of the year	$2.30	$3.01	$4.07	$4.05	$2.57

	2016	2016	2017	2017	2018
	interim	final	interim	final	interim
Dividend paid (cents)	6.75	7.00	7.50	7.75	8.00

6. NON-EXECUTIVE DIRECTOR FEES

Fees paid to Non-Executive Directors reflect the demands and responsibilities of each position. Fees are benchmarked against an appropriate group of comparator companies and determined within the approved aggregate Directors' fee pool limit of $1.4 million per annum. Non-Executive Directors do not receive variable remuneration and base fees are inclusive of mandatory superannuation contributions.

The Board approved an increase to Chairman and Member fees for the Remuneration and Nomination Committee effective 1 May 2018. Following are the Non-Executive Director fees for FY18 and Committee membership as at 30 September 2018:

	2018 Fee p.a. $		
	Board	Audit & Risk Committee	Remuneration & Nomination Committee
Chairman fee (C)	$250,000	$25,000	$25,000
Member fee (M)	$125,000	$12,500	$12,500
Kerry Roxburgh	C	M	M
Trevor Allen	M	C	M
Linda Jenkinson	M	-	M
Gail Pemberton	M	M	C
Russell Shields	M	M	-

Share Rights Contribution Plan

The Share Rights Contribution Plan was established to facilitate Non-Executive Director shareholdings in the Company and improve the alignment of Non-Executive Director interests with those of shareholders.

Under the plan, Non-Executive Directors may elect to sacrifice, on a pre-tax basis, up to 50% of base Director fees (excluding Committee fees) to acquire share rights. The share rights will not be subject to performance conditions. However, if a participant ceases to hold office before their share rights convert to shares, all share rights will lapse and the fee amount sacrificed under the Share Rights Contribution Plan will be returned to the participant.

During FY18, Mr Kerry Roxburgh and Ms Gail Pemberton elected to sacrifice the maximum of 50% of base Director fees to acquire share rights and Mr Trevor Allen elected to sacrifice 25% of base Director fees to acquire share rights. Subject to the Company's Securities Trading Policy, the salary sacrifice contributions were converted into Share Rights which subsequently converted to Ordinary Shares in Eclipx Group Limited on 9 November 2017.

Remuneration Report (audited)

CONTINUED

Non-Executive Directors (Cash and Share based payments)

The following table shows details of fees received by the Non-Executive Directors:

	Salary and Fees		Short term benefits	Post-employment benefits	Share based payments	
	Cash $	Value of share rights $ (1)	Non-monetary $ (4)	Superannuation $ (1)	Equity settled $	Total $
Kerry Roxburgh (Chairman)						
FY18	135,750	125,000	-	14,250	-	275,000
FY17	135,709	125,000	-	11,791	-	272,500
Russell Shields						
FY18	125,571	-	-	11,929	-	137,500
FY17	125,571	-	-	11,929	-	137,500
Trevor Allen						
FY18	118,781	31,250	-	12,469	-	162,500
FY17	118,169	31,250	-	10,581	-	160,000
Gail Pemberton						
FY18	83,935	62,500	-	8,773	-	155,208
FY17	132,420	-	-	12,580	-	145,000
Greg Ruddock (2)						
FY18	70,253	-	24,962	6,674	-	101,889
FY17	82,144	-	-	7,804	-	89,948
Linda Jenkinson (3)						
FY18	89,641	-	-	8,516	-	98,157

(1) Salary sacrifice contributions made in respect of the Share Rights Contributions Plan are included as salary and fees. Superannuation contributions do not apply to the salary sacrifice component.

(2) Non-Executive Director fees for Mr Greg Ruddock in 2017 were paid to Ironbridge Capital Management Pty Ltd and not to Mr Ruddock directly until 4 February 2017. Mr Greg Ruddock resigned as Non-Executive Director on 31 March 2018.

(3) Non-Executive Director fees for Ms Linda Jenkinson commenced 4 January 2018.

(4) Non-monetary benefit relates to farewell gift and fringe benefit tax.

7. SERVICE AGREEMENTS

The Group's Executives are employed under ongoing common law contracts. The table below outlines the employment and termination terms for each Executive.

Service agreement	Employing Entity	Notice period	Serious misconduct	Termination entitlement	Restraint of Trade
Chief Executive Officer and Managing Director	Fleet Holdings (Australia) Pty Ltd	Six months by either party	Immediate termination	When termination is initiated by the Company, up to six month's fixed remuneration may be paid in lieu of notice. Payments are capped at 12 months' remuneration per relevant legislative requirements.	12 months following expiry of notice period
Deputy Chief Executive Officer and Chief Financial Officer					
Chief Operating Officer	FleetPartners Pty Ltd				Six months following expiry of notice period

8. EXECUTIVE REMUNERATION DISCLOSURES

Statutory Remuneration for Executive KMP

The following table shows details of the remuneration received by Executives during FY17 and FY18:

	Short term benefits				Long term benefits			
	Salary and fees $	Non-monetary $ (1)	Movement in annual leave provision $ (2)	Cash bonus payable in respect of current year $	Non-monetary $ (3)	Superannuation $	Share based payments equity settled $ (4)	Total $
Executive Directors								
Doc Klotz								
FY18	867,139	161,531	28,425	-	18,101	20,196	1,394	1,096,786
FY17	830,261	142,940	51,798	850,000	7,134	19,735	796,468	2,698,336
Garry McLennan								
FY18	679,553	5,297	(10,501)	-	13,393	20,196	9,091	717,029
FY17	680,261	5,856	26,753	700,000	5,845	19,735	796,468	2,234,918
Senior Executive								
Jeff McLean								
FY18	441,667	10,146	(4,528)	-	8,975	20,196	26,704	503,160
FY17	405,261	9,358	(3,281)	212,500	3,199	19,735	287,837	934,609

(1) Amount represents car parking, medical insurance, flights home, visa application fees, sponsorship fees and fringe benefits tax. Current year non-monetary benefit for Mr Klotz includes one-off fees paid for prior years tax service which is not expected to incur in FY19.

(2) Amount represents annual leave provisions. Negative movement indicates leave taken during the year exceeded leave accrued during the current year. This is to be read in conjunction with Salary and Fees column.

(3) Amount represents long service leave provisions.

(4) Decrease in share based payments is a result of lower probability factor of meeting performance target.

Remuneration Report (audited)

CONTINUED

8. EXECUTIVE REMUNERATION DISCLOSURES (CONTINUED)

Actual Remuneration Received

The following table shows details of the actual remuneration received by Executive KMP in FY18:

	Salary and fees $ (1)	Cash bonus paid in current year $ (2)	Superannuation $	Equity that vested $ (3)	Total $
Executive Directors					
Doc Klotz					
FY18	864,139	850,000	20,196	1,204,514	2,938,849
FY17	830,261	799,000	19,735	1,288,000	2,936,996
Garry McLennan					
FY18	697,748	700,000	20,196	1,204,514	2,622,458
FY17	680,261	665,000	19,735	1,312,000	2,676,996
Senior Executive					
Jeff McLean					
FY18	435,888	212,500	20,196	-	668,584
FY17	405,261	199,750	19,735	-	624,746

(1) Salary and superannuation are paid fortnightly and may vary depending on the number of pay cycles within any given year.

(2) Amount represents bonus in respective to the performance of FY17, paid in FY18.

(3) Represents the value of loan shares granted in previous years that vested during the year, calculated as the number of loan shares that vested multiplied by the closing market price of Eclipx shares on the vesting date, less the loan amount outstanding.

Details of Outstanding Awards

The minimum value of the outstanding Awards is nil if no performance hurdles are met. The maximum value of Awards that may vest in future years that will be recognised as share-based payments in future years is set out in the table below. The amount reported is the value of share-based payments calculated in accordance with AASB2 Share-based payment over the vesting period.

KMP	Plan	Award type	Performance condition	Number of awards granted	Exercise price	Fair value per award (at grant date) $	Fair value of award (at grant date) $	Vesting date/first exercise date	Expiry date
Doc Klotz	FY18 LTI	Rights	TSR tranche	79,000	-	1.99	157,210	8 November 2020	8 November 2022
			EPS tranche	79,000	-	3.34	263,860		
		Options	TSR tranche	316,000	$4.18	0.41	129,560		
			EPS tranche	316,000	$4.18	0.41	129,560		
	FY17 LTI	Rights	TSR tranche	71,500	-	2.28	163,020	4 November 2019	4 November 2021
			EPS tranche	71,500	-	3.46	247,390		
		Options	TSR tranche	440,000	$3.60	0.68	299,200		
			EPS tranche	440,000	$3.60	0.72	316,800		
	FY16 LTI	Rights	TSR tranche	92,500	-	1.34	123,950	10 November 2018	10 November 2020
			EPS tranche	92,500	-	2.38	220,150		
		Options	TSR tranche	400,000	$3.06	0.35	140,000		
			EPS tranche	400,000	$3.06	0.36	144,000		
Garry McLennan	FY18 LTI	Rights	TSR tranche	79,000	-	1.99	157,210	8 November 2020	8 November 2022
			EPS tranche	79,000	-	3.34	263,860		
		Options	TSR tranche	316,000	$4.18	0.45	142,200		
			EPS tranche	316,000	$4.18	0.48	151,680		
	FY17 LTI	Rights	TSR tranche	71,500	-	2.28	163,020	4 November 2019	4 November 2021
			EPS tranche	71,500	-	3.46	247,390		
		Options	TSR tranche	440,000	$3.60	0.68	299,200		
			EPS tranche	440,000	$3.60	0.72	316,800		
	FY16 LTI	Rights	TSR tranche	92,500	-	1.34	123,950	10 November 2018	10 November 2020
			EPS tranche	92,500	-	2.38	220,150		
		Options	TSR tranche	400,000	$3.06	0.35	140,000		
			EPS tranche	400,000	$3.06	0.36	144,000		
Jeff McLean	FY18 LTI	Rights	TSR tranche	42,500	-	2.47	104,975	8 November 2020	8 November 2022
			EPS tranche	42,500	-	3.70	157,250		
		Options	TSR tranche	170,000	$4.18	0.65	110,500		
			EPS tranche	170,000	$4.18	0.68	115,600		
	FY17 LTI	Rights	TSR tranche	39,000	-	2.18	85,020	4 November 2019	4 November 2021
			EPS tranche	39,000	-	3.13	122,070		
		Options	TSR tranche	237,500	$3.60	0.53	125,875		
			EPS tranche	237,500	$3.60	0.55	130,625		
	FY16 LTI	Rights	TSR tranche	70,000	-	1.86	130,200	10 November 2018	10 November 2020
			EPS tranche	70,000	-	2.75	192,500		
		Options	TSR tranche	350,000	$3.06	0.58	203,000		
			EPS tranche	350,000	$3.06	0.60	210,000		

Remuneration Report (audited)

CONTINUED

9. EQUITY INSTRUMENTS

This table shows details of share and option holdings of KMP:

	Held at 1 October 2017			Net Change			Held as at 30 September 2018		
	Shares	**Rights**	**Options (2)**	**Shares**	**Rights**	**Options**	**Shares**	**Rights**	**Options**
Non-Executive Directors									
Kerry Roxburgh (Chairman)	135,000	-	200,000	104,611	-	-	239,611	-	200,000
Russell Shields	228,777	-	100,000	56,870	-	(50,000)	285,647	-	50,000
Trevor Allen	96,331	-	200,000	83,515	-	(15,000)	179,846	-	185,000
Gail Pemberton	96,641	-	200,000	331,904	-	(150,000)	428,545	-	50,000
Greg Ruddock (3)	600,000	-	200,000	(600,000)	-	(200,000)	-	-	-
Linda Jenkinson	-	-	-	3,258	-	-	3,258	-	-
Executive Directors									
Doc Klotz	3,841,361	328,000	1,680,000	37,593	158,000	632,000	3,878,954	486,000	2,312,000
Garry McLennan	3,871,432 (1)	328,000	1,680,000	100,000	158,000	632,000	3,971,432 (1)	486,000	2,312,000
Senior Executive									
Jeff McLean	1,533,200	218,000	1,175,000	(622,391)	85,000	340,000	910,809	303,000	1,515,000

(1) 43,478 of these shares are held by a close family member of the Executive KMP.

(2) Options for Non-Executive Directors were purchased at IPO at an issue price of $0.24 per option. Each option is exercisable over one share with an exercise price of 264.50 cents, immediately vested and exercisable, and with an expiry date of 21 April 2020.

(3) Mr Greg Ruddock resigned as Non-Executive Director on 31 March 2018. The net change represents his holdings at the time of resignation.

10. LOANS

Loan shares issued under the Group's LTI Plans prior to FY16 were funded by the Group. Recourse under the loans is limited to the shares and proceeds of any sale of the shares. The loan is interest free and must be repaid by the expiry date.

Mr Klotz, Mr McLennan and Mr McLean were offered loan shares under the share ownership plan prior to the IPO that are not subject to vesting conditions. Details of these loans are as follows:

KMP	Opening loan balance $	Closing loan balance $	Number of vested loan shares	Loan value per vested loan share	Loan expiry date
Doc Klotz	5,854,967	5,854,967	3,539,118	$1.65	September 2021
Garry McLennan	5,854,967	5,854,967	3,539,118	$1.65	September 2021
Jeff McLean	2,077,403 (1)	1,186,666	866,985	$1.37	September 2019

(1) Loan repayments apply to Mr McLean only and equate to dividends paid less tax applicable on dividends.

Mr Klotz and Mr McLennan were granted loan shares under the FY15 LTI Plan for which loans are still outstanding and subject to vesting conditions or yet to be exercised. Details of these loans are as follows:

KMP	Grant date	Opening loan balance $	Closing loan balance $ (1)	Number of unvested loan shares relating to loan	Number of vested loan shares relating to loan	Loan value per vested loan share	Loan expiry date
Doc Klotz	22 April 2015	3,411,840	3,253,080	-	1,600,000	$2.03	April 2020
Garry McLennan	22 April 2015	3,353,300	3,162,550	-	1,600,000	$1.98	April 2020

(1) Loan repayments relate to dividends paid on the relevant shares less tax applicable on dividends. A higher tax rate applies to Mr Klotz as a result of his United States citizenship and resulting tax obligations.

11. OTHER TRANSACTIONS

Transactions with other related parties are made on normal commercial terms and conditions. Refer to Note 6.3 related party for more information.

Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 SEPTEMBER 2018

		Consolidated	
		2018	2017
	Note	$'000	$'000
Revenue from continuing operations	2.2	758,526	604,517
Cost of revenue	2.2	(359,784)	(276,973)
Lease finance costs	2.3	(71,187)	(67,993)
Net operating income before operating expenses and impairment charges	2.3	**327,555**	259,551
Impairment losses on loans and receivables		(2,237)	(4,295)
Employee benefit expense		(130,856)	(96,883)
Depreciation, amortisation and impairment expense	2.3	(14,997)	(12,372)
Operating overheads	2.3	(81,682)	(60,935)
Total overheads		**(227,535)**	(170,190)
Operating finance costs	2.3	(14,824)	(9,192)
Profit before income tax		**82,959**	75,874
Income tax expense	2.6 (i)	(20,760)	(21,664)
Profit for the year		**62,199**	54,210
Other comprehensive income			
Item that may be reclassified to profit or loss			
Changes in the fair value of cash flow hedges		171	7,225
Exchange differences on translation of foreign operations		(2,055)	(5,089)
Other comprehensive (loss)/income for the year, net of tax		**(1,884)**	2,136
Total comprehensive income for the year		**60,315**	56,346
Profit attributable to:			
Owners of Eclipx Group Limited		62,199	54,210
Total comprehensive income for the year attributable to:			
Owners of Eclipx Group Limited		60,315	56,346
		Cents	**Cents**
Earnings per share			
Basic earnings per share	2.4	19.80	20.31
Diluted earnings per share	2.4	19.37	19.79

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

AS AT 30 SEPTEMBER 2018

		Consolidated	
		2018	2017
	Note	$'000	$'000
ASSETS			
Cash and cash equivalents	4.3	62,078	59,078
Restricted cash and cash equivalents	4.3	146,180	136,157
Trade receivables and other assets	3.3	208,870	138,533
Inventory		38,565	25,171
Finance leases	3.2	545,486	444,544
Operating leases reported as property, plant and equipment	3.1	1,052,114	1,051,848
Deferred tax assets	2.6 (ii)	2,771	2,671
Property, plant and equipment	3.1	13,845	14,304
Intangibles	3.5	829,631	806,609
Total assets		**2,899,540**	2,678,915
LIABILITIES			
Trade and other liabilities	3.4	118,246	123,591
Provisions		13,713	19,879
Derivative financial instruments	4.4	9,037	9,715
Other		3,538	2,784
Deferred tax liabilities	2.6(ii)	40,670	49,276
Borrowings	4.1	1,814,320	1,610,407
Total liabilities		**1,999,524**	1,815,652
Net assets		**900,016**	863,263
EQUITY			
Contributed equity	4.5	654,765	635,246
Reserves	6.1	17,046	12,357
Retained earnings		228,205	215,660
Total equity		**900,016**	863,263

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

FOR THE YEAR ENDED 30 SEPTEMBER 2018

		Attributable to owners of Eclipx Group Limited			
		Contributed equity	Reserves	Retained earnings	Total equity
Consolidated	**Note**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 October 2016		455,484	3,470	199,861	**658,815**
Profit for the year		-	-	54,210	54,210
Cash flow hedges		-	7,225	-	7,225
Foreign currency translation		-	(5,089)	-	(5,089)
Total comprehensive income for the year		-	2,136	54,210	**56,346**
Issue of new shares for acquisition of Grays	2.5	170,906	-	-	170,906
Transactions with owners in their capacity as owners:					
Employee share schemes	5.1	-	4,462	-	4,462
Movement in treasury reserve		-	2,289	-	2,289
Issue of shares under the Dividend Reinvestment Plan	4.5	8,591	-	-	8,591
Issue of shares on exercise of Options		265	-	-	265
Dividends paid	4.8	-	-	(38,411)	(38,411)
Balance at 30 September 2017		635,246	12,357	215,660	**863,263**
Balance at 1 October 2017		635,246	12,357	215,660	**863,263**
Profit for the year		-	-	62,199	62,199
Cash flow hedges		-	171	-	171
Foreign currency translation		-	(2,055)	-	(2,055)
Total comprehensive income for the year		-	(1,884)	62,199	**60,315**
Issue of rights for acquisition of CarBuyers	2.5	-	1,581	-	1,581
Transactions with owners in their capacity as owners:					
Employee share schemes		-	454	-	454
Movement in treasury reserve		-	4,538	-	4,538
Issue of shares under the Dividend Reinvestment Plan		18,421	-	-	18,421
Issue of shares on exercise of Options		1,098	-	-	1,098
Dividends paid		-	-	(49,654)	(49,654)
Balance at 30 September 2018		654,765	17,046	228,205	**900,016**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

FOR THE YEAR ENDED 30 SEPTEMBER 2018

		Consolidated	
		2018	2017
	Note	**$'000**	$'000
Cash flows from operations			
Receipts from customers		1,018,588	872,124
Payments to suppliers and employees		(609,682)	(418,230)
		408,906	453,894
Income tax paid		(23,743)	(8,861)
Interest received		2,553	2,199
Interest paid		(67,369)	(65,099)
Net cash inflow from operating activities	6.6	**320,347**	382,133
Cash flows from investing activities			
Purchase of items reported under operating leases	3.1	(391,936)	(444,329)
Purchase of items reported under finance leases		(251,689)	(226,350)
Purchase of property, plant and equipment and intangibles		(32,896)	(17,436)
Payment for acquisitions (net of cash acquired)		(7,298)	(13,857)
Proceeds from sales of items reported under operating leases		202,596	172,136
Net cash outflow from investing activities		**(481,223)**	(529,836)
Cash flows from financing activities			
Proceeds from borrowings		915,965	858,222
Repayments of borrowings		(713,975)	(664,443)
Dividends paid		(31,233)	(29,820)
Proceeds from settlement of long term incentive plans		2,961	2,194
Net cash inflow from financing activities		**173,718**	166,153
Net increase in cash and cash equivalents		12,842	18,450
Cash and cash equivalents at the beginning of the Financial Year, net of overdraft		195,235	178,298
Exchange rate variations on New Zealand cash and cash equivalent balances		181	(1,513)
Cash and cash equivalents at end of the year, net of overdraft	4.3	**208,258**	195,235

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2018

1.0 Introduction to the Report

Statement of compliance

These general purpose Financial Statements of the consolidated results of Eclipx Group Limited (ACN 131 557 901) have been prepared in accordance with the Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The financial report was authorised for issue by the Board of Directors on 13 November 2018.

Basis of preparation

These Financial Statements have been prepared under the historical cost convention, except for the financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Financial Statements. Amounts in the Financial Statements have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Critical accounting estimates and assumptions

The preparation of 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.

Significant accounting policies

The significant accounting policies adopted in the preparation of the financial report are set out below. Other significant accounting policies are contained in the notes to the financial report to which they relate. The financial statements are for the Group consisting of Eclipx Group Limited (Company) and its controlled entities.

(i) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all controlled entities of Eclipx Group Limited as at 30 September 2018 and the results of all controlled entities for the year ended. Eclipx Group Limited and its controlled entities together are referred to in this financial report as the Group or the consolidated entity.

The Company controls an entity if it is exposed, or has rights, to variable returns from its involvement with the controlled entity and has the ability to affect those returns through its power over the controlled entity. All controlled entities have a reporting date of 30 September.

Profit or loss and other comprehensive income of controlled entities acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable. In preparing the financial report, all intercompany balances, transactions and unrealised profits arising within the consolidated entity are eliminated in full.

(ii) Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Australian dollars (AUD), which is also the functional currency of the Company.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from remeasurement of monetary items at year end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the date of transaction), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than AUD are translated into AUD upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into AUD at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into AUD at the closing rate. Income and expenses have been translated into AUD at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal.

Changes in accounting policies

Except for the changes below, the Group has consistently applied the accounting policies set out in the notes to the financial statements to all periods presented in these consolidated financial statements.

New and revised standards and interpretations not yet adopted by the Group

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 September 2018 and are set out below.

AASB 9 Financial instruments

AASB 9 Financial instruments replaces the current accounting standard AASB 139 Financial Instrument: Recognition and Measurement. AASB 9 will result in changes to financial assets and liabilities and will cover classification, measurement, impairment and hedge accounting. The Group will first apply AASB 9 in the Financial Year beginning 1 October 2018 and the standard will be applied retrospectively and as an adjustment to the opening statement of financial position.

Classification and measurement

Financial assets

AASB 9 has three classification categories for financial assets; amortised cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL). The classification is based on the business model under which the financial instrument is managed and its contractual cash flows.

The Group will apply the following policies for the newly adopted classification categories under AASB 9:

Amortised cost - A financial asset will be measured at amortised cost if both of the following conditions are met;

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

FVTOCI - A financial asset will be measured at FVTOCI if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

FVTPL - All financial assets that are not measured at amortised cost or FVTOCI will be measured at FVTPL. All financial assets that are equity instruments will be measured at FVTPL unless the Group irrevocably elects to present subsequent changes in the fair value in other comprehensive income. The Group does not expect to make this election.

Introduction to the Report

CONTINUED

Impairment

AASB 9 replaces the incurred loss model of AASB 139 with an expected loss model, resulting in an acceleration of impairment recognition. The impairment requirements apply to the Group's net investment in finance lease receivables, loan receivables, trade receivables and contract receivables measured at amortised cost.

AASB 9 program governance and status

The AASB 9 program was initiated at the start of the 2018 calendar year and the working group consisted of experts from finance, risk, treasury, operations and external advisors. The Audit Committee was updated regarding the implementation program for the introduction of AASB 9.

The Group engaged external advisors to assist with:

- building and validating the new expected credit loss models;
- developing and implementing processes for staging and using forward looking economic guidance in the Expected Credit Losses models;
- documenting the policies, governance and control framework for impairment calculations under AASB9; and
- implementing the system changes.

Measurement

To measure the expected credit loss (ECL) the Group applies probability of default (PD) x exposure at default (EAD) x loss given default (LGD). The Group will be applying the simplified approach which measures the ECL equal to the discounted lifetime expected credit loss.

Macroeconomic scenarios

The assessment of credit risk, and the estimation of ECL, will be unbiased and probability weighted, and will incorporate all relevant available information relevant to the assessment, including information about past events, current conditions and reasonable and supportable information about future events and economic conditions at the report date. The Group has established a process whereby forward-looking macroeconomic scenarios and probability weightings are developed for ECL calculation purposes. The final probability-weighted ECL will be calculated from a baseline, an up-scenario and a down-scenario.

Hedge accounting

Hedge accounting under AASB 9 introduces greater flexibility to the type of transactions that can be hedged and the type of risk components in non-financial items that qualify as hedging instruments. The effectiveness test in AASB139 has been replaced and now includes a qualitative approach to the assessment or the in-principle economic relationship between the hedging instrument and the hedged item.

The Group uses interest rate swaps to manage its exposure to the volatility in interest rates. The effective portion of the hedge will qualify under the new standard for hedge accounting.

Transition

The Group will record a transition adjustment to the opening statement of financial position, retained earnings and other comprehensive income at 1 October 2018. The transition adjustment is expected to reduce opening retained earnings by $9,050,000 ($12,900,000 pre tax). The outcome is largely as a result of the requirement to recognise lifetime ECL, where previously losses were recognised once incurred. The Group has implemented the reporting required under AASB 9 and will continue to refine the technology to support this during the Financial Year ending 30 September 2019.

AASB 15 revenue from contracts with customers

AASB 15 Revenue from Contracts with Customers replaces all current guidance on revenue recognition from contracts with customers. It requires identification of performance obligations within a transaction and an associated transaction price allocation to these obligations. Revenue is recognised upon satisfaction of these performance obligations, which occur when control of the goods or services are transferred to the customer. Revenue received for a contract that includes a variable amount is subject to revised conditions for recognition, whereby it must be highly probable that no significant reversal of the variable component may occur when the uncertainties around its measurement are removed. The Group will first apply AASB 15 in the Financial Year beginning 1 October 2018. The standard will be applied retrospectively as an adjustment to the opening statement of financial position.

AASB 15 program governance and status

The AASB 15 programme was initiated at the start of the 2018 calendar year and the working group consisted of experts from finance, operations and external advisors. The Audit Committee was updated regarding the implementation program for the introduction of AASB 15.

Measurement and recognition

Management applied the five step framework under AASB 15 across various revenue streams and have assessed the requirements of AASB 15. On the adoption of this standard the following impacts will be noted:

- The Group currently recognises income for the significant work performed at the time of entering into a lease. AASB 15 requires this revenue to be recognised over the lease contract period. Had the Group applied AASB 15 for the year ended 30 September 2018, profit before tax would have decreased by $4,316,000.
- The Group currently recognises maintenance income based on the percentage of completion at a portfolio level. With the implementation of AASB 15, the Group will be required to apply the percentage of completion against individual leases. Had the group applied AASB 15 for the year ended 30 September 2018, the profit before tax would not have materially changed. The Group will recognise deferred revenue of $11,603,000 associated with this implementation.
- The Group will disclose the disposal of operating leased asset reported as property, plant and equipment and the disposal of operating leased assets financed by a third party on a gross basis. There will be no overall impact to profit before tax. Had the Group applied AASB 15 for the year ended 30 September 2018, revenue would have increased by $139,218,000 with a corresponding increase in cost of revenue.
- The Group provides motor vehicles to not-at-fault individuals and the expenses are recovered from the at fault individuals. The Group has accounted for any discounts or credit as a cost of revenue expense. Following the adoption of AASB 15, the discounts or credits will be applied against revenue and not against cost of revenue. Had the Group applied AASB 15 for the year ended 30 September 2018, revenue would have decreased by $10,214,000 with a corresponding decrease in cost of revenue. There will be no overall impact to profit before tax.

Transition

The Group will record a transition adjustment to the opening statement of financial position, retained earnings and other comprehensive income at 1 October 2018. The transition adjustment will reduce opening retained earnings by $21,494,784 ($30,706,000 pre tax). The adjustment is a result of the timing of revenue recognition where the revenue is now being recognised over the life of the lease coupled with the recognition of deferred maintenance income.

AASB 16 - Leases

The Group will be adopting the new accounting standard AASB 16 Leases for the Financial Year commencing 1 October 2019. AASB 16 Leases replaces the current AASB 117 Leases standard and sets out a comprehensive model for identifying lease arrangements and the subsequent measurement. A contract contains a lease if it conveys the right to control the use of an identified asset for a period of time. The majority of leases from the lessee perspective within the scope of AASB 16 will require the recognition of a 'right-of-use' asset and a related lease liability, being the present value of future lease payments. This will result in an increase in the recognised assets and liabilities in the statement of financial position as well as a change in expense recognition, with interest and depreciation replacing operating lease expense. Accounting for leases from the Group's perspective as lessor remains unchanged under AASB 16. The adoption of AASB 16 by the Group will result in the Group recognizing assets and liabilities for its operating leases over premises and equipment as well as recognition of interest and depreciation replacing operating lease expense. The financial impact to the Group of adopting AASB 16 will be quantified by the Group for the year ending 30 September 2019.

2.0 Business Result for the Year

This section provides the information that is most relevant to understanding the financial performance of the Group during the Financial Year and, where relevant, the accounting policies applied and the critical judgements and estimates made.

2.1 Segment information

2.2 Revenue

2.3 Expenses

2.4 Earnings per share

2.5 Business combinations

2.6 Taxation

2.1 SEGMENT INFORMATION

Identification of reportable segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenue and incur expenses, whose operating results are reviewed regularly by the Group's Chief Operating Decision Makers (Chief Executive Officer and Deputy Chief Executive Officer) in assessing performance and in determining the allocation of resources.

As a result of the acquisition of Grays eCommerce Group Limited ("Grays"), the Group's Chief Operating Decision Makers have assessed Grays as a new segment.

In addition to statutory profit after tax, the business is assessed on a Cash Net Profit After Tax (Cash NPATA) basis. Whilst a non-IFRS measure, Cash NPATA is defined as statutory profit after tax, adjusted for the after tax effect of material one-off expenses that do not reflect the ongoing operations of the Group and amortisation of intangible assets. Each of these operating segments is managed separately as each of these service lines requires different resources as well as marketing approaches.

2018	Australia Commercial $'000	Australia Consumer $'000	Grays $'000	New Zealand Commercial $'000	Total $'000
Net operating income before operating expenses and impairment charges	**130,600**	**80,185**	**77,203**	**39,567**	**327,555**
Depreciation and amortisation of non-financial assets	(2,083)	(1,176)	(265)	(291)	**(3,815)**
Bad and doubtful debts	(829)	(758)	-	(650)	**(2,237)**
Operating expenses	(64,332)	(51,129)	(60,131)	(25,440)	**(201,032)**
Profit before tax, non-recurring costs and interest	**63,356**	**27,122**	**16,807**	**13,186**	**120,471**
Holding company debt interest	(6,821)	(4,588)	(2,219)	(1,196)	**(14,824)**
Adjustments*	(4,548)	(6,919)	(10,159)	(1,062)	**(22,688)**
Tax	(12,564)	(4,002)	(1,134)	(3,060)	**(20,760)**
Statutory net profit after tax	**39,423**	**11,613**	**3,295**	**7,868**	**62,199**
Material one-off adjustments not reflecting ongoing operations (post tax)	232	3,039	4,789	-	**8,060**
Acquired intangible amortisation (post tax)	1,944	615	1,130	374	**4,063**
Cash net profit after tax including amortisation of software	**41,599**	**15,267**	**9,214**	**8,242**	**74,322**
Software amortisation (post tax)	1,007	1,194	1,195	390	**3,786**
Cash net profit after tax	**42,606**	**16,461**	**10,409**	**8,632**	**78,108**

* Adjustments relate to acquisition related costs, amortisation of intangibles and restructuring costs.

2.0 Business Result for the Year

CONTINUED

2.1 SEGMENT INFORMATION (CONTINUED)

2017	Australia Commercial $'000	Australia Consumer $'000	Grays ^ $'000	New Zealand Commercial $'000	Total $'000
Net operating income before operating expenses and impairment charges	**124,964**	**80,276**	**14,089**	**40,222**	**259,551**
Depreciation and amortisation of non-financial assets	(2,178)	(1,415)	(326)	(449)	**(4,368)**
Bad and doubtful debts	(3,095)	(705)	-	(495)	**(4,295)**
Operating expenses	(58,772)	(53,931)	(10,844)	(22,244)	**(145,791)**
Profit before tax, non-recurring costs and interest	**60,919**	**24,225**	**2,919**	**17,034**	**105,097**
Holding company debt interest	(5,152)	(1,563)	(639)	(1,838)	**(9,192)**
Adjustments*	(4,242)	(2,973)	(12,216)	(600)	**(20,031)**
Tax	(14,251)	(5,932)	2,544	(4,025)	**(21,664)**
Statutory net profit after tax	**37,274**	**13,757**	**(7,392)**	**10,571**	**54,210**
Material one-off adjustments not reflecting ongoing operations (post tax)	-	215	8,209	-	**8,424**
Acquired intangible amortisation (post tax)	2,084	667	225	381	**3,357**
Cash net profit after tax including amortisation of software	**39,358**	**14,639**	**1,042**	**10,952**	**65,991**
Software amortisation (post tax)	855	1,231	148	51	**2,285**
Cash net profit after tax	**40,213**	**15,870**	**1,190**	**11,003**	**68,276**

* Adjustments relate to acquisition related costs, amortisation of intangibles and restructuring costs.
^ Grays was acquired 11 August 2017 and the result reflect the trading performance of the segment from this date.

2.2 REVENUE

Recognition and measurement

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Finance income

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.

Operating lease rentals

Rental revenue arising from operating lease contracts is brought to account in the period it is earned. The operating lease rentals are recognised on a straight line basis over the lease term. The instalments are classified and presented in finance income and operating lease rentals.

Maintenance and management income

Maintenance income is recognised over the life of the contract with reference to the stage of completion. Management income and management fees are recognised on a straight line basis over the term of the contract.

Sale of goods

Sale of goods revenue is recognised when there is persuasive evidence that the goods have passed to the consumer. Evidence is usually in the form of a delivery docket issued at the time of the delivery of goods to the customer. The delivery of goods docket indicates that there has been a transfer of the risk and rewards of ownership. Amounts disclosed as revenue are net of sales returns and trade discounts.

Auction commission

Commissions including handling, buyers' premiums and valuation fees are recognised once the auction or valuation has been completed.

Recovery of expenses

Recovery of expenses are recognised, to the extent that they are recoverable once the auction or valuation has been completed.

Brokerage, commissions and advice services income

Income is recognised when the relevant services have been provided and a reliable estimate of the income can be made.

End of lease income

End of lease income includes profits on the sale of vehicles from terminated lease contracts and other revenue generated at the end of a lease.

Rental hire income

Rental hire income is brought to account in the period it is earned.

2.0 Business Result for the Year

CONTINUED

2.2 REVENUE (CONTINUED)

Cost of revenue

Cost of revenue comprises the cost associated with providing the service components of the lease instalments, auction commission and rental hire income. Cost of revenue is recognised for each reporting period by reference to the stage of completion when the outcome of the services contracts can be estimated reliably. The stage of completion of services contracts is based on the proportion that costs incurred to date bear to total estimated costs. Rental hire expense includes amounts paid to third parties for vehicles under operating leases. Cost of goods sold relates to cost associated to the sale of goods.

	Consolidated	
	2018 $'000	2017 $'000
Revenue from continuing operations:		
Finance income	111,149	104,880
Maintenance and management income	102,958	102,501
Sale of goods	73,622	3,938
Recovery of expenses	15,800	2,952
Auction commissions	68,846	13,127
Related products and services income	33,566	33,387
Operating lease rentals	205,405	204,196
Brokerage income	20,785	18,051
Sundry income	7,481	8,916
End of lease income	36,676	36,093
Rental hire income	82,238	76,476
Total revenue from continuing operations	**758,526**	604,517
Cost of revenue:		
Maintenance and management expense	39,932	39,430
Related products and services expense	6,927	5,234
Recoverable expenses	17,423	3,293
Cost of goods sold	61,984	2,603
Impairment on operating leased assets	402	309
Depreciation on operating leased assets	203,868	204,190
Rental hire expense	29,248	21,914
Total cost of revenue	**359,784**	276,973

2.3 EXPENSES

Recognition and measurement

Depreciation

Depreciation on assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

- Motor vehicles 2-10 years;
- Furniture and fittings 3-10 years; and
- Plant and equipment 3-10 years.

Interest expense

Interest expense is recognised in the statement of profit or loss and other comprehensive Income using the effective interest method.

Amortisation

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight line basis over periods generally ranging from three to five years for non-core costs, and seven to ten years for core system software costs.

	Consolidated	
	2018 $'000	2017 $'000
Profit before income tax includes the following specific expenses:		
Depreciation and amortisation		
Plant and equipment - fixture and fittings	3,815	4,368
Amortisation - Intangible assets	5,920	4,830
Software	5,262	3,174
Total depreciation and amortisation expense	**14,997**	12,372
Lease finance costs		
Interest and finance charges - Third parties	71,545	68,424
Hedge (gain)	(358)	(431)
Total lease finance costs	**71,187**	67,993
Operating finance costs		
Facility finance costs	14,824	9,192
Total operating finance costs	**14,824**	9,192
Operating overheads		
Rental of premises	20,312	10,199
Technology costs	10,285	9,956
Restructuring costs	10,498	3,395
Acquisition related costs	1,010	5,517
Other overheads	39,577	31,868
Total operating overheads	**81,682**	60,935

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2018

2.0 Business Result for the Year

CONTINUED

2.4 EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of fully paid ordinary shares outstanding during the Financial Year and excluding treasury shares.

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 additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

	Consolidated	
	2018	**2017**
	Cents	**Cents**
Total basic earnings per share attributable to the ordinary equity holders of the company	**19.80**	20.31
Total diluted earnings per share attributable to the ordinary equity holders of the company	**19.37**	19.79
Reconciliation of earnings used in calculating Basic and Diluted earnings per share		

	Consolidated	
	2018	**2017**
	$'000	**$'000**
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share and diluted earnings per share:	**62,199**	54,210
From continuing operations	**62,199**	54,210
Weighted average number of shares used as the denominator		

	Consolidated	
	2018	**2017**
	Number	**Number**
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**314,209,530**	266,879,322
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	**321,085,520**	273,993,890

2.5 BUSINESS COMBINATIONS

Recognition and measurement

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a controlled entity comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the controlled entity. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interests in the acquiree either at fair value or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred and the amount of any non-controlling interests in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the controlled entity acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent and deferred consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

Summary of acquisition - Car Buyers Australia

On 19 December 2017, the Group acquired Car Buyers Australia Pty Ltd trading as areyouselling.com.au ("Car Buyers"). The principal activity of the business acquired is the online direct to consumer purchasing of used vehicles and the subsequent on sale of these vehicles. The Car Buyers acquisition provides an additional vehicle trade-in option for Eclipx customers and also expands the Grays vehicle sourcing footprint.

Goodwill of $8,237,000 is primarily related to growth expectations, expected future profitability and the expertise of the Car Buyers workforce. The goodwill that arose from this business combination is not expected to be deductible for tax purposes.

The purchase price allocation is final. Car Buyers recorded revenue of $45,795,200 and a profit before tax of $1,094,400 for the period from 19 December 2017 to 30 September 2018. If Car Buyers had been acquired on 1 October 2017, revenue of the Group for the year would have increased by $8,124,893 and profit before tax for the year would have decreased by $59,261.

Comparative year acquisition

In the prior year, the Group acquired 100% interest in Grays eCommerce Group Limited (Grays) and Anrace Pty Ltd trading as Onyx Car Rentals (Onyx).

During the 2018 Financial Year, the Group has completed the acquisition accounting process for Grays and Onyx.

Finalisation of provisional accounting did not impact the comparative year statement of financial position, statement of profit or loss and other comprehensive income or opening retained earnings.

The following tables summarise current year and prior year consideration paid, the fair values of assets acquired and liabilities assumed at the acquisition date.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2018

2.0 Business Result for the Year

CONTINUED

2.5 BUSINESS COMBINATIONS (CONTINUED)

	Car Buyers 2018 $'000	Grays 2017 $'000	Onyx 2017 $'000
Purchase consideration			
Cash paid	7,000	-	9,000
Deferred consideration	460	-	515
Issue of shares in Eclipx Group Limited	-	170,906	-
Issue of rights in Eclipx Group Limited	1,581	-	-
Total	**9,041**	**170,906**	**9,515**
Acquisition-related costs are not included as part of consideration transferred and have been recognised as an expense in the consolidated statement of profit or loss and other comprehensive income, as part of other expenses. The total expenses recognised is:	**488**	**8,807**	**345**

	Car Buyers Final Fair Value $'000	Grays Final Fair Value $'000	Onyx Final Fair Value $'000
Fair values of assets acquired and liabilities assumed:			
Cash and cash equivalents	162	(4,770)	427
Trade and other receivables	1,334	9,754	1,216
Inventory	1,678	1,871	-
Property, plant and equipment	-	831	4,012
Intangible asset - Brand name	1,018	18,931	1,167
Intangible asset - Software	-	11,630	-
Intangible asset - Customer relationships	-	2,865	-
Trade and other liabilities	(2,885)	(16,763)	(1,092)
Borrowings	-	(3,568)	(5,316)
Provisions*	(465)	(8,487)	(611)
Deferred tax liabilities	(38)	(1,834)	(350)
Total identifiable net assets	**804**	**10,460**	**(547)**
Goodwill on acquisition	8,237	160,446	10,062
Purchase consideration	**9,041**	**170,906**	**9,515**

	Car Buyers $'000	Grays $'000	Onyx $'000
Purchase consideration - cash (outflow)			
Cash consideration	(7,000)	-	(9,000)
Deferred consideration**	(460)	-	(515)
Less: Balances acquired	162	(4,770)	427
(Outflow) of cash - Investing activities	**(7,298)**	**(4,770)**	**(9,088)**

* Amounts provisionally disclosed in provisions relating to debtor and inventory have been reclassed to trade and other receivables and inventory. Included in provisions recognised on acquisition of Grays was contingent consideration relating to the acquisition of DMS-Davlan by Grays. The release of the excess provision was released against goodwill.

** Deferred consideration on the Onyx acquisition represents amounts paid on acquisition being held in escrow which was released to the vendor within 12 months of acquisition date.

2.6 TAXATION

Recognition and measurement

Current tax

Current tax assets and liabilities are measured at the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is accounted for in respect of temporary differences arising from differences between the carrying amount of assets and liabilities and the corresponding tax base.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and tax offsets, to the extent that it is probable that sufficient future taxable profits will be available to utilise them.

However, deferred tax assets and liabilities are not recognised for:

- taxable temporary differences that arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future; and
- taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates and tax laws that are expected to apply the year when the asset is utilised or liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised directly in equity and not in the statement of profit or loss and other comprehensive income.

Offsetting deferred tax balances

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Tax consolidation legislation

Eclipx Group Limited and its wholly owned Australian controlled entities are part of a tax-consolidated group under Australian taxation law. Eclipx Group Limited is the head entity in the tax-consolidated group. Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. Under the terms of the tax funding arrangement, Eclipx Group Limited and each of the entities in the tax-consolidated group have agreed to pay (or receive) a tax equivalent payment to (or from) the head entity, based on the current tax liability or current tax asset of the entity.

2.0 Business Result for the Year

CONTINUED

2.6 TAXATION (CONTINUED)

(i) Reconciliation of income tax expense

	Consolidated 2018 $'000	Consolidated 2017 $'000
Profit from continuing operations before income tax expense	**82,959**	**75,874**
Prima facie tax rate of 30.0% (2017 - 30.0%)	24,888	22,762
New Zealand tax rate differentials	(247)	(294)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Share based payments not deductible	101	331
Contingent consideration	(476)	(674)
Finance income on convertible notes	(582)	(610)
Tax losses utilised	(2,963)	-
Other	39	149
Income tax expense	**20,760**	**21,664**
Income tax expense comprises of:	24,400	8,600
Current tax	(3,640)	13,064
Deferred tax	**20,760**	**21,664**
Income tax expense		
Effective tax rate	25.0%	28.6%

(ii) Movement of deferred tax

2018	Opening balance $'000	Charged to profit or loss $'000	Charged to other comprehensive income and equity $'000	Reclassification between current tax payable $'000	Acquired through business combination $'000	Closing Balance $'000	Deferred tax asset $'000	Deferred tax liability $'000
Doubtful debt provision	891	3,014	-	150	-	4,055	4,055	-
Deferred revenue	596	(88)	-	(433)	-	75	75	-
Hedging assets and liabilities	2,758	(180)	53	-	-	2,631	2,631	-
Accruals, employee provisions and other	6,499	131	-	(3,558)	(38)	3,034	9,169	(6,135)
Leasing adjustments	(39,465)	(498)	-	6,822	-	(33,141)	-	(33,141)
Acquisition cost	2,737	(789)	-	2,213	-	4,161	4,161	-
Intangible assets	(20,621)	2,050	-	(143)	-	(18,714)	-	(18,714)
	(46,605)	3,640	53	5,051	(38)	(37,899)	20,091	(57,990)
Set off DTL against DTA							(17,320)	17,320
Net tax assets/ (liabilities)						(37,899)	2,771	(40,670)

2017	Opening balance $'000	Charged to profit or loss $'000	Charged to other comprehensive income and equity $'000	Reclassification between current tax payable $'000	Acquired through business combination $'000	Closing Balance $'000	Deferred tax asset $'000	Deferred tax liability $'000
Doubtful debt provision	2,157	(1,407)	-	-	141	891	891	-
Deferred revenue	179	(16)	-	-	433	596	596	-
Hedging assets and liabilities	5,929	(930)	(2,241)	-	-	2,758	2,758	-
Accruals, employee provisions and other	14,973	(8,066)	-	(5,506)	5,098	6,499	50,336	(43,837)
Leasing adjustments	(30,122)	(9,343)	-	-	-	(39,465)	-	(39,465)
Acquisition cost	612	-	-	-	2,125	2,737	2,737	-
Intangible assets	(12,466)	6,698	-	(4,871)	(9,982)	(20,621)	-	(20,621)
	(18,738)	(13,064)	(2,241)	(10,377)	(2,185)	(46,605)	57,318	(103,923)
Set off DTL against DTA							(54,647)	54,647
Net tax assets/ (liabilities)						(46,605)	2,671	(49,276)

(iii) Franking credits

	Consolidated 2018 $'000	Consolidated 2017 $'000
Franked dividends (Australia)	**11**	(1,797)
Franking credits available for subsequent Financial Years based on a tax rate of 30%	**11**	(1,797)

The negative balance in franking credits in 2017 resulted from the utilisation of $16,462,000 franking credits for the payment of dividends to shareholders, which was greater than Australian tax amounts paid during the year. Eclipx paid a franking deficit tax of $1,800,000 on 31 October 2017 resulting in the franking credit balance no longer being in deficit at that date.

KEY ESTIMATE AND JUDGEMENT: TAXATION

The Group is subject to income taxes in Australia and New Zealand. Significant judgement is required in determining the provision for income taxes. 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 based on estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

3.0 Operating Assets and Liabilities

This section provides information relating to the operating assets and liabilities of the Group.

3.1 PROPERTY, PLANT AND EQUIPMENT

Recognition and measurement

Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the reporting period in which they are incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of profit or loss and other comprehensive income.

Leased property

Leased property is stated at cost less accumulated depreciation and impairment. Cost includes initial direct costs incurred in negotiating and arranging the operating lease contract. In the event that the settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value at the date of acquisition.

Depreciation is brought to account on leased property. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life (being the term of the related lease contract) to its estimated residual value. The assets' residual values and useful lives are revised, and adjusted if appropriate, at the end of each reporting period.

Residual values are assessed for impairment and in the event of a shortfall, an impairment charge is recognised in the current period.

Consolidated	**Plant and equipment $'000**	**Fixture and fittings $'000**	**Motor vehicles and equipment $'000**	**Total $'000**
2017				
Opening net book amount	4,997	6,053	999,251	1,010,301
Acquired as part of business combinations	4,684	687	-	5,371
Additions	1,326	947	444,329	446,602
Transfers to inventory	-	-	(176,560)	(176,560)
Impairment charge	-	-	(309)	(309)
Depreciation charge	(2,819)	(1,549)	(204,190)	(208,558)
Foreign exchange variation	(4)	(18)	(10,673)	(10,695)
Closing net book amount	8,184	6,120	1,051,848	1,066,152
2017				
Cost	19,011	11,747	1,741,071	1,771,829
Accumulated depreciation and impairment	(10,827)	(5,627)	(689,223)	(705,677)
Net book amount	8,184	6,120	1,051,848	1,066,152

Consolidated	**Plant and equipment $'000**	**Fixture and fittings $'000**	**Motor vehicles and equipment $'000**	**Total $'000**
2018				
Opening net book amount	8,184	6,120	1,051,848	1,066,152
Finalisation as part of business combination	(528)	-	-	(528)
Disposals	(3,098)	-	-	(3,098)
Additions	4,102	2,882	391,936	398,920
Transfers to inventory	-	-	(185,334)	(185,334)
Impairment charge	-	-	(402)	(402)
Depreciation charge	(2,434)	(1,381)	(203,868)	(207,683)
Foreign exchange variation	1	(3)	(2,066)	(2,068)
Closing net book amount	6,227	7,618	1,052,114	1,065,959
2018				
Cost	19,475	14,618	1,944,831	1,978,924
Accumulated depreciation and impairment	(13,248)	(7,000)	(892,717)	(912,965)
Net book amount	6,227	7,618	1,052,114	1,065,959

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2018

3.0 Operating Assets and Liabilities

CONTINUED

3.1 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Consolidated	
	2018 $'000	2017 $'000
Motor vehicle and equipment operating leases reported as property, plant and equipment		
Operating leases terminating within 12 months	262,731	246,408
Operating leases terminating after more than 12 months	789,383	805,440
	1,052,114	1,051,848
Net book amount of property, plant and equipment		
Plant and equipment	6,227	8,184
Fixture and fittings	7,618	6,120
	13,845	14,304
Total property, plant and equipment	**1,065,959**	1,066,152

KEY ESTIMATE AND JUDGEMENT: LEASED PROPERTY

The Group reviews the value of leased property at regular intervals. Determining the residual value and any fair value adjustment on leased motor vehicles requires the use of assumptions, including the future value of motor vehicles, economic and vehicle market conditions and dynamics.

3.2 FINANCE LEASES

Recognition and measurement

Amounts due from lessees under finance leases are recorded as receivables. Finance lease receivables are initially recognised at amounts equal to the present value of the minimum lease payments receivable plus the present value of any guaranteed residual value expected to accrue at the end of the lease term. Finance lease payments are allocated between interest revenue and reduction of the lease receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Assets leased under finance leases are classified and presented as lease receivables.

	Consolidated	
	2018 $'000	2017 $'000
Gross investment	633,670	503,662
Unearned income	(88,184)	(59,118)
	545,486	444,544
Amount expected to be recovered within 12 months	178,060	139,291
Amount expected to be recovered after more than 12 months	367,426	305,253
	545,486	444,544

The future minimum lease payments under non-cancellable leases are disclosed in note 4.6(c).

3.3 TRADE RECEIVABLES AND OTHER ASSETS

Recognition and measurement

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

The amount of the impairment loss is recognised in profit or loss within impairment losses on loans and receivables. When a trade receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against impairment losses on loans and receivables in profit or loss.

Collectability of trade receivables is disclosed as part of credit risk. Refer to note 4.2.

	Consolidated	
	2018 $'000	2017 $'000
Net trade receivables		
Trade receivables	72,808	51,689
Credit hire receivables	73,421	47,019
Provision for doubtful debts	(13,832)	(9,025)
	132,397	89,683
Sundry debtors	38,538	24,635
Prepayments	33,215	21,329
Other assets	67	34
Current tax receivable	4,653	2,852
Total trade receivables and other assets	**208,870**	138,533

A significant portion of the above amounts are expected to be recovered within 12 months. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

All of the Group's trade receivables and other assets have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and an allowance for credit losses of $13,831,515 (2017: $9,025,357) has been recorded accordingly.

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

	Consolidated	
	2018 $'000	2017 $'000
At 1 October	9,025	5,242
Acquired as part of business combinations	-	1,693
Provision for doubtful debts recognised during the year	4,807	2,090
At 30 September	13,832	9,025

The creation and release of the provision for impaired receivables has been included in the statement of profit or loss and other comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

3.0 Operating Assets and Liabilities

CONTINUED

3.4 TRADE AND OTHER LIABILITIES

Recognition and measurement

These amounts represent liabilities for goods and services provided to the Group prior to the end of Financial Year which are unpaid.

	Consolidated	
	2018 $'000	2017 $'000
Trade payables	44,004	46,871
Lease liability	4,824	6,854
Accrued expenses	15,678	16,480
Current tax liabilities	7,677	-
Maintenance income received in advance	8,970	11,452
Contingent and deferred consideration (a)	814	3,821
Other payables	36,279	38,113
Total trade and other liabilities	**118,246**	123,591

	Consolidated	
	2018 $'000	2017 $'000
Amount expected to be settled within 12 months	117,854	120,362
Amount expected to be settled after more than 12 months	392	3,229
Total trade and other liabilities	**118,246**	123,591

(a) Under the terms of the sale agreement on the acquisition of FleetSmart during the year ended 30 September 2016, a further cash component of consideration may be payable over a period of eight years of up to $5,233,000, based on achievement of certain performance conditions. The contingent consideration was an estimate of the probable consideration that was to be paid as at the end of the reporting period. As at 30 September 2018, $253,442 (2017: $2,512,000) of this balance remains as contingent. Deferred consideration of $560,000 (2017: $793,000) is recognised at 30 September 2018, payable over a remaining period of three years.

3.5 INTANGIBLES

Recognition and measurement

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the acquired controlled entities at the date of acquisition. Goodwill on acquisitions of controlled entities are included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to a cash-generating unit (CGU) for the purpose of impairment testing. The allocation is made to those CGU's that are expected to benefit from the business combination in which the goodwill arose.

Customer relationships and brand names

Other intangible assets include customer relationships and brand names acquired as part of business combinations and recognised separately from goodwill. Customer relationships are amortised over 10 years on a straight line basis. Brand names are amortised over 20 years on a straight line basis.

Software

Software costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Group has an intention and ability to use the asset.

	Brand names $'000	Customer relationships $'000	Software $'000	Goodwill $'000	Total $'000
2017					
Opening net book amount	18,085	27,933	18,077	533,274	597,369
Acquired as part of business combination (note 2.5)	20,098	2,865	11,630	170,802	205,395
Additions	-	-	15,164	-	15,164
Amortisation charge	(1,172)	(3,658)	(3,174)	-	(8,004)
Foreign exchange variation	(2)	(19)	(220)	(3,074)	(3,315)
Closing net book amount	37,009	27,121	41,477	701,002	806,609
2017					
Cost	38,847	37,520	54,847	701,002	832,222
Accumulated amortisation and impairment	(1,838)	(10,399)	(13,370)	-	(25,613)
Net book amount	37,009	27,121	41,477	701,002	806,609

	Brand names $'000	Customer relationships $'000	Software $'000	Goodwill $'000	Total $'000
2018					
Opening net book amount	37,009	27,121	41,477	701,002	806,609
Acquired as part of business combination (note 2.5)	1,018	-	-	8,237	9,255
Additions	-	-	25,912	-	25,912
Amortisation charge	(1,976)	(3,944)	(5,262)	-	(11,182)
Foreign exchange variation	(1)	(25)	(43)	(600)	(669)
Finalisation as part of business combination (note 2.5)	-	-	-	(294)	(294)
Closing net book amount	36,050	23,152	62,084	708,345	829,631
2018					
Cost	39,864	37,492	80,697	708,345	866,398
Accumulated amortisation and impairment	(3,814)	(14,340)	(18,613)	-	(36,767)
Net book amount	36,050	23,152	62,084	708,345	829,631

3.0 Operating Assets and Liabilities

CONTINUED

3.5 INTANGIBLES (CONTINUED)

(i) Impairment of assets

Goodwill and 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 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. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGUs). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

For the purpose of annual impairment testing, goodwill is allocated to the following CGUs, which are the units expected to benefit from the synergies of the business combinations in which the goodwill arises.

	Consolidated	
	2018 $'000	2017 $'000
Australia Commercial	330,707	280,780
Australia Consumer	154,896	145,871
New Zealand Commercial	110,511	112,790
Grays	112,231	-
Unallocated	-	161,561
Goodwill allocation at 30 September	708,345	701,002

Unallocated goodwill relates to goodwill on the acquisition of Grays which had not been allocated to a CGU at 30 September 2017. The final assessment of the benefits to the relevant CGU's was finalised in 2018.

Goodwill is reviewed on an annual basis or more frequently if events or changes in circumstances indicate a potential impairment. There is no impairment recognised in 2018 (2017: $nil). The impairment test is applied consistently for all CGUs that have goodwill allocated and is based on value in use. The value in use was determined by discounting future cash flows generated from the businesses. Cash flows were projected based on a three-year forecast prepared by management for the applicable CGU, with an extrapolation of expected cash flows into perpetually using the growth rates determined by management.

- Long term growth rate: Australia Commercial 2.60% (2017: 2.00%)
- Long term growth rate: Australia Consumer 2.60% (2017: 2.00%)
- Long term growth rate: Grays 2.60%
- Long term growth rate: New Zealand Commercial 2.60% (2017: 2.00%)
- Discount rates (post tax): All CGUs 11.00% (2017: 11.00%)

Growth rates are reviewed on an annual basis and adjusted based on forecasted expectations of the industry performance, historical data and risks to these expectations. Long term growth rates are based on forecast economic data from the International Monetary Fund. The discount rate takes into consideration the capital and financing structure of the business going forward and adjusted to factor in the changes to the cash flow model which considers the net cash flows and the distribution of these cash flows to equity investors.

4.0 Capital Management

KEY ESTIMATE AND JUDGEMENT: IMPAIRMENT OF GOODWILL

The Group tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions.

This section provides information relating to the Group's capital structure and its exposure to financial risk, how they affect the Group's financial position and performance, and how the risks are managed. The capital structure of the Group consists of debt and equity.

4.1 BORROWINGS

Recognition and measurement

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method. Fair value approximates carrying value in relation to borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

The secured borrowings may be drawn at any time and is subject to annual review. Subject to the continuance of satisfactory credit ratings, the borrowing facilities may be drawn at any time and have an average maturity of 19 months (2017: 16 months).

	Consolidated	
	2018 $'000	2017 $'000
Bank loans	340,200	254,768
Notes payable	1,484,115	1,359,442
Borrowing costs	(9,995)	(7,704)
Chattel mortgages	-	3,901
Total secured borrowings	**1,814,320**	1,610,407
Amount expected to be settled within 12 months	345,878	337,410
Amount expected to be settled after more than 12 months	1,468,442	1,272,997
Total secured borrowings	**1,814,320**	1,610,407

Bank loans

Bank loans are secured by fixed and floating charge over the assets of the Company and all wholly owned subsidiaries. The carrying amount of assets pledged as security was $323,358,000 (2017: $237,085,000).

Notes payable

Notes payable are secured by fixed and floating charge over the motor vehicles and equipment that are leased to customers. The carrying amount of assets pledged as security was $1,743,779,000 (2017: $1,632,549,000).

4.0 Capital Management

CONTINUED

4.1 BORROWINGS (CONTINUED)

Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	Consolidated	
	2018 $'000	2017 $'000
Loan facilities used at reporting date	1,824,315	1,618,111
Loan facilities unused at reporting date	286,790	215,621
Total loan facilities available	**2,111,105**	1,833,732

Financial covenants

The Group has complied with financial covenants of its borrowing facilities during the 2018 and 2017 reporting periods.

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Consolidated	
Liabilities arising from financing activity	Borrowing $'000	Total Cash Flow $'000
Borrowing balance 30 Sep 2017	**1,610,407**	
Proceeds from borrowings	915,965	915,965
Repayments of borrowings	(713,975)	(713,975)
Non cash changes		
Foreign exchange	(2,251)	
Amortisation of capital borrowing cost	4,174	
Borrowing balance 30 Sep 2018	**1,814,320**	

4.2 FINANCIAL RISK MANAGEMENT

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit or loss information has been included where relevant to add further context.

Risk management

The Group's capital management objectives are to:

- ensure the Group's ability to continue as a going concern; and
- provide an adequate return to shareholders,

by pricing products and services commensurately with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity plus its subordinated loan, less cash and cash equivalents as presented on the face of the statement of financial position and cash flow hedges recognised in other comprehensive income.

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure whilst avoiding excessive leverage. This takes into account the subordination levels of the Group's various classes of debt. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. 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 debt.

	Consolidated	
	2018 $'000	2017 $'000
Net debt	1,606,062	1,415,172
Total equity	900,016	863,263
Capital-to-overall financing ratio	**56%**	61%

Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the New Zealand dollar.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The Group manages its exposures to the New Zealand dollar by ensuring that its assets and liabilities in New Zealand are predominantly in New Zealand dollars.

For sensitivity measurement purposes, a +/- 10% (2017:10%) sensitivity in foreign exchange rates to the Australian dollar has been selected as this is considered realistic given the current levels of exchange rates, the recent levels of volatility and market expectations for future movements in exchange rates. Based on the financial instruments held at 30 September 2018, had the Australian dollar weakened/strengthened by 10% (2017:10%) against the New Zealand dollar compared to year-end rates, with other variables held constant, the consolidated entity's after-tax profits for the year and equity would have been $850,039 (2017: $889,824) higher/lower, as a result of exposure to exchange rate fluctuations of foreign currency operations. All foreign exchange risk is due to the translation of the New Zealand entities on consolidation.

(ii) Interest rate risk

	2018		2017	
	Weighted average interest rate %	Balance $'000	Weighted average interest rate %	Balance $'000
Borrowings				
- Fixed interest rate	6.350%	65,000	-	-
- Floating interest rate	4.000%	1,749,320	3.838%	1,610,407
Interest rate swaps (notional principal amount)	2.417%	(1,636,120)	2.665%	(1,514,210)
Unhedged variable debt		113,200		96,197

4.0 Capital Management

CONTINUED

4.2 FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates at the reporting date and assuming that the rate change occurs at the beginning of the Financial Year and is then held constant throughout the reporting period.

The selected basis points (bps) increase or decrease represents the Group's assessment of the possible change in interest rates. A positive number indicates a before-tax increase in profit and equity and a negative number indicates a before-tax decrease in profit and equity.

Sensitivities have been based on an increase in interest rates by 100 bps (2017: 100 bps) and a decrease by 100 bps (2017: 100 bps) across the yield curve.

		Interest rate risk	
2018	**Carrying amount $'000**	**-100 bps Profit/equity $'000**	**+100 bps Profit/equity $'000**
Financial assets			
Cash and cash equivalents	208,258	(2,083)	2,083
Finance leases			
- Fixed interest rate	545,486	-	-
Total (decrease)/increase	**753,744**	**(2,083)**	**2,083**
Financial liabilities			
Borrowings			
- Fixed interest rate	65,000	-	-
- Floating rate	1,749,320	17,493	(17,493)
Trade and other liabilities	118,246	-	-
Derivatives used for hedging	9,037	(16,361)	16,361
Total increase/(decrease)	**1,941,603**	**1,132**	**(1,132)**

		Interest rate risk	
2017	**Carrying amount $'000**	**-100 bps Profit/equity $'000**	**+100 bps Profit/equity $'000**
Financial assets			
Cash and cash equivalents	195,235	(1,952)	1,952
Finance leases			
- Fixed interest rate	444,544	-	-
Total (decrease)/increase	**639,779**	**(1,952)**	**1,952**
Financial liabilities			
Borrowings			
- Floating rate	1,610,407	16,104	(16,104)
Trade and other liabilities	123,591	-	-
Derivatives used for hedging	9,715	(15,142)	15,142
Total increase/(decrease)	**1,743,713**	**962**	**(962)**

Credit risk

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. For amounts due under leases, delinquency would be for amounts more than 30 days overdue. Receivables due under credit hire have different indicators for impairment due to the nature of the product. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The credit quality of financial assets is managed by the Group using internal indicators based on their current probability of default. These indicators are compared to market benchmarks to enable wider comparisons.

Finance leases are secured against individual assets. The carrying values of the assets held as security approximate the written down value of the finance leases.

	Consolidated	
	2018 $'000	**2017 $'000**
Unimpaired past due loans and receivables		
Past due under 30 days	12,659	10,137
Unimpaired past due loans and receivables		
Past due 30 days to under 60 days	8,992	5,593
Past due 60 days to under 90 days	6,901	4,715
Past due 90 days and over	48,347	23,696
Total unimpaired past due loans and receivables	**76,899**	44,141
Total unimpaired loans and receivables	**132,397**	89,683
Unimpaired past due as a percentage of total unimpaired loans and receivables	58%	49%
Unimpaired past due 30 days and over as a percentage of total unimpaired loans and receivables	49%	38%

Trade receivables includes amounts associated with the credit hire business, Right2Drive and Onyx. The credit hire business looks to recover costs from the party at fault or their insurance company. The ageing of credit hire receivables would, by its nature, be materially higher than non-credit hire receivables. The period of ageing is not the main characteristic that defines an impairment for credit hire.

4.0 Capital Management

CONTINUED

4.2 FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. To mitigate against liquidity risk, the Group maintains cash reserves and committed undrawn credit facilities to meet anticipated funding requirements for new business. In addition, the Group can redraw against its committed credit limits if the principal outstanding is reduced by the contractual amortisation payments. Details of unused available loan facilities are set out in note 4.1.

Management monitors rolling forecasts of the Group's liquidity reserve (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows. In addition, the Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Amounts due to funders are repaid directly by rental and repayments received from the Group's customers.

The table below analyses the Group's contractual financial liabilities into relevant maturity groupings. The amounts disclosed below are the contractual undiscounted cash flow. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. For interest rate swaps, the cash flows have been estimated using forward interest rates applicable at the end of the reporting period.

Contractual maturities of financial liabilities 2018	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount $'000
Non-derivatives						
Trade and other liabilities	(117,854)	(268)	(124)	-	(118,246)	(118,246)
Borrowings	(391,478)	(392,650)	(1,085,937)	(64,666)	(1,934,731)	(1,814,320)
Provisions	(9,711)	(4,002)	-	-	(13,713)	(13,713)
Total non-derivatives	**(519,043)**	**(396,920)**	**(1,086,061)**	**(64,666)**	**(2,066,690)**	**(1,946,279)**
Derivatives						
Interest rate swaps	(7,273)	(2,305)	(117)	436	(9,259)	(9,037)
Total derivatives	**(7,273)**	**(2,305)**	**(117)**	**436**	**(9,259)**	**(9,037)**

Contractual maturities of financial liabilities 2017	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount $'000
Non-derivatives						
Trade and other liabilities	(120,362)	(940)	(1,951)	(338)	(123,591)	(123,591)
Borrowings	(380,030)	(362,596)	(915,377)	(60,836)	(1,718,839)	(1,610,407)
Provisions	(16,404)	(3,475)	-	-	(19,879)	(19,879)
Total non-derivatives	**(516,796)**	**(367,011)**	**(917,328)**	**(61,174)**	**(1,862,309)**	**(1,753,877)**
Derivatives						
Interest rate swaps	(8,765)	(1,798)	557	212	(9,794)	(9,715)
Total derivatives	**(8,765)**	**(1,798)**	**557**	**212**	**(9,794)**	**(9,715)**

Fair value risk

This section explains the judgements and estimates made in determining the fair values of the assets and liabilities that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its assets and liabilities into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

2018	Level 1 $'000	Level 2 $'000	Level 3 $'000	Level 4 $'000
Financial liabilities				
Derivatives used for hedging	-	9,037	-	9,037
Total financial liabilities	**-**	**9,037**	**-**	**9,037**

2017	Level 1 $'000	Level 2 $'000	Level 3 $'000	Level 4 $'000
Financial liabilities				
Derivatives used for hedging	-	9,715	-	9,715
Total financial liabilities	**-**	**9,715**	**-**	**9,715**

There were no transfers between levels for recurring fair value measurements during the year. Fair value of financial liabilities and financial assets approximates the carrying value.

A description of the level in the hierarchy is as follows:

Level 2: The fair value of assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an asset or liability are observable, these are included in level 2.

Valuation techniques used to determine fair values

The fair values of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves. The fair value of interest rates swaps are included in level 2. No other assets or liabilities held by the Group are measured at fair value.

4.0 Capital Management

CONTINUED

4.3 CASH AND CASH EQUIVALENTS

Recognition and measurement

For the purpose of presentation in the statement of cash flows, 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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position. Restricted cash, that represents cash held by the entity as required by funding arrangements, is disclosed separately on the statement of financial position and combined for the purpose of presentation in the statement of cash flows.

	Consolidated	
	2018 $'000	2017 $'000
Unrestricted		
Operating accounts	62,078	59,078
	62,078	59,078
Restricted		
Collections accounts	82,776	77,009
Liquidity reserve accounts	32,920	30,648
Vehicle servicing and maintenance reserve accounts	30,484	28,500
Cash at bank and on hand	**146,180**	136,157
Total as disclosed in the statement of cash flows	**208,258**	195,235

The weighted average interest rate received on cash and cash equivalents for the year was 1.32% (2017: 0.76%).

Liquidity reserve, maintenance reserve, vehicle servicing, collateral and customer collection accounts represent cash held by the entity as required under the funding arrangements and are not available as free cash for the purposes of operations of the Group until such time as the obligations of each trust are settled. Term deposit accounts are also not available as free cash for the period of the deposit.

4.4 DERIVATIVE FINANCIAL INSTRUMENTS

Recognition and measurement

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expense.

Amounts accumulated in equity are recycled in the statement of profit or loss and other comprehensive income in the periods when the hedged item will affect profit or loss (for instance, when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

(ii) Derivatives that do not qualify for hedge accounting

Where a derivative instrument does not qualify for hedge accounting or hedge accounting has not been adopted, changes in the fair value of these derivative instruments are recognised immediately in the statement of profit or loss and other comprehensive income.

(iii) Derivatives

Derivatives are only used for economic hedging purposes (to hedge interest rate risk) and not as trading or speculative instruments. The Group has the following derivative financial instruments:

	Consolidated	
	2018 $'000	2017 $'000
Interest rate swaps - cash flow hedges	9,037	9,715
Total derivative financial instrument liabilities	**9,037**	9,715
Amount expected to be settled within 12 months	7,353	8,843
Amount expected to be settled after more than 12 months	1,684	872
Total derivative financial instrument liabilities	**9,037**	9,715

4.5 CONTRIBUTED EQUITY

Recognition and measurement

Ordinary fully paid 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.

2018	2018 Shares	2017 Shares	2018 $'000	2017 $'000
Share capital				
Fully paid ordinary shares	**319,111,693**	310,518,887	**654,765**	635,246
Other equity securities				
Treasury shares	**525,000**	3,475,000	**-**	-
Total issued equity	**319,636,693**	313,993,887	**654,765**	635,246

4.0 Capital Management

CONTINUED

4.5 CONTRIBUTED EQUITY (CONTINUED)

Movements in ordinary share capital

Date	Details	Number of shares	$'000
1 October 2016	Opening balance	258,058,584	455,484
	Issue of shares under the Dividend Reinvestment Plan - 2016	816,908	3,129
20 January 2017	final dividend		
22 April 2017	Loan shares vested	2,950,000	-
7 July 2017	Issue of shares under the Dividend Reinvestment Plan - 2017		
	interim dividend	1,511,759	5,462
11 August 2017	Issue of new shares for acquisition of Grays eCommerce Group	47,081,636	170,906
1 September 2017	Issue of shares on exercise of Options	100,000	265
30 September 2017	Closing balance	310,518,887	635,246
19 January 2018	Issue of shares under the Dividend Reinvestment Plan - 2017		
	final dividend	2,080,270	8,121
22 April 2018	Loan shares vested	2,950,000	-
28 May 2018	Issue of shares on exercise of Options	415,000	1,098
2 July 2018	Issue of shares under the Dividend Reinvestment Plan - 2018		
	interim dividend	3,147,536	10,300
	Closing balance	319,111,693	654,765

Treasury shares

Treasury shares are shares in Eclipx Group Limited that are held by Eclipx Group Limited Employee Share Trust or by staff under loans. These shares are issued under the Eclipx Group Limited Employee Share scheme and the executive LTI Plan. The shares that have not been settled in cash are funded with a loan and are in substance an option and are reflected with zero value until such time that they are settled in cash so as to exercise the option.

	Number of shares 2018	Number of shares 2017
Opening balance	3,475,000	6,425,000
Loan shares vested	(2,950,000)	(2,950,000)
Closing balance	**525,000**	3,475,000

4.6 COMMITMENTS

(a) Telecommunication commitments

Telecommunication commitments contracted for at the end of the reporting period but not recognised as liabilities, are as follows:

	Consolidated	
	2018 $'000	2017 $'000
Telecommunication commitments	**1,782**	2,673

(b) Lease commitments: Group as lessee

(i) Operating leases

The Group leases motor vehicles and commercial premises under non-cancellable operating leases expiring within the next five years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

Commitments in relation to leases contracted for at the end of each reporting period but not recognised as liabilities, are as follows:

	Consolidated	
	2018 $'000	2017 $'000
Within one year	16,309	17,548
Later than one year but not later than five years	27,524	23,493
Later than five years	23,525	8,109
	67,358	49,150

(ii) Finance leases

The Group leases fixed assets which lease expires within the next five years.

Commitments in relation to leases contracted for at the end of each reporting period and recognised as liabilities, are as follows:

	Consolidated	
	2018 $'000	2017 $'000
Within one year Later than one year but not later than five years	1,046	920
Later than one year but not later than five years	2,492	1,864
	3,538	2,784

4.0 Capital Management

CONTINUED

4.6 COMMITMENTS (CONTINUED)

c. Lease commitments: Group as lessor

i. Finance leases

Future minimum lease payments due to the Group under non-cancellable leases, are as follows:

	Consolidated 2018 $'000	Consolidated 2017 $'000
Commitments in relation to finance leases are receivable as follows:		
Within one year	210,530	162,525
Later than one year but not later than five years	421,711	340,364
Later than five years	1,429	773
	633,670	503,662

ii. Operating leases

Minimum lease payments receivable on leases of motor vehicles are as follows:

	Consolidated 2018 $'000	Consolidated 2017 $'000
Minimum lease payments under non-cancellable operating leases of motor vehicles not recognised in financial statements are receivable as follows:		
Within one year	309,259	299,323
Later than one year but not later than five years	366,859	354,554
Later than five years	19,285	22,826
	695,403	676,703

d. Contractual commitments for the acquisition of property, plant or equipment

The Group had contractual commitments for the acquisition of property, plant or equipment totalling $50,740,320 (2017: $50,739,551). These commitments are not recognised as liabilities as the relevant assets have not yet been received.

4.7 CONTINGENT LIABILITIES

On the acquisition of Grays eCommerce Group Limited, the Group acquired a bank guarantee facility. As at 30 September 2018, $1,867,000 (2017: $3,188,000) of the bank guarantee facility has been utilised.

	Consolidated 2018 $'000	Consolidated 2017 $'000
Bank guarantees	**1,867**	3,188

In addition to the bank guarantee above, Grays Group may issue to its customers guarantees relating to the future financial outcomes of auction sales events. Internal controls are in place to ensure that there are no potential future losses arising from these guarantees. At the end of the Financial Year, the maximum exposure is $471,000 of guarantee commitments of this nature on issue, all of which are expected to be settled within 12 months from balance date. The Group does not expect that any of these guarantees will result in losses.

4.8 DIVIDENDS

Recognition and measurement

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, before or at the end of the Financial Year but not distributed at balance date.

Details of dividends paid and proposed during the Financial Year are as follows:

	Consolidated 2018 $'000	Consolidated 2017 $'000
Final dividends paid		
2017 final dividend paid on 19 January 2018; 7.75 cents per ordinary share franked to 100% (2017: 7.00 cents)		
Interim dividends paid	24,335	18,514
2018 interim dividend paid on 02 July 2018; 8.00 cents per ordinary share franked to 100% (2017: 7.50 cents)	25,319	19,897
Total dividends paid	**49,654**	38,411
Final dividends proposed but not recognised at year end		
2018 : 8.00 cents (2017: 7.75 cents) per ordinary share franked to 100%	**25,571**	24,335

On 13 November 2018, the Directors declared a fully franked final dividend for the year ended 30 September 2018 of 8.00 cents per ordinary share, to be paid on 25 January 2019 to eligible shareholders on the register as at 14 December 2018. This equates to a total estimated dividend of $25,570,935 based on the number of ordinary shares on issue as at 30 September 2018. The financial effect of dividends declared after the reporting date are not reflected in the 30 September 2018 financial statements and will be recognised in subsequent financial reports.

5.0 Employee Remuneration and Benefits

Recognition and measurement

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Retirement benefit obligations

The Group makes payments to employees' superannuation funds in line with the relevant superannuation legislation. Contributions made are recognised as expenses when they arise.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Bonus plans

The Group recognises a liability and an expense for bonuses on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

5.1 SHARE BASED PAYMENTS

Share based payments

Share based compensation benefits are provided to employees via the Eclipx Group LTI Plan.

The fair value of options granted under the Eclipx Group LTI Plan is recognised as an expense by the employing entity that receives the employee's services. with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options (vesting period).

The fair value at grant date is independently determined using a Binomial tree option pricing model and Monte-Carlo simulation 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. The fair value of the options granted is then adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in the assumptions about the number of options that are expected to become exercisable. At the end of each reporting period, the Group revises its estimate of the number of options that are expected to become exercisable.

The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the statement of profit or loss and other comprehensive income, with a corresponding adjustment to equity.

In the event a share scheme is cancelled, the remaining unexpensed fair value of the original grant for those options still vesting at the date of cancellation is taken as a charge to the statement of profit or loss and other comprehensive income.

Loan shares

Eclipx Group Limited issued shares to senior management employees of the Group with consideration satisfied by loans to the employees granted by Eclipx Group Limited. These arrangements are considered to be "in substance options" and treated as share-based payments. Whilst the above awards have been made by Eclipx Group Limited, the employees provide services to other entities within the Group, and therefore the associated expenses are borne by those entities that receive the relevant employees' services.

Options

Eclipx Group Limited issued options to key employees of the Group. Whilst the above awards have been made by Eclipx Group Limited, the employees provide services to other entities within the Group, and therefore the associated expenses are borne by those entities that receive the relevant employees' services. Options do not carry a right to receive any dividends. If options vest and are exercised to receive shares, these shares will be eligible to receive any dividends.

Rights

Eclipx Group Limited issued rights to key employees of the Group. Whilst the above awards have been made by Eclipx Group Limited, the employees provide services to other entities within the Group, and therefore the associated expenses are borne by those entities that receive the relevant employees' services. Rights do not carry a right to receive any dividends. If rights vest and are exercised to receive shares, these shares will be eligible to receive any dividends.

The loan shares, options and rights are subject to the same performance hurdles. Refer to Remuneration Report for details of these performance hurdles.

(i) Long Term Incentive Plan

For the year ended 30 September 2018, the following awards were provided under the following employee share ownership plans:

Options and Rights

Each award is subject to testing against certain total shareholder return (TSR) and earnings per share (EPS) conditions on the third year anniversary of the grant.

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

Loan shares

Grant date	Expected vesting date	Exercise price	Weighted average exercise price	Balance at start of the year	Granted during the year	Forfeited during the year	Vested and exercised during the year	Unvested balance at end of the year	Vested balance not exercised
				Number	Number	Number	Number	Number	Number
2018									
25 Sep 08	-	$0.90	$0.90	787,500	-	-	(753,855)	-	33,645
08 May 13	-	$2.03	$2.03	129,744	-	-	-	-	129,744
25 Sep 14	-	$1.47-$1.65	$2.30	10,474,328	-	-	(1,167,017)	-	9,307,311
10 Mar 15	-	$2.30	$2.30	420,000	-	-	(90,000)	-	330,000
22 Apr 15	-	$2.30	$2.30	5,850,000	-	-	(650,000)	-	5,200,000
2017									
25 Sep 08	-	$0.90	$0.90	787,500	-	-	-	-	787,500
08 May 13	-	$2.03	$2.03	129,744	-	-	-	-	129,744
25 Sep 14	-	$1.47-$1.65	$2.30	11,190,775	-	-	(577,803)	-	10,612,972
10 Mar 15	-	$2.30	$2.30	450,000	-	-	(168,644)	-	281,356
22 Apr 15	-	$2.30	$2.30	2,950,000	-	-	(50,000)	-	2,900,000
22 Apr 15	21 Apr 18	$2.30	$2.30	2,950,000	-	-	-	2,950,000	-

5.0 Employee Remuneration and Benefits

CONTINUED

5.1 SHARE BASED PAYMENTS (CONTINUED)

Options

Grant date	Expected vesting date	Exercise price	Weighted average exercise price	Balance at start of the year	Granted during the year	Forfeited during the year	Vested and exercised during the year	Unvested balance at end of the year	Vested balance not exercised
				Number	Number	Number	Number	Number	Number
2018									
22-Apr-15	-	$2.30	$2.30	450,000	-	-	(225,000)	-	225,000
22-Apr-15	-	$2.30	$2.30	725,000	-	-	(175,000)	-	550,000
10-Nov-15	30-Sep-18	$3.06	$3.06	3,730,000	-	(275,000)	-	3,455,000	-
19-Feb-16	30-Sep-18	$3.06	$3.06	1,625,000	-	-	-	1,625,000	-
5-Sep-16	30-Sep-19	$3.80	$3.80	1,000,000	-	-	-	1,000,000	-
4-Nov-16	30-Sep-19	$3.60	$3.60	4,605,000	-	(395,000)	-	4,210,000	-
17-Feb-17	30-Sep-19	$3.60	$3.60	1,760,000	-		-	1,760,000	-
08-Nov-17	30-Sep-20	$4.18	$4.18	-	3,750,000	(110,000)	-	3,640,000	-
22-Feb-18	30-Sep-20	$4.18	$4.18	-	1,264,000	-	-	1,264,000	-
24-Aug-18	30-Sep-20	$4.18	$4.18	-	300,000	-	-	300,000	-
2017									
22-Apr-15	21-Apr-17	$2.30	$2.30	725,000	-	-	(275,000)	-	450,000
22-Apr-15	21-Apr-18	$2.30	$2.30	725,000	-	-	-	725,000	-
10-Nov-15	30-Sep-18	$3.06	$3.06	3,875,000	-	(145,000)	-	3,730,000	-
19-Feb-16	30-Sep-18	$3.06	$3.06	1,625,000	-	-	-	1,625,000	-
5-Sep-16	30-Sep-19	$3.80	$3.80	1,000,000	-	-	-	1,000,000	-
4-Nov-16	30-Sep-19	$3.60	$3.60	-	4,745,000	(140,000)	-	4,605,000	-
17-Feb-17	30-Sep-19	$3.60	$3.60	-	1,760,000	-	-	1,760,000	-

Rights

Grant date	Expected vesting date	Balance at start of the year	Granted during the year	Forfeited during the year	Unvested balance at end of the year
		Number	Number	Number	Number
2018					
10-Nov-15	30-Sep-18	865,000	-	(30,000)	835,000
19-Feb-16	30-Sep-18	400,000	-	(30,000)	370,000
4-Nov-16	30-Sep-19	489,000	-	(10,000)	479,000
17-Feb-17	30-Sep-19	286,000	-	-	286,000
08-Nov-17	30-Sep-20	-	1,090,000	(40,000)	1,050,000
22-Feb-18	30-Sep-20	-	316,000	-	316,000
24-Aug-18 (1)	17-Aug-21	-	200,000	-	200,000

(1) Rights granted on the 23 August 2018 are service rights with Fair value of $2.26. Holders of service rights must be continuously employed by the Company from Grant date to Vesting Date.

Grant date	Expected vesting date	Balance at start of the year	Granted during the year	Forfeited during the year	Unvested balance at end of the year
2017					
10-Nov-15	30-Sep-18	935,000	-	(70,000)	865,000
19-Feb-16	30-Sep-18	400,000	-	-	400,000
4-Nov-16	30-Sep-19	-	489,000	-	489,000
17-Feb-17	30-Sep-19	-	286,000	-	286,000

(i) Fair value of options granted

The fair value for awards granted under Relative TSR vesting conditions is independently determined using the Monte-Carlo simulation pricing model, whilst the fair value for awards granted under EPS Hurdle vesting conditions is independently determined using the Binomial tree pricing model. The models take 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 risk free interest rate for the term of the option.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2018

5.0 Employee Remuneration and Benefits

CONTINUED

5.1 SHARE BASED PAYMENTS (CONTINUED)

The model inputs for options and rights granted during current and previous years are as follows:

Grant date	**23 Aug 2018**	**22 Feb 2018**	**22 Feb 2018**	**08 Nov 2017**	**08 Nov 2017**	**17 Feb 2017**	**17 Feb 2017**	**4 Nov 2016**	**4 Nov 2016**
Award type	**Options**	**Options**	**Rights**	**Rights**	**Options**	**Options**	**Rights**	**Options**	**Rights**
First test date	30 Sep 2020	30 Sep 2020	30 Sep 2020	30 Sep 2020	30 Sep 2020	30 Sep 2019	30 Sep 2019	30 Sep 2019	30 Sep 2019
Retest date	N/A	30 Sep 2021	30 Sep 2021	30 Sep 2021	30 Sep 2021	30 Sep 2020	30 Sep 2020	30 Sep 2020	30 Sep 2020
First vesting date	4 Nov 2020	4 Nov 2020	4 Nov 2020	4 Nov 2020	4 Nov 2020	4 Nov 2019	4 Nov 2019	4 Nov 2019	4 Nov 2019
Expiry date	23 Aug 2023	23 Feb 2023	23 Feb 2023	08 Nov 2022	08 Nov 2022	17 Feb 2022	17 Feb 2022	4 Nov 2021	4 Nov 2021
Share price at the grant date	$2.69	$3.78	$3.78	$4.18	$4.18	$3.90	$3.90	$3.60	$3.60
Loan/exercise price	$2.05	$4.18	Nil	Nil	$4.18	$3.60	Nil	$3.60	Nil
Expected life	3.6 years	3.8 years	2.8 years	4.1 years	4.5 years	3.9 years	2.8 years	4.0 years	3.1 years
Volatility	26.0%	28.0%	28.0%	28.0%	28.0%	28.5%	28.5%	28.5%	28.5%
Risk free interest rate	2.09%	2.23%	2.09%	2.06%	2.11%	2.12%	1.96%	1.78%	1.70%
Dividend yield (p.a)	6.01%	4.59%	4.59%	4.06%	4.06%	4.42%	4.42%	4.67%	4.67%
Average assessed fair value per instrument	$0.42	$0.44	$2.67	$2.99	$0.67	$0.70	$2.87	$0.54	$2.66

N/A: Not Applicable

(ii) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	Consolidated	
	2018 $'000	**2017 $'000**
Awards issued to employees of controlled entities during the year	**454**	4,462

(iii) Terms and conditions of Share Schemes

The share based payments issued since the IPO are subject to vesting conditions. Refer to the Remuneration Report for details of these vesting conditions.

5.2 KEY MANAGEMENT PERSONNEL DISCLOSURE

	Consolidated	
	2018 $'000	**2017 $'000**
Short term employee benefits	3,047	4,662
Post employment benefits	123	114
Long term employee benefits	40	16
Share based payments	37	1,881
	3,247	6,673

6.0 Other

6.1 RESERVES

Recognition and measurement

Share based payment reserve

The share based payment reserve is used to recognise:

- the fair value of options and rights issued to Directors and employees but not exercised;
- the fair value of shares issued to Directors and employees; and
- other share-based payment transactions.

Cash flow hedge reserve

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised in other comprehensive income. Amounts are reclassified to profit or loss when the associated hedge transaction affects profit or loss.

Treasury reserve

Treasury shares are unpaid loan shares in Eclipx Group Limited that have been issued as part of the Eclipx Group Share scheme and the executive LTI Plan. See note 5.1 for further information.

Foreign currency translation reserve

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

	Consolidated	
	2018 $'000	**2017 $'000**
Reconciliation of reserves		
Hedging reserve - cash flow hedges	(5,939)	(6,110)
Treasury reserve	5,529	991
Foreign currency translation reserve	(2,179)	(124)
Share based payments reserve	19,635	17,600
Total reserves	**17,046**	12,357
Movements in reserves		
Hedging reserve - cash flow hedges		
Balance 1 October	(6,110)	(13,335)
Revaluation	244	10,204
Deferred tax	(73)	(2,979)
Balance 30 September	**(5,939)**	(6,110)
Share based payments reserve		
Balance 1 October	17,600	13,138
Rights issued as part of the Car buyers acquisition	1,581	-
Awards issued to employees of controlled entities during the year	454	4,462
Balance at 30 September	**19,635**	17,600

6.2 PARENT ENTITY INFORMATION

(i) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	Consolidated	
	2018 $'000	**2017 $'000**
Statement of financial position		
Current assets	239	8,566
Non-current assets	1,140,140	1,027,961
Total assets	**1,140,379**	1,036,527
Current liabilities	(38,415)	(6,338)
Non-current liabilities	(336,984)	(244,256)
Total liabilities	**(375,399)**	(250,594)
Shareholders equity		
Issued share capital	654,765	635,246
Reserves	13,766	10,412
Retained earnings	96,449	140,275
	764,980	785,933
Profit/(loss) for the year	**(67)**	(92)

(ii) Guarantees entered into by the parent entity

There are cross guarantees given by Eclipx Group Limited, Pacific Leasing Solutions (Australia) Pty Limited, Leasing Finance (Australia) Pty Limited, Fleet Holding (Australia) Pty Limited, PLS Notes (Australia) Pty Limited, Fleet Partners Pty Limited, Fleet Aust Subco Pty Limited, Fleet Partners Franchising Pty Limited, CLFC Pty Limited, Car Insurance Pty Limited, FleetPlus Holdings Pty Limited, CarLoans.com.au Pty Ltd, Fleet Choice Pty Ltd, CLFC Media Holdings Pty Limited, FleetPlus Pty Limited, Eclipx Commercial Pty Ltd, FleetPlus Novated Pty Limited, PackagePlus Australia Pty Limited, Eclipx Insurance Pty Ltd, CarInsurance.com.au Pty Ltd, Right2Drive Pty Ltd, Anrace Pty Ltd, Eclipx MMF Finance Pty Ltd, Grays eCommerce Group Limited, GEG No 1 Pty Ltd, Grays (Aust) Holdings Pty Ltd, GEG Capital Pty Ltd, GEG International Pty Ltd, Grays (NSW) Pty Ltd, Graysonline (SA) Pty Ltd, Grays (VIC) Pty Ltd, GLC Fine Wines Liquor Pty Limited, Grays Eisdell Timms (WA) Pty Limited, Grays Eisdell Timms (QLD) Pty Limited, C M Pty Limited, GraysFinance Pty Ltd, Accident Services Pty Ltd and Car Buyers Australia Pty Ltd.

No liability was recognised by the parent entity or the consolidated entity in relation to the above guarantee as the fair value of the guarantee is immaterial.

(iii) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 September 2018 or 2017. For information about guarantees given by the parent entity, see above.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2018

6.0 Other

CONTINUED

6.3 RELATED PARTY TRANSACTIONS

(i) Transactions within the wholly owned Group

The following transactions occurred with related parties:

The related party payables among Australian entities are interest free and are not due for payment within the next 12 months.

(ii) Controlling entity

The parent entity of the Group is Eclipx Group Limited.

(iii) Interest in other entities

The controlled entities of the Group listed below were wholly owned during the current and prior year, unless otherwise stated:

Australia

Fleet Aust Subco Pty Ltd
Pacific Leasing Solutions (Australia) Pty Ltd
Leasing Finance (Australia) Pty Ltd
PLS Notes (Australia) Pty Ltd
Fleet Holding (Australia) Pty Ltd
Fleet Partners Pty Ltd
FleetPlus Holdings Pty Limited
FleetPlus Pty Ltd
FleetPlus Novated Pty Ltd
PackagePlus Australia Pty Ltd
CLFC Media Holdings Pty Ltd
Eclipx Commercial Pty Ltd
Right2Drive Pty Ltd (b)
Grays eCommerce Group Ltd (a)
Grays (Aust) Holdings Pty Ltd (a)
GEG International Pty Ltd (a)
GraysOnline (SA) Pty Ltd (a)
Grays (VIC) Pty Ltd (a)
Gray Eisdell Timms (WA) Pty Ltd (a)
C M Pty Ltd (a)
Anrace Pty Ltd (d)
ECX Turbo 2017-1
Eclipx - MIPS Member Finance Trust
FP Turbo Series 2016-1 Trust
FP Turbo Trust 2007-1 (Australia)
FP Turbo Series 2014-1 Trust
FP Turbo Warehouse Trust 2014-1 (Australia)
Fleet Partners Franchising Pty Ltd
Eclipx Insurance Pty Ltd
CarInsurance.com.au Pty Ltd
Car Insurance Pty Ltd
CLFC Pty Ltd
CarLoans.com.au Pty Ltd
Fleet Choice Pty Ltd
FP Turbo Series 2015-1 Equipment Trust
FleetPlus Asset Securisation Pty Ltd (c)
FP Turbo Government Lease Trust 2016-1
GEG No. 1 Pty Ltd (a)
GEG Capital Pty Ltd (a)
Grays (NSW) Pty Ltd (a)
GLC Fine Wines & Liquor Pty Ltd (a)
Gray Eisdell Timms (QLD) Pty Ltd (a)
GEM Trust (a)
Eclipx MMF Finance Pty Ltd (e)
GraysFinance Pty Ltd (b)
Accident Services Pty Ltd (j)
Car Buyers Australia Pty Ltd (k)

New Zealand

FleetPlus Ltd (NZ)
CarLoans.co.nz Ltd
Fleet NZ Limited
Eclipx Pacific Leasing Solutions (NZ) Limited (g)
Eclipx Leasing Finance (NZ) Limited (h)
PLS Notes (NZ) Ltd
Right2Drive (New Zealand) Ltd (b)
Grays Auctions Ltd (NZ) (a)
Eclipx NZ Ltd (i)
Eclipx Fleet Holding (NZ) Ltd (f)
Fleetpartners NZ Trustee Ltd
Truck Leasing Ltd
FP Ignition Trust 2011-1 New Zealand
FleetPartners NZ Trust
FPNZ Warehouse Trust 2015-1
FP Ignition 2017 Warehouse Trust
FP Ignition 2017 B Trust

Cayman

Grays Mid East Cayman Inc (a)

a) On 11 August 2017, the Group concluded the 100% acquisition of Grays eCommerce Group Limited.
b) On 31 October 2017, the Group extablished GraysFinance Pty Ltd.
c) The Group does not have control of FleetPlus Asset Securisation Pty Ltd.
d) On 18 November 2016, the Group concluded the 100% acquisition of Anrace Pty Ltd.
e) On 22 November 2016, the Group established Eclipx MMF Finance Pty Ltd.
f) On 15 August 2017, Fleet Holding (NZ) Limited changed its name to Eclipx Fleet Holding (NZ) Limited.
g) On 15 August 2017, Pacific Leasing Solutions (NZ) Limited changed its name to Eclipx Pacific Leasing Solutions (NZ) Limited.
h) On 15 August 2017, Leasing Finance (NZ) Limited changed its name to Eclipx Leasing Finance (NZ) Limited.
i) On 28 September 2017, the Group established Eclipx NZ Limited.
j) On 30 May 2018, the Group established Accident Services Pty Ltd.
k) On 19 December 2017, the Group concluded the 100% acquisition of Car Buyers Australia Pty Ltd as areyouselling.com.au ("Car Buyers").
l) On 6 December 2016, the Group established FP Turbo Series 2016-1 Trust.
m) On 25 September 2017, the Group established Eclipx - MIPS Member Finance Trust.
n) On 1 November 2017, the Group established Eclipx Turbo Series 2017-1 Trust.

(iv) Transactions with other related parties

(a) Relationship with Ironbridge

During the year, Eclipx Group Limited has incurred Nil in fees (2017: $51,900) from Ironbridge Capital Management PLC in relation to Director Fees for G Ruddock. Refer to the Remuneration Report for further information.

(b) Logbook Me Pty Limited

Eclipx Group Limited is party to a contract with Logbook Me Pty Limited (LogbookMe) which supplies a software product that utilises GPS tracking devices which Eclipx on sells to its customers. This product allows Eclipx fleet customers to manage their fringe benefits and fuel tax costs on their fleet as well as fulfilling key driver safety monitoring obligations under workplace health and safety legislation. LogbookMe has agreed not to distribute its product to other fleet management and vehicle finance providers for the term of the contract, subject to minimum subscriber volumes, which have been achieved. The term of the contract is 10 years from 15 October 2014. The device, freight and subscription fees paid to LogbookMe amounted in 2018 to $668,049 (2017: $536,388); the increase resulting from incremental product sales to Eclipx customers.

The LogbookMe tool provided to Eclipx has been instrumental in securing corporate and government tenders.

The Chief Executive Officer and Deputy Chief Executive Officer acquired shares in LogbookMe in 2013, prior to becoming employed by Fleet Holdings (Australia) Pty Ltd. They have not received any distributions from LogbookMe since acquiring this shareholding.

The contract with LogbookMe has been negotiated on an arms length basis with Board oversight.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2018

6.0 Other

CONTINUED

6.4 REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the Group.

	Consolidated	
	2018 $	2017 $
(a) Audit and assurance services		
Audit Services		
KPMG Australian firm:		
Audit and review of financial statements	1,032,933	757,087
(b) Non-audit services		
KPMG Australian firm:		
Debt restructuring	769,520	599,067
Transactional services	-	563,947
Total remuneration for non-audit services for KPMG	**769,520**	1,163,014
Total remuneration for KPMG	**1,802,453**	1,920,101

6.5 DEED OF CROSS GUARANTEE

Eclipx Group Limited, Pacific Leasing Solutions (Australia) Pty Limited, Leasing Finance (Australia) Pty Limited, Fleet Holding (Australia) Pty Limited, PLS Notes (Australia) Pty Limited, Fleet Partners Pty Limited, Fleet Aust Subco Pty Limited, Fleet Partners Franchising Pty Limited, CLFC Pty Limited, Car Insurance Pty Limited, FleetPlus Holdings Pty Limited, CarLoans.com.au Pty Ltd, Fleet Choice Pty Ltd, CLFC Media Holdings Pty Limited, FleetPlus Pty Limited, Eclipx Commercial Pty Ltd, FleetPlus Novated Pty Limited, PackagePlus Australia Pty Limited, Eclipx Insurance Pty Ltd, CarInsurance.com.au Pty Ltd, Right2Drive Pty Ltd, Anrace Pty Ltd, Eclipx MMF Finance Pty Ltd, Grays eCommerce Group Limited, GEG No 1 Pty Ltd, Grays (Aust) Holdings Pty Ltd, GEG Capital Pty Ltd, GEG International Pty Ltd, Grays (NSW) Pty Ltd, Graysonline (SA) Pty Ltd, Grays (VIC) Pty Ltd, GLC Fine Wines & Liquor Pty Limited, Grays Eisdell Timms (WA) Pty Limited, Grays Eisdell Timms (QLD) Pty Limited, C M Pty Limited Grays Finance Pty Ltd, Accident Services Pty Ltd and Car Buyers Australia Pty Ltd are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

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

Set out below is a statement of profit or loss and other comprehensive income for the year of the Closed Group.

	Consolidated	
	2018 $'000	2017 $'000
Statement of profit or loss and other comprehensive income		
Revenue from continuing operations	599,164	461,870
Cost of revenue	(270,852)	(191,479)
Lease finance costs	(46,305)	(44,018)
Net operating income before operating expenses and impairment charges	**282,007**	226,373
Impairment losses on loans and receivables	(1,588)	(3,800)
Net operating income before operating expenses	**280,419**	222,573
Employee benefit expense	(111,652)	(79,955)
Depreciation and amortisation expense	(13,644)	(11,240)
Operating overheads	(74,114)	(57,463)
Total overheads	**(199,410)**	(148,658)
Operating finance costs	(10,913)	(5,903)
Profit before income tax	**70,096**	68,012
Income tax expense	(17,762)	(17,552)
Profit for the year	**52,334**	50,460
Other comprehensive income/(loss), net of tax	(1,884)	2,136
Total comprehensive income for the year	**50,450**	52,596

6.0 Other

CONTINUED

6.5 DEED OF CROSS GUARANTEE (CONTINUED)

Set out below is a consolidated statement of financial position as at reporting date of the Closed Group.

	Consolidated	
	2018 $'000	**2017 $'000**
ASSETS		
Cash and cash equivalents	54,271	35,374
Restricted cash and cash equivalents	96,567	90,490
Trade and other receivables	171,279	118,814
Inventory	22,145	11,369
Finance leases	513,168	424,568
Operating leases reported as property, plant and equipment	644,727	655,780
Property, plant and equipment	12,160	12,761
Receivables - advances to related parties	117,478	99,731
Deferred tax assets	30,388	29,657
Intangibles	691,683	681,127
Total assets	**2,353,866**	2,159,671
LIABILITIES		
Trade and other liabilities	23,023	30,594
Provisions	12,819	18,427
Derivative financial instruments	5,049	5,992
Other	3,538	2,784
Borrowings	1,393,030	1,214,069
Payables - Advances from related parties	13,978	715
Deferred tax liabilities	40,670	49,276
Total liabilities	**1,492,107**	1,321,857
Net assets	**861,759**	837,814
EQUITY		
Contributed equity	656,569	635,246
Reserves	15,712	15,771
Retained earnings	189,478	186,797
Total equity	**861,759**	837,814

* The presentation format of the Consolidated Statement of Financial Position has been changed from a current/non-current basis to order of liquidity. See Note 1 for additional disclosures.

6.6 RECONCILIATION OF CASH FLOW FROM OPERATING ACTIVITIES

	Consolidated	
	2018 $'000	**2017 $'000**
Profit after tax for the year	62,199	54,210
Depreciation and amortisation	218,865	216,562
Doubtful debts	2,237	4,295
Share based payments expense	454	4,467
Fleet and stock impairment	402	309
Unwind on contingent consideration	(3,007)	(2,840)
Net gain on sale of non-current assets	(26,702)	(24,972)
Hedging gain	(358)	(431)
Exchange rate variations on New Zealand cash and cash equivalents	(182)	1,513
Net cash inflow from operating activities before change in assets and liabilities	253,908	253,113
Change in operating assets and liabilities:		
Increase in trade and other receivables	(66,913)	(39,886)
Principal settlement of finance leases	150,748	130,945
(Increase)/decrease in deferred tax assets/liabilities	(8,715)	29,375
Increase/(decrease) in trade and other liabilities	429	(5,128)
(Decrease)/increase in provisions	(6,626)	12,674
(Decrease)/Increase in other current liabilities	(2,484)	1,040
Net cash inflow from operating activities	**320,347**	382,133

6.7 EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 8 November the Group signed a Scheme Implementation Agreement with McMillan Shakespeare Limited ("MMS"ASX: MMS) to merge the companies together to establish a leading salary packaging and fleet company. The proposed merger, which is subject to conditions, will be implemented by MMS acquiring all shares in Eclipx. Under the terms of the merger, Eclipx shareholders will receive 0.1414 MMS shares plus 46 cents cash for each Eclipx share. Under the proposed timetable, a Scheme Booklet is expected to be circulated to all Eclipx shareholders in December 2018 / early January 2019 and an Eclipx Scheme Meeting to consider the Eclipx Scheme is likely to be scheduled for February 2019. Subject to conditions defined within the Eclipx Scheme being satisfied, MMS and Eclipx anticipate the merger to complete in the first quarter of 2019.

On 13 November 2018 the Board declared a fully franked dividend of 8.00 cents per share.

Except for the matters disclosed above, no other matter or circumstance has occurred since the end of the reporting period that may materially affect the Group's operations, the results of those operations or the Group's state of affairs in future Financial Years.

Directors' Declaration

In the opinion of the Directors of Eclipx Group Limited (Group):

(a) The consolidated Financial Statements and notes of the Group that are set out on pages 67 to 120 are in accordance with the Corporations Act 2001, including:

  (i) Giving a true and fair view of the Group's financial position as at 30 September 2018 and of its performance for the Financial Year ended on that date; and

  (ii) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

(c) There are reasonable grounds to believe that the Group and the group entities identified in Note 6.5 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Class Order 98/1418.

(d) 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 for the Financial Year ended 30 September 2018.

(e) The Directors draw attention to note 1 of the consolidated financial statements which includes a statement of compliance with International Financial Reporting Standards.

Kerry Roxburgh
Chairman

Sydney
13 November 2018

Doc Klotz
Chief Executive Officer

Sydney
13 November 2018

KPMG Independent Auditor's Report

To the shareholders of Eclipx Group Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Eclipx 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 September 2018 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:

- Statement of Financial Position as at 30 September 2018
- Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flows for the year then ended
- Notes including a summary of significant accounting policies
- 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 of Opinion

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

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

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

Key Audit Matters

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

- Valuation of goodwill and intangible assets
- Setting of vehicle residual values
- Revenue recognition

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 and intangible assets – ($829.6m)

Refer to Note 3.5 in the Financial Report.

The key audit matter	How the matter was addressed in our audit
Valuation of the Group's goodwill and intangible assets is a Key Audit Matter due to: • the size of the balance (being 29% of total assets); and • the high level of judgement involved by us in assessing the inputs into the models underlying the Group's annual assessment for impairment of goodwill and intangible assets. We focused on the significant forward-looking assumptions the Group applied in its value in use models, including: • forecast growth rates for the Group's underlying cash flows, which can vary based on a range of factors such as the number and fleet size of new customer wins, volume of auction sales, industry growth projections and inflation expectations. The Group operates across different geographies with varying market dynamics, which increases the risk of inaccurate forecasts; and • discount rates, which are complex in nature and may vary according to the conditions and environment the specific cash generating units (CGUs) are subject to from time to time. The Group made the significant acquisition of Grays eCommerce Group Limited in the prior year. This necessitated our consideration of the Group's allocation of goodwill in the current year to the CGUs to which they belong based on the management and monitoring of the business. In addition to the above, the carrying amount of the net assets of the Group exceeded the Group's market capitalisation at year end, increasing the possibility of goodwill being impaired. This further increased our audit effort in this key audit area. In addition to goodwill intangible assets, our audit effort was increased in relation to software intangible assets due to the Group's continued investment in technology, increase in the capitalised software balance and the judgement involved in the Group's assessment of impairment indicators. We involved valuation specialists to supplement our senior audit team members in assessing this Key Audit Matter.	Working with our valuation specialists, our procedures relating more specifically to goodwill included: • Evaluating the value in use valuation methodology adopted by the Group with reference to the requirements of AASB 136 Impairment of Assets accounting standard. • Assessing the integrity of the value in use models used, including the accuracy of the underlying calculation formulas. • Analysing the significant acquisition of Grays eCommerce Group Limited and the Group's internal reporting to assess the Group's monitoring and management of activities and the consistency of the allocation of goodwill to CGUs. • Assessing the Group's discount rates against publicly available data for a group of comparable entities. We also independently developed discount rate ranges considered comparable using publicly available market data for comparable entities, adjusted by risk factors specific to the CGU and the industry and geography they operate in. • Comparing the forecast cash flows contained in the value in use models to Board approved forecasts. • Challenging the Group's cash flow forecast and growth assumptions, including those relating to the fleet size of new customer wins and volume of auction sales using our knowledge of the Group. We also used our knowledge of the Group's industry and past performance, industry growth projections and inflation expectations across different geographies to assess the cash flow forecast. We compared the Group's long- term growth and inflation assumptions to published studies of industry trends and expectations across different geographies, and considered differences experienced across the Group's operations. • Assessing the accuracy of previous Group forecasts to inform our evaluation of forecasts incorporated in the models.

Valuation of goodwill and intangible assets – ($829.6m)

Refer to Note 3.5 in the Financial Report.

The key audit matter	How the matter was addressed in our audit
	• Considering the sensitivity of the models by varying key assumptions such as discount rates and forecast growth rates, within a reasonably possible range, to identify those assumptions at higher risk and to assess the presence of indicators of impairment. • Assessing the Group's reconciliation of differences between the year-end market capitalisation and the carrying amount of the net assets. This included comparing the carrying amount of net assets at year-end to the implicit market capitalisation based on the offer price made by McMillan Shakespeare Limited on 8 November 2018 to acquire all of the Group's shares. • Assessing the disclosures in the Financial Report using our understanding of the Group obtained from our testing and against the requirements of the relevant accounting standards. Our procedures relating more specifically to capitalised software included: • Testing a sample of key controls relating to the review and approval by senior management of software costs capitalised and monitoring of capitalised software projects. • Assessing a sample of software costs capitalised for the relevant nature against the requirements of the relevant accounting standards. • Challenging the Group's assessment regarding impairment indicators in relation to capitalised software. This included comparing the status and cost of software projects in progress to initial approved business cases.

Setting of vehicle residual values

Refer to Critical Accounting Estimates and Assumptions and disclosures over residual values in the context of property, plant and equipment in Note 3.1 in the Financial Report.

The key audit matter

Residual value setting relating to fleet vehicles is a Key Audit Matter due to:

- the significant audit effort required and the high degree of judgement applied by us in assessing the Group's valuation of residual values;
- the flow on impact residual value setting has on a number of key accounts in the Group's Financial Report, including vehicle depreciation and impairment; and
- the timing of revenue recognition across the term of a lease may be affected by aggressive or conservative residual value setting as it impacts the level of revenue recognised during the term of the lease compared to at the end of the lease.

We focused on vehicle impairment and vehicle trading profit as well as the robustness of the process as indicators of the Group's ability to set accurate residual values.

We considered the Group's following significant judgements used in the vehicle impairment model:

- expected forecast residual value at the end of the lease term;
- periodical future lease-related fee cash flow assumptions; and
- assumptions on the timing and future condition of vehicles returned at the end of the lease, and associated cash flows.

How the matter was addressed in our audit

Our procedures included:

- Understanding the process residual values are set by the Group.
- Testing a sample of key controls for the Group's residual valuation process such as the bi-annual review and approval of residual value changes by senior management to assess residual value setting on fleet vehicles.
- Assessing the Group's judgement on future lease-related fee cash flows and end of lease cash flow assumptions. This is based on the timing and future condition of returned vehicles used in the vehicle impairment model by comparing to historical cash flow experience for a sample of previous leases.
- Assessing the Group's ability to forecast vehicle residual values by selecting a statistical sample of vehicles disposed of during the year. We compared the sale price to sales invoices and written down values to assess the ability of the Group to accurately value assets at the end of the lease term.
- Comparing a sample of the current residual values of vehicles against the current market value of those vehicles sourced from an independent database of used vehicle valuations.

Revenue recognition ($758.5m)

Refer to Note 2.2 in the Financial Report.

The key audit matter

Some of the Group's revenue streams include a high level of estimation or accounting complexity. Measurement and recognition of these revenue streams is a Key Audit Matter due to the audit effort arising from:

- The estimation of maintenance revenue using a stage of completion method. We focussed on the key assumptions of the average age, term and usage of the vehicle fleet as well as the proportion of maintenance costs incurred compared to expected for the vehicle type;
- The de-recognition of certain maintenance cash flows due to principal or agent considerations;
- The dependence of the Group on the automation of lease invoicing and the allocation of revenue to different revenue streams;
- The significant judgement required by the Group in assessing the net revenue recorded in relation to rental hire income. The historical collectability rates of receivables related to this income increases our audit effort in this area.

How the matter was addressed in our audit

Our procedures included:

- Assessing the Group's revenue recognition policies against relevant accounting standards.
- Recalculating and assessing the Group's estimates of the stage of completion of the contracted maintenance of leased assets by checking the mathematical accuracy of the stage of completion model. We checked the average age, term and usage assumptions for consistency with internal system generated lease portfolio statistics. We also tested these, on a sample basis, to key criteria in the underlying lease agreements.
- Challenging the Group's judgement in determining the key assumptions by comparing the average cost of maintenance activities performed to publicly available market rates and costs.
- Assessing the Group's judgement on principal or agent maintenance revenue by evaluating the Group's contractual obligations against the recognition criteria in AASB 118 Revenue.
- With the assistance of our IT specialists, testing key automated controls within the leasing database, including the automated system allocation of revenue to different revenue streams.
- Challenging the Group's judgement on the net rental hire revenue recorded based on the historical and expected recoverability of rental hire receivables. We assess historical collectability rates, test a statistical sample of rental hire receivables to subsequent receipts of cash and evaluate trends in recoverability of rental hire revenue.

KPMG

Other Information

Other Information is financial and non-financial information in Eclipx 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.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report and the Remuneration Report. The Chairman's Letter, Managing Director's Report, Our History, Eclipx Group Positioning. Financial Highlights, Business Overview, Corporate Sustainability, Board of Directors, Corporate Directory and Shareholder Information sections of the Annual Report are expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will 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
- 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 Eclipx Group Limited for the year ended 30 September 2018, 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 the Directors' report for the year ended 30 September 2018.

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

KPMG

KPMG

Dean Waters
Partner

Melbourne
13 November 2018

Shareholder Information

INVESTOR INFORMATION

Additional information required by the ASX and not shown elsewhere in this report is as follows, and is current as at 5 December 2018.

Distribution of holders of quoted equity securities

Fully paid ordinary shares

Range of holdings	Number of shareholders	% of shareholders	Ordinary shares held	% of ordinary shares
1 – 1,000	2,583	46.20%	449,603	0.14%
1,001 – 5,000	1,596	28.55%	4,537,623	1.42%
5,001 – 10,000	729	13.04%	5,519,211	1.73%
10,001 – 100,000	612	10.95%	16,043,945	5.02%
100,001 and over	71	1.27%	293,086,311	91.69%
Total	**5,591**	**100%**	**319,636,693**	**100%**

Distribution of holders of unquoted equity securities

Non-Executive Director Options

Range of holdings	Number of option holders	% of option holders	Options held	% of options
1 – 1,000	-	-	-	-
1,001 – 5,000	-	-	-	-
5,001 – 10,000	-	-	-	-
10,001 – 100,000	2	50	100,000	20.6
100,001 and over	2	50	385,000	79.4
TOTAL	**4**	**100**	**485,000**	**100**

LTI Options

Range of holdings	Number of option holders	% of option holders	Options held	% of options
1 – 1,000	-	-	-	-
1,001 – 5,000	-	-	-	-
5,001 – 10,000	11	7.7	110,000	1
10,001 – 100,000	101	70.6	4,160,000	29
100,001 and over	31	21.7	9,849,000	70
TOTAL	**143**	**100**	**14,119,000**	**100**

LTI Rights

Range of holdings	Number of rights holders	% of rights holders	Rights held	% of rights
1 – 1,000	-	-	-	-
1,001 – 5,000	19	18.4	95,000	0.8
5,001 – 10,000	31	30.1	310,000	6.7
10,001 – 100,000	46	44.7	1,611,500	45.5
100,001 and over	7	6.8	1,429,500	47
TOTAL	**103**	**100**	**3,446,000**	**100**

Substantial Shareholder Notices (as disclosed to the ASX)

Shareholders	Ordinary shares held	% of issued shares	Date of notice
Pendal Group Limited	22,458,526	7.03%	03/12/2018
Yarra Funds Management Limited; Yarra Capital Management Holdings Pty Ltd Yarra Management Nominees Pty Ltd; AA Australia Finco Pty Ltd; TA SP Australia Pty Ltd; TA Universal Investment Holdings Ltd	28,804,698	9.01%	08/10/2018
Vinva Investment Management	16,081,777	5.03%	20/08/2018
Renaissance Smaller Companies Pty Ltd	23,361,659	7.31%	09/08/2018

Twenty largest shareholders

Rank	Name	5 Dec 2018	%IC
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	91,023,748	28.48
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	60,053,629	18.79
3	CITICORP NOMINEES PTY LIMITED	30,378,361	9.50
4	NATIONAL NOMINEES LIMITED	30,192,534	9.44
5	BNP PARIBAS NOMS PTY LTD <DRP>	19,725,874	6.17
6	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	11,034,164	3.45
7	ARGO INVESTMENTS LIMITED	10,086,416	3.16
8	SOLIUM NOMINEES (AUSTRALIA) PTY LTD <ALLOCATED A/C>	5,636,628	1.76
9	GMCM INVESTMENTS PTY LTD < MCLENNAN FAMILY TRUST> (1)	3,777,954	1.19
10	MR IRWIN DAVID KLOTZ	3,538,954	1.11
11	CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	2,298,887	0.72
12	UBS NOMINEES PTY LTD	1,841,758	0.58
13	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	1,648,528	0.52
14	YOOGALU PTY LTD	1,630,434	0.51
14	G HARVEY NOMINEES PTY LTD <HARVEY 1995 DISC A/C>	1,630,434	0.51
15	AMP LIFE LIMITED	1,391,071	0.44
16	MR NICHOLAS ANDREW JOHNSON & MRS JANE ELIZABETH JOHNSON <NA & JE JOHNSON S/F A/C>	1,320,000	0.41
17	CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	1,119,627	0.35
18	UBS NOMINEES PTY LTD	1,101,766	0.34
19	MR GEOFFREY KELVIN GRAY <INVESTMENT A/C>	1,037,815	0.32
20	RITCHIE INVESTMENTS PTY LTD < THE RITCHIE TRUST>	910,809	0.28
	Total	**281,379,391**	**88.03**
	Balance of register	**38,257,302**	**11.97**
	Grand total	**319,636,693**	**100.00**

(1) Shares held on trust for Garry McLennan, Director of Eclipx Group Limited

Shareholder Information

CONTINUED

Unmarketable parcel of shares

The number of shareholders holding less than a marketable parcel of ordinary shares is 1,911.

201 shares comprise a marketable parcel at Eclipx Group's closing share price of $2.48 as at 5 December 2018.

Securities subject to escrow arrangements

No securities remain subject to escrow arrangements.

Unquoted equity securities

Non-Executive Director Options

There are 485,000 unquoted options, with a $2.65 exercise price on issue to four option holders.

Further details of the Non-Executive Director Options are outlined as follows:

Option holder	Options held	% of options
Kerry Roxburgh	200,000	41.2
Gail Pemberton	50,000	10.3
Trevor Allen	185,000	38.1
Russell Shields	50,000	10.3

On-market buy-back

There is no current on-market buy-back in relation to Eclipx Group securities.

On-market purchases

There were no on-market purchases by the Company during FY18.

Voting rights

Ordinary Shares – 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 ordinary share shall have one vote.

Options – No voting rights.

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