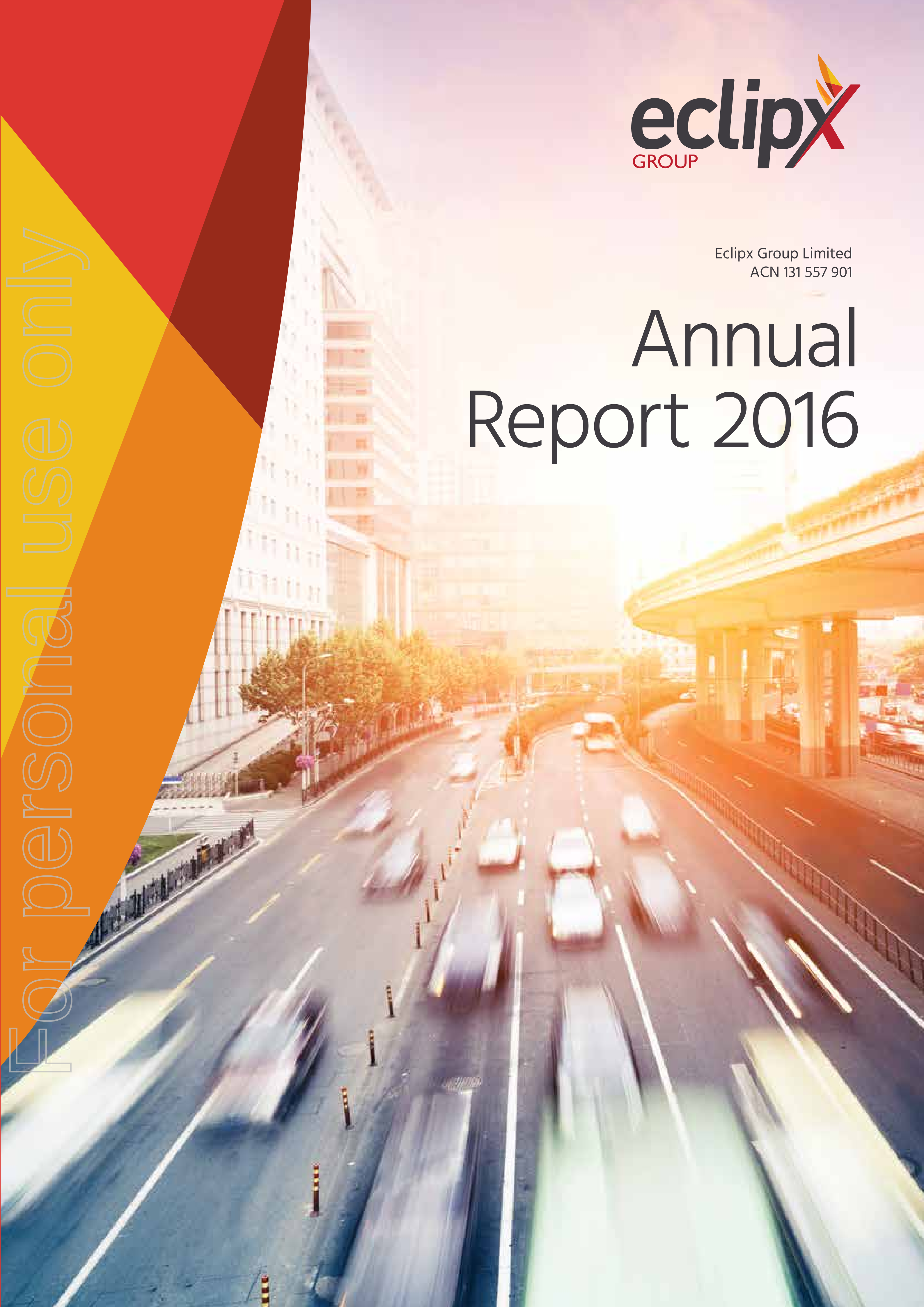
Eclipx Group Limited
ACN 131 557 901

Annual Report 2016



Fleet leasing, fleet management, equipment finance and short term rentals

Eclipx Group is a market leader in vehicle mobility solutions including fleet leasing, fleet management and diversified financial services in Australia and New Zealand.

Eclipx Group provides businesses and consumers with a range of solutions they need to access: fleet leasing and management, connected in-vehicle technology (telematics), commercial equipment finance, novated leasing, consumer vehicle finance and insurance, and medium term vehicle rental and accident replacement.

Our focus is on providing excellent customer service and value add solutions for our customers which translates into high growth for our shareholders. We do this with:

A commitment to putting our customer first by delivering outstanding customer service and experiences, including Net Promoter Scoring (NPS);

Market-leading proprietary technology which offers first-to-market innovation and online technology solutions which provides customers with real-time visibility and management of their vehicles supported by a range of online products and services; and

A well established, scalable and diverse funding model which provides cost-effective, capital-efficient and innovative funding solutions.

CONTENTS

OUR HISTORY

With 29 years of corporate history, Eclipx Group has developed a strong platform of capabilities. In the last two years the business has undergone an exciting transformation led by a talented executive team.

1987
Australian company founded as a JV between ANZ and JMJ Fleet

1990
ANZ and Linfox form JV to establish NZ fleet business

1995
ANZ acquires 100% of AVIS Fleet NZ

1996
ANZ acquires 100% of the Australian and NZ JVs

2001
ANZ acquires PL Lease Management

2006
ANZ sold FleetPartners to Nikko Investments

2008
Nikko sold FleetPartners to GIC and Ironbridge

Early 2014
Significant executive reorganisation

Late 2014
Acquisitions of FleetPlus and Carloans.com.au

Early 2015
Rebrand as Eclipx Group and list on the ASX

Late 2015
Eclipx exceeds FY15 NPATA Prospectus guidance

Early 2016
Acquisition of Right2Drive

Late 2016
Eclipx exceeds FY16 NPATA guidance

eclipx GROUP

CHAIRMAN'S LETTER

On behalf of the Board and the wonderful Eclipx team, we are delighted to present the Eclipx Group Annual Report for 2016.

It's our pleasure to report that we have experienced growth across all our business segments, resulting in a $55.3 million cash Net Profit After Tax and Amortisation (NPATA), an increase of 14% on the previous financial year.

Further highlights for the 2016 financial year including:

- An increase in Cash Earnings Per Share (EPS) of 10% to 22.2 cents
- New Business Writings (NBW) of $913 million, an increase of 15% over the previous financial year
- $2.04 billion in Assets Under Management or Financed (AUMOF), an increase of 15% over the previous financial year, maintaining an NPATA margin at 2.9%
- 99,254 Vehicles Under Management or Financed, an increase of 24% on the previous financial year
- Further diversification into adjacent markets, through the acquisition of the Right2Drive business, providing replacement vehicles to not at fault drivers. Since acquiring Right2Drive in May the business has been meeting our growth expectations
- A fully franked final dividend of 7.0 cps with a record date of 30 December 2016, payable on 20 January 2017
- An increase in our Net Promoter Score to 38

This year's solid results reflect the high calibre of our leadership team, their talent, their passion and their commitment to our customers.

I am particularly pleased about the way the Eclipx culture is evolving. In a fast changing world, our people approach Eclipx customer needs individually, with enthusiasm, with curiosity, always looking for innovative solutions. The collaborative way in which our team operates is reflected in the growth we are seeing.

Delivering on our Vision

Our vision is to provide market leading online mobility solutions to Consumers, SMEs, Corporates and Government businesses and disrupt the way the fleet leasing and the fleet management sectors have traditionally operated in Australia and New Zealand:

- Focusing on seamless delivery of online customer solutions and straight through processing;
- Constant innovation with new product development;
- Originating business, through new alternative distribution channels, including digital;
- Diversifying into adjacent markets including Commercial Equipment, Consumer financing of vehicles and medium term car rental/ accident replacement vehicles.

I'm pleased to say we have made considerable progress in achieving our vision with these recent successes:

- The acquisition of Right2Drive
- Diversification of our distribution through new partnerships and alliances
- Incorporation of insurance and telematics efficiencies to our customers, that improves our customer retention, whilst supporting significant new account wins into the Eclipx fleet
- Realisation of supply chain and acquisition synergies
- Our own investments in technology and scale efficiencies, reflecting in cost/income reductions.

Positive Outlook

It has been an exciting and rewarding year at Eclipx!

We exceeded our guidance for the second year in a row since listing and we are looking forward to the new financial year in anticipation and with confidence. Our focus is customer centric, supported by technology and product innovation that combine to provide a strong platform for growth.

Fellow shareholders, your Board is pleased about our 2016 operational performance and we appreciate your continuing support. We are looking forward to rewarding you by delivering sustained total shareholder returns.

In closing I would like to thank the Board, our management and our outstanding Eclipx team for their energy, their support and for delivering a record result in 2016 and for their continuing commitment to excellence.

Kerry Roxburgh
Chairman

MANAGING DIRECTOR'S REPORT

It is with great pleasure that I present to you Eclipx Group's 2016 Annual Report.

We have delivered another year of strong growth in both new business volumes and earnings with a robust performance across our fleet and consumer businesses.

Our results are an outcome of our continued success in our fleet businesses, increasing profit on sale of used vehicles and the continued success in the consumer segment enhanced by the acquisition of Right2Drive.

Economic conditions continue to be favourable in Australia and New Zealand providing growth opportunities for Eclipx's products and services, as evidenced by our expanding pipeline of new business writings.

Australia - Commercial

The Australian Commercial segment finished the 2016 financial year with a 15% growth in new business writings to $436 million and an 11% increase in Assets Under Management or Financed (AUMOF) to $1.02 billion.

These new account wins will continue to underpin strong growth into future years.

Significant new business wins in the government and large corporate segments are highlighted by Eclipx's inclusion on several government fleet panels and securing government and corporate sole supply contracts.

These new customer wins reflect Eclipx's key competitive differentiators including telematics and expertise in procuring and managing medium/heavy commercial vehicles.

New Zealand - Commercial

The New Zealand Commercial segment increased new business writings by 15% to $191 million highlighting the success of Eclipx's investment in innovative technology and new distribution initiatives.

New Zealand secured the fleet management of 9,000 vehicles in the second quarter 2016, creating a number of new revenue streams and cross-sell opportunities. New Zealand continues to diversify its distribution by establishing alliances with 100 franchised Motor Vehicle Dealers across a range of vehicle manufacturers, leveraging our on-line application and approval processes.

Assets under management or financed finished the 2016 financial year at $446 million, up 19% on the previous year.

Australia Consumer

The Consumer segment, incorporating Carloans.com.au, the novated leasing businesses of FleetPartners and FleetPlus in Australia and the recently acquired Right2Drive business, experienced accelerated growth in the 2016 financial year with a 53% increase in NPATA to $8.7 million.

Since being acquired in May 2016, Right2Drive has delivered to expectations and increased its distribution by expanding its branch network by three to 19.

Significant Cash and Diversified Funding Sources

Eclipx has extensive and diversified sources of funding including committed warehouse and corporate debt facilities, asset-backed securitisations and principal and agency arrangements with a total of 20 funding partners and debt investors.

Eclipx has also refinanced and increased its corporate debt facility to $300 million, increasing the associated debt tenor to a mix of three and five year maturities.

Eclipx finished the 2016 financial year with $474 million in cash and committed undrawn facilities, providing significant headroom for growth.

Our Customers

Throughout 2016, we continued to strengthen relationships with our customers which was reflected in our Net Promoter Score increasing to 38.

Our focus on delivering exceptional customer service has ensured retention of existing customers and driven new customer growth.

Our People

We continue to be committed to attracting, recruiting, engaging and retaining diverse talent and building a culture that supports high performance. We recognise that the passion, energy and dedication of our people has been integral to achieving our successes in 2016 and we would like to thank every member of the Eclipx team for their contribution.

Thank you to the Eclipx team for your support and commitment to a solid 2016 performance and I look forward to leading Eclipx into its next exciting year.

Doc Klotz
Chief Executive Officer and Managing Director

ECLIPX GROUP STRATEGY

PROGRESS SINCE IPO

Leveraging our core competencies to execute against our strategy.

Grow our presence in fleet

- Significant new account pipeline from growth will continue to underpin future growth in fleet
- Diversification into Government and highly rated Corporate sectors
- Continue to build sales and distribution resources and infrastructure

Leverage funding expertise to improve competitiveness

- New specialised funding facilities for Government
- Corporate debt facilities increased and extended
- Clean Energy Funding provides competitive advantage in pricing lower emission vehicles
- Extended and expanded Principal & Agency facilities
- $474 million in committed undrawn facilities and cash available for growth

Use scale efficiencies and cross sell to increase margins

- Use telematics to build a competitive advantage in real time fleet analytics and FBT cost management
- Continued diversification of end of lease disposal and re-leasing channels
- Leverage scale to support cost efficiencies and supply chain improvements

Acquisition Synergies

- Commercial Equipment
- Consumer Finance
- Medium term car rental
- Expansion of the Group's digital asset base

FINANCIAL HIGHLIGHTS

$55.3 **Million** CASH NPAT[1]	14%	GROWTH PCP[2]
$913 **Million** NEW BUSINESS WRITINGS[3]	15%	GROWTH PCP[2]
$2.04 **Billion** ASSETS UNDER MANAGEMENT	15%	GROWTH PCP[2]
13.75 **Cents** DIVIDEND PER SHARE[4]	112%	GROWTH PCP[2]
22.2 **Cents** CASH EARNINGS PER SHARE	10%	GROWTH PCP[2]

1. CASH NPAT – Cash net profit after tax reflects net profit after tax adjusted for the after tax effect of the amortisation of intangible assets and material one-off adjustments or costs that do not reflect the ongoing operations of the business. Refer to page 58.
2. PCP – Prior Comparative Period. **3.** New Business Writings excludes sale and leaseback agreements totaling $47.4 million in FY15 and $19.0 million in FY16. **4.** FY15 dividend of 6.5 cents per share is for the second half of FY15 period only post listing.

Financial year 2016

$ MILLION	FY15 ACTUAL	FY16 ACTUAL	GROWTH PCP
Net Operating Income (NOI)	171.0	**196.3**	15%
Cash NPATA[1]	48.6	**55.3**	14%
New Business Writings (NBW)[2]	793	**913**	15%
AUMOF[3] (closing)	1,770	**2,035**	15%
VUMOF[4] (units)	80,221	**99,254**	24%
Cash EPS[5] (cents)	20.2	**22.2**	10%
Dividend per share[6] (cents)	6.50	**13.75**	112%

We have delivered significant growth in new business written volumes and profitability across all three business segments.

- FY16 NPATA of $55.3 million, up 14% on FY15
- Fully franked final dividend of 7.0 cps to be paid on 20 January 2017
- AUMOF increased $265 million (15%) to $2.04 billion whilst maintaining NPATA margins and high credit quality
- NBW increased 15% to $913 million – reflects new account wins and growth across all segments
- Vehicles financed or managed now exceeds 99,000 vehicles
- Right2Drive acquires Onyx Car Rentals providing critical mass in the Melbourne market
- Increased corporate facility to $300 million and extended term to three and five years – provides low cost capital for growth
- Cash EPS 22.2c, up 10% on FY15
- FY17 NPATA expected to be $65.5 to $67.0 million, implying growth of c18%–21% on FY16

1. Cash NPATA is net profit after tax and tax adjusted add back of intangibles **2.** NBW excludes sale and leaseback agreements totaling $47.4 million in FY15 and $19.0 million in FY16 **3.** AUMOF is assets under management or financed, includes balance sheet and principal and agency (P&A) funded assets **4.** VUMOF is vehicles under management or financed, includes fleet managed vehicles which are not financed **5.** Cash EPS is defined as each period's NPATA divided by the total number of ordinary shares on issue for that period irrespective of the date of issuance in the respective period. Total shares on issue have increased in FY16 due to take-up of Eclipx's dividend reinvestment plan and the issuance of shares for the acquisition of Right2Drive **6.** FY15 dividend of 6.5 cents per share is for the second half of FY15 period only post listing.

BUSINESS OVERVIEW

Review of Operations

Eclipx Group is a customer services focussed and technology-driven financial services organisation, providing fleet leasing and management services, equipment finance, novated leasing, consumer vehicle loans and medium term car rentals to corporate customers and consumers in Australia and New Zealand. Following our listing on the Australian Securities Exchange in 2015, on 29 June 2016 we entered the S&P/ASX 200 index.

Through our portfolio of brand names, “FleetPartners”, “FleetPlus”, “CarLoans.com.au”, “Fleet Choice”, “Eclipx Commercial” and “Right2Drive”, we have $2.04 billion of assets under management or finance as at 30 September 2016. Growth of assets under management or finance is a key driver of profitability as new receivables create management, finance and other income streams that are recognised throughout the life of a lease. Profitability is also driven by the amount of impairments and controlling cost of funds and operating expenses. A key to our success in financial year 2016 was increasing our assets under management or finance by 15% over the previous year whilst reducing our cost-to-income ratio from 57.5% to 55.8%, on a like-for-like basis, through increased scale and supply chain improvements.

Our business is structured in three segments:

- **Australian Commercial (Fleet and Equipment)** – this segment comprises of our Australian fleet leasing and management businesses (FleetPartners and FleetPlus) and our equipment financing business (Eclipx Commercial).
- **New Zealand Commercial** – this segment comprises of our New Zealand fleet leasing and management businesses (FleetPartners and FleetPlus) and our used vehicle retail sales outlet (AutoSelect).
- **Australian Consumer** – this segment comprises of our novated and online consumer loans businesses (FleetPartners, FleetPlus, CarLoans.com.au and Fleet Choice) and our new medium term car rental business (Right2Drive).

On 19 May 2016, we acquired Right2Drive, a leading medium term accident replacement/ car rental operator and existing FleetPartners customer. This business provides rental replacement vehicles to eligible “not-at-fault” drivers that have accident damaged cars. This market is underdeveloped, relatively immature and fragmented in Australia and New Zealand. This acquisition permits further diversification of our end of lease disposal channels whilst also presenting itself as a highly strategic and natural extension of fleet leasing. Since acquiring Right2Drive, we have expanded its branch network to 19 branches across Australia and New Zealand and the business is well placed for continued growth.

Australia Commercial (Fleet and Equipment)

Our new business writings in the Australian Commercial segment grew by 15% over the prior year to $436 million. Total fleet and commercial assets under management or financed in Australia closed the year at $1,024 million.

We have grown our fleet size through new customer wins and investing in our existing relationships through replacing expiring leases. Winning new customers and minimising customer churn is instrumental to growing fleet size over time, and we have had no material customer losses in financial year 2016.

Over the year we have had significant new business wins in the government and large corporate customer segment through leveraging our key competitive differentiators in telematics and medium/heavy commercial vehicle expertise.

Lower costs

We have continued to reduce overheads from larger customer fleet sizes, technology initiatives and scale efficiencies.

Improved customer satisfaction

Net Promoter Score programs introduced in financial year 2015 have continued to enhance our customer relationships and improve satisfaction. We have focused on improving processes that customers have identified as needing improvement to enhance the overall customer experience.

Diversification

The diversification and optimisation of end-of-term vehicle remarketing continues to yield positive results. Channel optimisation, whereby we seek to dispose of end-of-lease vehicles through the channel that yields the best return, was enhanced this year through the acquisition of Right2Drive.

Connected Fleet Solutions

Our market leading telematics offering continues to on-board new customers and provide FBT and vehicle management solutions.

Buoyant services sector

Elsewhere, with growth in the services sector of the economy, Eclipx Commercial is benefitting from an uptick in business from organisations in health, education, legal and financial services.

Significant growth opportunities

With the large number of new relationship wins, there is a significant growth opportunity over the next three to five years. We are also planning to leverage opportunities to expand our "share of wallet" by providing clients with ancillary products and services.

Outlook

We will continue to build on the sales momentum established over the last two years through our competitive advantage in funding supported by the sale of ancillary products including telematics.

New Zealand Commercial

With growth of 15% against the prior year, the New Zealand Commercial Fleet segment delivered $191 million in new business writings in financial year 2016.

On-line origination

Our online origination platform now encompasses 100 franchised motor vehicle dealers across a range of brands. Together with on-line credit approval technology, we are successfully differentiating our New Zealand business from other fleet leasing competitors.

Continuing diversification

Right2Drive's newly established presence in New Zealand provides a new distribution channel for end of lease vehicles in this market.

Outlook

To further grow our New Zealand business, we will focus on growing the cross-sell of ancillary products including telematics.

Australia Consumer

We achieved strong profit growth of 53% in the Australian Consumer segment from significant novated wins for the FleetPartners and FleetPlus businesses, growing CarLoans and the Right2Drive business, which contributed $1.6 million in profit over a four-month period. Overall, new business writings grew to $286 million and assets under management grew to $566 million in financial year 2016.

Distribution

A key initiative of financial year 2016 for the CarLoans business was broadening its distribution channels to include performancedrive.com.au, a content-led car review website owned by Eclipx, and a retail presence through a partnership with Manheim, a global vehicle auction operator.

The acquisition of Right2Drive permits further diversification of our end of lease disposal channels whilst also presenting itself as a highly strategic and natural extension of fleet leasing.

Search Engine Optimisation

We have lowered the average cost of lead acquisition through better search engine marketing optimisation. Together with new social media initiatives, we are being smarter about how we reach new customers.

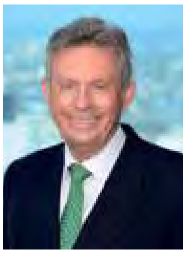
Cross-sell opportunities

We continue to target opportunities to cross-sell novated business into our existing commercial customer base.

Outlook

Right2Drive's expanded branch network together with initiatives in our novated and CarLoans businesses has the segment poised for continued growth.

BOARD OF DIRECTORS



KERRY ROXBURGH, BCOM, MBA, MESAA

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 currently 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. He is also a Chartered Accountant and a Practitioner Member of the Stockbrokers Association of Australia. Kerry was previously Chairman of Tasman Cargo Airlines Pty Ltd, Deputy Chairman of Marshall Investments Pty Ltd and member of the Advisory Board of AON Risk Solutions in Australia.

GAIL PEMBERTON, MA, FAICD

Independent Non-Executive Director since 26 March 2015

Ms Gail Pemberton has more than 30 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 Limited and SIRCA Technology Pty Ltd and Non-Executive Director of QIC Ltd, PayPal Australia Pty Ltd and Melbourne IT Ltd.

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

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

Independent Non-Executive Director since 26 March 2015

Mr Trevor Allen has more than 38 years' of corporate and commercial experience, primarily as a corporate and financial adviser to Australian and international corporates.

Trevor is currently Chairman of Brighte Capital Pty Ltd and a Non-Executive Director of Peet Limited, Freedom Foods Group Ltd, and Yowie Group Limited. He is a Non-Executive Alternate Director, Company Secretary and Public Officer of Australian Fresh Milk Holdings Pty Limited and Fresh Dairy One Pty Limited. Trevor was previously a Non-Executive Director of the Juvenile Diabetes Research Foundation, a member of FINSIA's Corporate Finance Advisory Committee for 10 years, and a board member of AON Superannuation Pty Ltd.

Trevor was previously an Executive Director - Corporate Finance at SBC Warburg and its predecessors for eight years, where he led corporate finance teams on major M&A advisory and capital markets assignments. He was a Corporate Finance Partner at KPMG for nearly 12 years and, at the time of his retirement from KPMG in 2011, he was the Lead Partner in its National Mergers and Acquisitions group.

RUSSELL SHIELDS, FAICD, SA FIN

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. He is currently a Non-Executive Director of Aquis Entertainment Limited and Retail Food Group Ltd. Previously, Russell was the Chairman of Onyx Property Group Pty Ltd.

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.

GREG RUDDOCK, BCOM

Non-Executive Director since 26 March 2015, Chairman to 26 March 2015

Mr Greg Ruddock is currently 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.

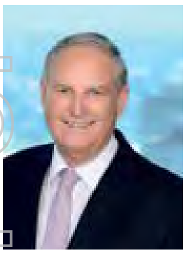
Prior to joining Ironbridge, Greg spent seven years with Wesfarmers in mergers and acquisitions, five years with Kalamazoo Limited in various senior roles, and four years as a Director of Gresham Private Equity.

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, Doc was Head of Operations at FlexiGroup, an ASX 200 company (ASX: FXL). He also has senior executive experience with Travel Services International, Hotels.com and Expedia, Inc. in the United States.



GARRY McLENNAN, BBUS, FCPA, FAICD

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

Mr Garry McLennan has over 35 years' of experience in financial services including five years as Chief Financial Officer at FlexiGroup, an ASX 200 company (ASX: FXL).

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.

Garry currently serves on the Board Audit Committee of Intersect, a full-service eResearch support agency.

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
Trevor Allen
Doc Klotz
Garry McLennan
Gail Pemberton
Greg Ruddock
Russell Shields

Group General Counsel and Company Secretary

Matthew W. Sinnamon

Registered office and principal administration office

Level 32, 1 O'Connell Street
Sydney, NSW, 2000, Australia
Tel: +61 2 8973 7272
Fax: +61 2 8973 7171

Share registry

Link Market Services Limited
Level 12, 608 George Street,
Sydney South, NSW 2000, Australia
Tel: +61 2 8280 7100
Fax: +61 2 9287 0303

Auditor

KPMG
Tower 3, International Towers Sydney
300 Barangaroo Avenue, Sydney 2000
Tel: +61 2 9335 7000
Fax: +61 2 9335 7001

Corporate Governance Statement

A copy of the Eclipx Corporate Governance Statement is available at:
http://investors.eclipxgroup.com/Investor-Centre/?page=Corporate-Governance

FINANCIAL REPORT

For the year ended 30 September 2016

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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 2016.

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, MESAA

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. Until 31 December 2015, he was Chairman of Tasman Cargo Airlines Pty Ltd, and Deputy Chairman of Marshall Investments Pty 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 Association of Australia.

In addition to Eclipx Group Ltd, during the last three years Kerry also served as a Director for the following listed companies: Ramsay Health Care Ltd (appointed July 1997) and Charter Hall Ltd (retired November 2014).

GAIL PEMBERTON

MA (UTS), FAICD

Independent Non-Executive Director since 26 March 2015

Ms Gail Pemberton has more than 30 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 SIRCA Technology Pty Ltd and Non-Executive Director of QIC Ltd, PayPal Australia Pty Ltd and Melbourne IT 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 and UXC Ltd. 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).

TREVOR ALLEN

BCOM (HONS), CA, FF, MAICD

Independent Non-Executive Director since 26 March 2015

Mr Trevor Allen has 38 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, Freedom Foods Group Ltd and Yowie 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. Trevor is the Chairman of Brighte Capital Pty Ltd. Until August 2016 he was a board member of Aon Superannuation Pty Ltd, the trustee of the Aon Master Trust. He was a member of FINSIA's Corporate Finance Advisory Committee for 10 years up until December 2013.

Prior to undertaking non-executive roles, he had 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.

In addition to Eclipx Group Ltd, during the last three years Trevor also served as a Director for the following listed companies: Peet Ltd (appointed April 2012), Freedom Food Group Ltd (appointed July 2013) and Yowie Group Ltd (appointed March 2015).

RUSSELL SHIELDS

FAICD, SA FIN

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.

He is a Non-Executive Director of Aquis Entertainment Ltd and Retail Food Group Ltd. 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 (appointed December 2015).

GREG RUDDOCK

BCOM (UWA)

Non-Executive Director since 26 March 2015, Chairman to 26 March 2015

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.

1. Directors (continued)

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), FCPA, FAICD

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

Mr Garry McLennan has over 35 years' of experience in financial services 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.

Garry currently serves on the Board Audit Committee of Intersect, a full-service eResearch support agency.

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 2016 financial year and the number of meetings attended by each Director. During the year nine Board meetings, four Audit and Risk Committee meetings and two 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	9	9	4	4	2	2
Gail Pemberton	9	9	–	–	2	2
Trevor Allen	9	9	4	4	2	2
Russell Shields	9	8	4	3	–	–
Gregory Ruddock	9	9	4	4	–	–
Garry McLennan	9	9	–	–	–	–
Doc Klotz	9	9	–	–	–	–

4. Review of operations

Business acquisitions

On 31 March 2016 the Group acquired the business and assets of FleetSmart, a division of Cardlink Systems Ltd (FleetSmart). The principal activity of the business acquired is the provision of vehicle fleet management. The business was acquired to support the business' growth strategy in vehicle fleet management in the New Zealand market. FleetSmart recorded a profit before tax of $1.1m for the period under review.

On 19 May 2016 Eclipx acquired Right2Drive Pty Ltd (Right2Drive). The principal activity of the business acquired is the provision of rental replacement vehicles to "not at fault" drivers that have accident damaged cars requiring repair. The business was acquired to provide a platform to expand into the medium term vehicle rental market. Right2Drive recorded a profit before tax of $3.4m 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 and medium term vehicle rentals to the Australian and New Zealand market. As at 30 September 2016 Eclipx managed or financed in excess of 99,000 vehicles across Australia and New Zealand.

In Australia the Group operates under six primary brands: FleetPartners, FleetPlus, FleetChoice, CarLoans.com.au, Right2Drive and Eclipx Commercial.

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 management and maintenance fees, ancillary revenue from related products and services and end of lease income; and
- Vehicle rental (Right2Drive) is where Eclipx rents motor vehicles to "not at fault" drivers that have accident damaged vehicles. Eclipx recognises rental income for the period that the vehicle has been rented and costs directly associated with the rental will be disclosed under cost of revenue.

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 and online and word of mouth business-to-consumer. The Group drives profitability by managing revenue, income generating assets, credit quality and operating expenses.

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.
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 innovation a competitive advantage by upgrading and consolidating IT platforms, infrastructure and apps.
Sales and distribution	Eclipx seeks to create 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.

4. Review of operations (continued)

Group Financial Performance

The table below shows the key financial performance metrics for the 2016 financial year of the Group and its segments:

	Australia Commercial		Australia Consumer		Total		New Zealand Commercial		Total	
	2016 $'m	2015 $'m	2016 $'m	2015 $'m	2016 $'m	2015 $'m	2016 $'m	2015 $'m	2016 $'m	2015 $'m
Net operating income before operating expenses after impairment charges	112.4	110.3	45.1	25.9	157.5	136.2	38.8	34.8	196.3	171.0
Depreciation and amortisation of non financial assets	(1.7)	(1.5)	(0.6)	(0.3)	(2.3)	(1.8)	(0.3)	(0.3)	(2.6)	(2.1)
Operating expenses	(54.9)	(57.2)	(30.9)	(16.8)	(85.8)	(74.0)	(22.3)	(19.7)	(108.1)	(93.7)
Profit before tax, non-recurring costs and interest	**55.8**	**51.6**	**13.6**	**8.8**	**69.4**	**60.4**	**16.2**	**14.8**	**85.6**	**75.2**
Holding company debt interest	(3.8)	(4.0)	(1.2)	(0.7)	(5.0)	(4.7)	(2.3)	(2.1)	(7.3)	(6.8)
Adjustments and amortisation of intangible assets	(7.6)	(24.4)	(5.4)	(4.3)	(13.0)	(28.7)	(0.5)	(1.8)	(13.5)	(30.5)
Tax	(13.1)	(6.6)	(2.1)	(1.1)	(15.2)	(7.7)	(3.7)	(2.7)	(18.9)	(10.4)
Statutory net profit after tax	**31.3**	**16.6**	**4.9**	**2.7**	**36.2**	**19.3**	**9.7**	**8.2**	**45.9**	**27.5**
Material one-off adjustments not reflecting ongoing operations (post tax)	2.7	14.3	2.5	2.5	5.2	16.8	0.1	0.9	5.3	17.7
Intangibles amortisation (post tax)	2.6	2.8	1.3	0.5	3.9	3.3	0.2	0.1	4.1	3.4
Cash net profit after tax	**36.6**	**33.7**	**8.7**	**5.7**	**45.3**	**39.4**	**10.0**	**9.2**	**55.3**	**48.6**

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 material one off adjustments or costs that do not reflect the ongoing operations of the business. The material one off adjustment for 2016 is for costs associated with acquisitions and significant debt and business restructuring. The adjustment for 2015 relates to costs that existed in the business prior to the initial public offer which no longer exist in the business and costs associated with the initial public offer.

Net operating income before operating expenses after impairment charges

Net operating income before operating expenses after impairment charges is $25.3m favourable to the prior period. The favourable variance has been achieved by: an increase in the volume of new business writings; the integration of the Right2Drive and FleetSmart acquisition; an increase in selling prices of vehicles that have been returned at the end of the lease; and additional revenue being received from the sale of related products and services. The Group continues to experience pressure on interest and revenue margin as it continues to grow through FleetPartners and FleetPlus in the large corporate and government sectors.

Operating expenses

Operating expenditure has increased $14.4m compared to the prior period. The increase in operating expenditure is predominantly as a result of the incremental costs associated with Right2Drive and FleetSmart.

4. Review of operations (continued)

Holding company debt interest

The increase of $0.5m to the prior period is as a result of the incremental borrowings under the facility. The amounts drawn under the facility increased from $100.0m to $130.0m.

Adjustments and amortisation of intangible assets

The Group incurred costs that are not reflective of the Group net profit relating to the ongoing operations of the business. The adjustments for 2016 relate to costs incurred as a result of the business acquisitions of Right2Drive and FleetSmart, restructuring of the business and the costs incurred in early terminating the existing corporate debt originated in 2015. The table below shows the value of adjustments for 2016 and 2015:

Cost description	2016 $'m	2015 $'m
Transaction and restructuring costs	**5.1**	14.7
Contingent consideration	**–**	(1.4)
Capital structure	**–**	12.5
Replacement of holding company debt	**2.5**	–
Amortisation of intangibles	**5.9**	4.7
	13.5	30.5

The transaction and restructuring costs for 2015 predominantly relates to costs associated with the initial public offering and acquisitions of CarLoans and FleetPartners New Zealand. The capital structure costs for 2015 relate to costs to support the capital structure of the Group prior to being listed on the Australian Securities Exchange.

Statutory net profit after tax

The statutory profit for 2016 has increased to $45.9m; this represents a growth of $18.4m against the prior period. The predominant factors attributed to this growth are:

- Increase in the value of new business writings as the Group continues to expand into the large corporate and government sectors;
- Expansion through acquisition of Right2Drive and FleetSmart;
- Decrease in significant non-recurring costs; and
- Management of operating costs.

Cash net profit after tax

Eclipx has increased Cash NPATA by $6.7m or 13.8%. This was achieved by increasing net operating income and managing the increase in operating expenses.

4. Review of operations (continued)

Segment results

In the accompanying financial report and consistent with prior periods, Eclipx has identified and disclosed the results of three operating segments:

	Australia Commercial	Australia Consumer	New Zealand Commercial
Description	• Vehicle fleet leasing and management business in Australia. • Commercial equipment finance and leasing. • Eclipx has a diversified funding structure which includes multiple funding parties.	• Online broker facilitating consumer financing for vehicles in Australia. • Consumer novated leasing business in Australia. • Medium term rental to "not at fault drivers".	• Vehicle fleet leasing and management business in New Zealand. • Used vehicle retail sales. • Medium term rental to "not at fault drivers".
Brands	• FleetPartners • FleetPlus • Eclipx Commercial	• FleetPartners • FleetPlus • FleetChoice • CarLoans.com.au • Right2Drive	• FleetPartners • FleetPlus • AutoSelect • CarLoans.co.nz • Right2Drive
Vehicles under management or financed (VUMOF)	49.9%	20.1%	30.0%
Number of vehicles	**49,487**	**19,981**	**29,786**
Net operating income after bad debts before operating expenses	57.2%	23.0%	19.8%
$m	**$112.4m**	**$45.1m**	**$38.8m**
Contribution to Cash NPATA	66.2%	15.7%	18.1%
$m	**$36.6m**	**$8.7m**	**$10.0m**

4. Review of operations (continued)

Australia Commercial

The Australia Commercial segment has contributed 66.2% (2015: 69.1%) to the Cash NPATA of the Group. The segment has seen growth in new business writings of 15.0%. The segment has reported a net operating income of $112.4m which is $2.1m favourable to the amount reported for 2015.

Continued focus on the customer, building on our customer relationships and competitive pricing has allowed the business to experience growth in new business writings. The segment has been successful in increasing its market share with large corporates and has been successful in joining the panel for NSW state fleets.

Technology and operational improvements initiatives have allowed the segment to decrease its operational expenses by $2.3m, which combined with the increase in net operating income has allowed the segment to grow Cash NPATA by 8.6%.

Eclipx Commercial has achieved a 37.8% growth in new business writings. Eclipx Commercial has allowed the Group to expand the product offering on financing to include non-vehicle assets; this continues to provide opportunities for cross selling finance and introducing new clients to the Group.

Australia Consumer

This segment has contributed 15.7% (2015: 11.8%) to the Cash NPATA of the Group. The net operating income of $45.1m (2015: $25.9m) which represents a growth of $19.2m against the prior period was predominantly as a result of the Right2Drive acquisition and the growth in CarLoans.com.au.

The segment was able to achieve a growth of 16.0% in new business writings, this was achieved through:

- Amending of the work hours of the CarLoans.com.au workforce;
- Restructuring the sales team to maximise on existing relationships and the skills of people in the organisation; and
- Widening the delivery channel to our customers.

New Zealand Commercial

The New Zealand Commercial segment has contributed 18.1% (2015: 19.1%) to the Cash NPATA of the Group. The vehicles under management or financed for New Zealand has increased by 10,742 as a result of the acquisition of FleetSmart and growth in the historical FleetPartners and FleetPlus businesses. 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 the wholesale disposal options.

5. Financial position

The Group financial position as at 30 September 2016 is summarised below:

Summary of financial position	2016 $'m	2015 $'m
Cash and cash equivalents	**60.9**	58.1
Restricted cash and cash equivalents	**117.4**	106.4
Receivables and inventory	**115.9**	83.3
Leases	**1,348.4**	1,153.9
Intangibles	**597.4**	504.8
Other	**20.5**	22.9
Total assets	**2,260.5**	1,929.4
Borrowings	**1,415.0**	1,231.2
Trade and other liabilities	**128.7**	96.4
Other	**58.0**	49.7
Total liabilities	**1,601.7**	1,377.3
Net assets	**658.8**	552.1

5. Financial position (continued)

Receivables and inventory

Receivables have predominantly increased as a result of the acquisition of Right2Drive and FleetSmart, coupled with an increase in the amounts being invoiced on a monthly basis to fleet customers that are payable within their contract terms.

Leases

Leases have increased against the prior period by $194.5m or 16.9%. This increase is attributable to the increased business writings that have been experienced across the entire Group. 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 lower bad debt provisions and portfolio impairments are an indication of the quality of assets included in these numbers. The provision for impairment held against operating leases for 2016 is $5.1m (2015: $10.1m).

Borrowings

Borrowings for 2016 include an amount of $130.0m relating to corporate debt. The remaining amount of $1,285.0m relates to funding directly associated with leases and inventory. The value of borrowings has increased in line with the increase in leases.

Cash flows

For the financial year ended 30 September 2016, the Group increased the total cash holdings including restricted cash by $13.7m.

The significant items impacting cash flow this year were:

- An increase in finance and operating leases and inventory which were partially funded through cash;
- The payment of dividends; and
- Additional investment in software, plant and equipment and fixture and fittings.

Funding

Eclipx looks to optimise the funding facilities that it has in place. Eclipx maintains committed funding facilities to cater for the forecasted business growth and as at 30 September 2016, Eclipx had undrawn debt facilities of $405.0m.

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).

During the 2016 financial year Eclipx:

- Replaced the corporate debt facility;
- Rolled over all warehouse facilities; and
- Established an additional warehouse facility for the financing of state government leases.

6. Business strategic objectives

Eclipx is focussed 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.	▸ Three year compound annual growth rate in new business writings of 19%. ▸ Expanded into the state government and large corporate markets.
Diversify into adjacent markets.	▸ Diversified through the acquisitions of CarLoans and Right2Drive. ▸ Established the Eclipx Commercial business.
Leverage the Group's funding expertise to improve competitiveness.	▸ Standalone warehouses to fund equipment finance, consumers and state government to optimise funding rates and capital structures. ▸ Diversified funding sources to allow expansion. ▸ The Group has refinanced the corporate debt facility.
Utilisation of efficiencies of scale and cross selling.	▸ Introduction of telematics devices to assist clients in fleet management to reducetheir 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. ▸ Residual values are reviewed regularly by the pricing and risk team and adjusted based on market information 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.

8. Outlook

For the financial year ended 30 September 2016 Eclipx has been able to exceed the targets set in terms of its financial performance, growth of assets under management or financed and growth in the customer and client base.

For the 2017 financial year Eclipx is forecasting to achieve growth in Cash NPATA and this will be achieved by:

- Growing the volume of new business writings in all segments;
- Managing the competitive price pressures experienced in the market;
- Consolidation of platforms and processes;
- Realising efficiencies of the Group;
- Investing in technology; and
- Growing the presence of Eclipx in the market.

9. Subsequent events

On 27 October 2016, the Group entered into an agreement to acquire Anrace Pty Ltd trading as Onyx Car Rentals (Onyx). The transaction is expected to complete on or about 15 November 2016. On completion, the Group will acquire all of the share capital of Onyx for a consideration of $9.8m which will be settled with available cash. On 1 November 2016 the Board declared a fully franked dividend of 7.00 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:

Fully franked final dividend for the year ended 30 September 2015 of 6.50 cents per ordinary

	2016 $’000	2015 $’000
Fully franked final dividend for the year ended 30 September 2015 of 6.50 cents per ordinary share paid on 29 January 2016.	15,613	–
Fully franked interim dividend for the year ended 30 September 2016 of 6.75 cents per ordinary share paid on 30 June 2016.	16,287	–
	31,900	–

On 1 November 2016, the Directors declared a fully franked final dividend for the year ended 30 September 2016 of 7.00 cents per ordinary share, to be paid on 20 January 2017 to eligible shareholders on the register as at 30 December 2016. This equates to a total estimated dividend of $18,513,851 based on the number of ordinary shares on issue as at 30 September 2016. The financial effect of dividends declared after the reporting date are not reflected in the 30 September 2016 financial statements and will be recognised in subsequent financial reports. The Group will offer a Dividend Reinvestment Plan at a 1.5% discount with no participation limits.

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 2016. 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.

Following review of the services provided by KPMG for the year ended 30 September 2016 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 for non-audit services provided by KPMG were as follows:

Non audit services	2016 $	2015 $
Transactional services including IPO	**179,134**	1,560,878
Debt restructuring	**540,000**	
Reporting and limited assurance engagements	**60,000**	
Tax services	–	226,939
	779,134	1,787,817

A copy of the auditor's independence declaration is set out on page 35 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

Doc Klotz
Chief Executive Officer

Sydney
1 November 2016

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 for the financial year ended 30 September 2016 there have been:

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

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

KPMG

Andrew Dickinson
Partner

Sydney
1 November 2016

LETTER FROM REMUNERATION AND NOMINATION COMMITTEE (UNAUDITED)

30 September 2016

Dear Shareholders

On behalf of the Board, I am pleased to present Eclipx Group Limited's (Group) FY2016 remuneration report.

The year finished strongly, with positive growth in cash earnings per share, net profit after tax and amortization, assets under management or finance and new business writings. Executive Key Management Personnel (Executive KMP) achieved or exceeded the majority of their key performance indicator targets, which is reflected in the short-term incentive awards. No long-term incentive (LTI) awards vested during 2016, as the first grants of LTI awards made at IPO are due to vest in FY2017.

We reviewed our Executive KMP remuneration structure during FY2016 and determined that current arrangements remain aligned with the Group's business strategy, focus on relative shareholder returns and our growth in earnings per share, are market competitive, and appropriately motivate, retain and reward Executive KMP. The Board will keep the Group's remuneration arrangements under review, to ensure Executive KMP continue to be strongly aligned with shareholder interests.

I look forward to the opportunity to discuss the Report with shareholders at the Group's Annual General Meeting in February 2017.

Yours faithfully

Gail Pemberton
Chair of the Remuneration and Nomination Committee

1 November 2016

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 2016 (FY2016).

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 directors fees
7. Service agreements
8. Executive KMP 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. For the purposes of this Report, the term "Executive KMP" covers both Executive Directors and Senior Executives that are KMP of the Group.

For the year ended 30 September 2016, the KMP were:

KMP	Position	Term as KMP
Non-Executive Directors		
Kerry Roxburgh	Independent Chairman	Full Year
Gregory Ruddock	Non-Executive Director	Full Year
Gail Pemberton	Independent Non-Executive Director	Full Year
Trevor Allen	Independent Non-Executive Director	Full Year
Russell Shields	Independent Non-Executive Director	Full Year
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

2. Remuneration governance

The committee consists of three Independent Non-Executive Directors:

- Ms Gail Pemberton (Committee Chair);
- Mr Kerry Roxburgh; and
- Mr Trevor Allen.

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 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.

3. Link to strategy

The Group's remuneration strategy supports rewarding outperformance 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

The Eclipx Strategy is to grow by:

- Transforming its business activities into an online fleet management and customer financial solutions business;
- Growing the consumer business and expanding into other adjacent consumer markets in the medium term;
- Leveraging capabilities and commercial customer relationships to organically grow businesses; and
- Leveraging management's expertise and experience in acquisitions, integration and monetization to participate in further industry consolidation where appropriate.

Remuneration Strategy

The Eclipx 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;
   - Rewarding superior performance; and
   - Providing the opportunity for wealth creation through the LTI plan.

Link to Performance

Remuneration outcomes are linked to performance through:

- 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;
- Applying challenging financial and non-financial KPIs to measure short and long term performance; and
- Ensuring that KPIs focus on strategic business objectives designed to deliver shareholder value.

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 for the Executive KMP group is determined with reference to comparable roles in companies which have a similar market capitalisation, operate in a similar industry, and have similar growth aspirations to Eclipx. Fixed remuneration for each individual is set based on their experience and the value they bring to the Group.

(ii) Short term incentives

The following table outlines the major features of the FY2016 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 FY2016 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 right to an award will be available to Executive KMP. Once this gateway is achieved the percentage achievement of KPIs will determine individual STI outcomes.
What are the FY2016 KPIs?	The FY2016 KPIs were set as follows: ▸ 55% weighting to the Group Financial KPI ▸ 30% weighting to People, Customer and Strategy KPIs ▸ 15% to individual KPIs which included financial and operational deliverables All KPIs are set to be challenging and represent a significant achievement.
Why were these KPIs chosen?	The combination of KPIs was chosen because the Board believes that there needs to be a balance between financial measures and those metrics which support the Group's long term strategy and determines 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.

4. Remuneration framework (continued)

Remuneration components and outcome (continued)

(ii) Short term incentives (continued)

FY2016 Performance Outcomes

The minimum profit gateway (95% of Cash NPATA) was achieved for FY2016, allowing for an individual's STI award to be calculated based on their achievement of certain KPIs.

The table below outlines the KPIs that applied to the Executive KMP in FY2016, and the level of achievement against each respective KPI. 85% of KPIs are shared (i.e., Financial, People, Consumer and Strategy), with the remaining 15% based on individual KPIs.

KPI	Weighting	Level of achievement
Financial: Cash NPATA	55%	Exceeded target
People: Employee engagement	10%	Between threshold and target
Customer: Net promoter score (NPS)	10%	Exceeded target
Strategy: Strategy and risk deliverables	10%	At target
Individual: Financial and operational deliverables	15%	The majority of individual KPIs were achieved or exceeded by each Executive KMP

FY2016 STI Outcomes

The following table outlines the STI awarded to each Executive KMP for FY2016:

Name	Target STI opportunity for FY2016	STI opportunity as % of fixed remuneration		STI earned as % of target	STI forfeited as % of target
		Minimum	Target		
Executive Directors					
Doc Klotz	$850,000	0%	100%	94%	6%
Garry McLennan	$700,000	0%	100%	95%	5%
Senior Executive					
Jeff McLean	$212,500	0%	50%	94%	6%

4. Remuneration framework (continued)

Remuneration components and outcome (continued)

(iii) Long term incentives

The following table outlines the major features of the FY2016 LTI plan

What is the purpose of the LTI plan?	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.
Who is eligible to participate in the plan?	Eligibility to participate in the LTI plan is determined by the Board. All Executive KMP participated in the FY2016 LTI plan.
When was the grant made?	The FY2016 LTI grant was made to Senior Executives on 10 November 2015. The Executive Director grants were approved at the Annual General Meeting and granted on 19 February 2016.
What performance period applies?	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 FY2016 LTI performance period commenced on 1 October 2015 and will conclude on 30 September 2018.
How is the LTI delivered?	The LTI is provided through a mix of Rights and Options (Award). The number of Rights and Options granted in respect of each Award is determined by the Board. The exercise price for the FY2016 Options was set at $3.06 which represented the share price on 10 November 2015.
Are dividends paid during the performance period?	Dividends are not payable on the Award.
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).

Relative TSR component

The percentage of Awards comprising the relative TSR component that vests, if any, will be based on the Company's TSR ranking against the constituents of the ASX 200 (excluding GICS Industry "Metals & Mining" companies) over the Performance Period.

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

The Board reviews the target prior to every grant to ensure alignment with the business strategy. The targets have been set with reference to market expectations and in line with key industry competitors.

For the FY2016 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. FY15 will be the base year for Awards granted under the FY16 LTI Offer. Accordingly, to determine the growth in Cash EPS, the Cash EPS achieved in FY18 will be compared to Cash EPS achieved in FY15, and the level of compound annual growth (stated as a percentage) will determine the proportion of the Cash EPS hurdled Awards that vest.

4. Remuneration framework (continued)

Remuneration components and outcome (continued)

(iii) Long term incentives (continued)

What performance hurdles need to be met? (cont)

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. TSR has been chosen as a performance hurdle because it provides a direct link between executive reward and shareholder return (relative to the Group's peers). Testing will be completed by an independent expert at the end of each vesting period.

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. Testing will be completed against the audited financial accounts at the end of each vesting period.

Is retesting available for any of the performance hurdles?

If, as a result of exceptional circumstances, 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 determined that retesting continued to be appropriate for the FY2016.

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 otherwise.

FY2016 LTI Outcomes

No LTI Awards vested during the FY2016 business year.

4. Remuneration framework (continued)

Remuneration components and outcome (continued)

(iii) Long term incentives (continued)

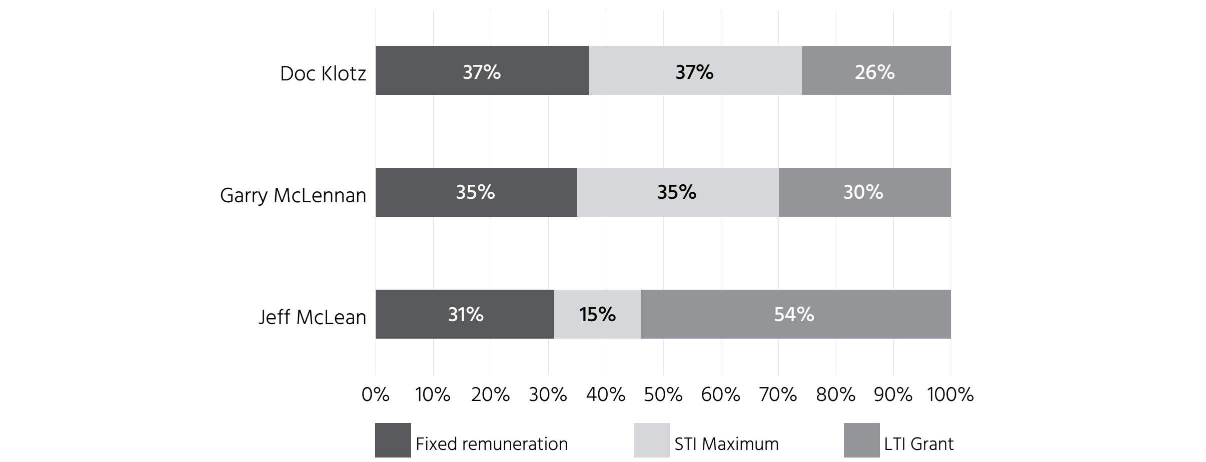
Executive KMP Remuneration Opportunity Mix

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 FY2016 is set out below:

Executive KMP Remuneration Opportunity Mix



Note: The FY2016 LTI grant to Mr McLean reflects that he did not receive an LTI grant at the time of the IPO.

5. Performance against key metrics

The following table provides information on FY2016 performance against key metrics:

Consolidated	2015	2016
Cash NPATA ($'000)	48,585	**55,330**
Cash EPS (cents)	20.23	**22.19**
Share price at the beginning of the year	$2.30[1]	**$3.01**
Share price at the end of the financial year	$3.01	**$4.07**
Change in share price	30.9%	**35.2%**
Dividend paid (cents)	n/a	**13.25**

1 Represents offer price from IPO.

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.

There were no changes to Non-Executive Director fees during FY2016 and the following fee structure was applicable for the full year:

Base fees (per annum)	
Chairman (K Roxburgh)	$250,000
Other Non-Executive Directors	$125,000
Additional fees (per annum)	
Audit and Risk Committee – Chair (T Allen)	$25,000
Audit and Risk Committee – Member (K Roxburgh, R Shields, G Ruddock)	$12,500
Remuneration and Nomination Committee – Chair (G Pemberton)	$20,000
Remuneration and Nomination Committee – Member (K Roxburgh, T Allen)	$10,000

Non-Executive Director fees for Mr Greg Ruddock are paid to Ironbridge Capital Management Pty Ltd and not to Mr Ruddock directly.

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 FY2016, all Non-Executive Directors elected to sacrifice the maximum of 50% of base Director fees to acquire share rights. Subject to the Company's Securities Trade Policy, the salary sacrifice contributions are scheduled to be converted into Share Rights in November 2016.

6. Non-executive director fees (continued)

Non-Executive Directors (Cash and Share based payments)

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

	Short term benefits			Post-employment benefits	Share based payments	
	Salary and fees – cash $	Salary and fees – value of share rights $[1]	Non-monetary $	Super-annuation $[1]	Equity settled $[4]	Total $
Kerry Roxburgh (Chairman)						
FY2016	**135,787**	**125,000**	**–**	**11,713**	**–**	**272,500**
FY2015[2]	130,919	–	–	9,523	249,999	390,441
Russell Shields						
FY2016	**68,493**	**62,500**	**–**	**6,507**	**–**	**137,500**
FY2015[2]	64,717	–	–	6,148	124,998	195,863
Trevor Allen						
FY2016	**89,470**	**62,500**	**–**	**8,030**	**–**	**160,000**
FY2015[2]	75,307	–	–	7,154	124,998	207,459
Gail Pemberton						
FY2016	**75,342**	**62,500**	**–**	**7,158**	**–**	**145,000**
FY2015[2]	68,247	–	–	6,483	124,998	199,728
Nick Johnson[3]						
FY2015	44,308	–	–	4,515	–	48,823

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 Mr Roxburgh, Mr Shields, Mr Allen and Ms Pemberton commenced as Non-Executive Directors on 26 March 2015.

3 Mr Johnson was a Non-Executive Director until 26 March 2015.

4 Mr Roxburgh, Mr Shields, Mr Allen and Ms Pemberton received a one-off offer of shares, to the value of one year's base fees, as compensation for their services and increased workload during the period leading up to the IPO.

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 FY2016:

	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]	Super-annuation $	Share based payments equity settled $	Total $
Executive Directors								
Doc Klotz								
FY2016	**830,236**	**137,036**	**14,400**	**799,000**	**2,301**	**19,764**	**517,546**	**2,320,283**
FY2015	834,571	20,060	69,773	850,000	3,238	18,698	176,667	1,973,007
Garry McLennan								
FY2016	**680,236**	**5,628**	**(36,631)**	**665,000**	**1,872**	**19,764**	**517,546**	**1,853,415**
FY2015	642,841	1,686	82,047	700,000	2,666	18,698	176,667	1,624,605
Senior Executive								
Jeff McLean								
FY2016	**405,236**	**8,463**	**22,612**	**199,750**	**1,136**	**19,764**	**121,059**	**778,020**
FY2015	382,840	2,522	(6,077)	200,000	1,146	18,770	–	599,201

1 Amount represents car parking, medical insurance, flights home and fringe benefits tax. FY2015 non-monetary values have been revised to separate the non-monetary amounts from the annual leave provision.

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.

8. Executive remuneration disclosures (continued)

Actual Remuneration Received

The following table shows details of the actual remuneration received by Executive KMP in FY2016:

	Short term benefits		Long term benefits[2]	
	Salary and fees $[1]	Cash bonus paid in current year $	Superannuation $	Total $
Executive Directors				
Doc Klotz				
FY2016	**862,930**	**850,000**	**19,765**	**1,732,695**
FY2015	830,724	850,000	19,276	1,700,000
Garry McLennan				
FY2016	**707,161**	**700,000**	**19,765**	**1,426,926**
FY2015	638,596	600,000	19,276	1,257,872
Senior Executive				
Jeff McLean				
FY2016	**418,750**	**200,000**	**19,765**	**638,515**
FY2015	379,834	100,000	18,553	498,387

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

2 There were no share based payments that vested during FY2016.

Details of outstanding awards

The maximum value of loan shares 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 vesting period.

KMP	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	Loan shares	TSR tranche 1	400,000	$2.30	0.57	228,000	21 April 2017	21 April 2020
		TSR tranche 2	400,000	$2.30	0.63	252,000	21 April 2018	21 April 2020
		EPS tranche 1	400,000	$2.30	0.59	236,000	21 April 2017	21 April 2020
		EPS tranche 2	400,000	$2.30	0.63	252,000	21 April 2018	21 April 2020
Garry McLennan	Loan shares	TSR tranche 1	400,000	$2.30	0.57	228,000	21 April 2017	21 April 2020
		TSR tranche 2	400,000	$2.30	0.63	252,000	21 April 2018	21 April 2020
		EPS tranche 1	400,000	$2.30	0.59	236,000	21 April 2017	21 April 2020
		EPS tranche 2	400,000	$2.30	0.63	252,000	21 April 2018	21 April 2020

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 vesting period.

KMP	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	Rights	TSR tranche	92,500	–	1.34	123,950	10 Nov 2018	10 Nov 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	Rights	TSR tranche	92,500	–	1.34	123,950		
		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	Rights	TSR tranche	70,000	–	1.86	130,200		
		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		

9. Equity instruments

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

	Held at 1 October 2015			Net Change			Held as at 30 September 2016		
	Shares	Rights	Options[4]	Shares	Rights	Options	Shares	Rights	Options
Non-Executive Directors									
Kerry Roxburgh (Chairman)	133,695[1]	–	200,000	–	–	–	133,695	–	200,000
Russell Shields	69,347[1]	–	200,000	–	–	–	69,347	–	200,000
Trevor Allen	69,347[1]	–	200,000	–	–	–	69,347	–	200,000
Gail Pemberton	79,347[1]	–	200,000	–	–	–	79,347	–	200,000
Greg Ruddock	500,000	–	200,000	100,000	–	–	600,000	–	200,000
Executive Directors									
Doc Klotz	3,802,954	–	–	–	185,000	800,000	3,802,954	185,000	800,000
Garry McLennan	3,821,432[2]	–	–	–	185,000	800,000	3,821,432	185,000	800,000
Senior Executive									
Jeff McLean	1,678,200[3]	–	–	–	140,000	700,000	1,678,200	140,000	700,000

1 In lieu of cash payment, each of the four independent Non-Executive Directors received a one-off offer of Shares, to the value of one year's base fees as compensation for services during the period leading up to the IPO. As these shares relate to past services, they are not subject to any performance conditions or additional service requirements.

2 43,478 of these shares are held by a close family member of the Executive KMP.

3 1,460,809 of these Shares are held in escrow for two years after listing. Shares are also subject to the Company's Securities Trading Policy.

4 Options 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.

10. Loans

Loan shares issued under the Group's LTI plans prior to FY2016 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 not yet exercised	Exercise price	Loan expiry date
Doc Klotz	5,854,967	5,854,967	3,777,954	$2.30	September 2021
Garry McLennan	5,854,967	5,854,967	3,777,954	$2.30	September 2021
Jeff McLean	2,375,667	2,234,770[1]	1,460,809	$2.30	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 FY2015 LTI plan for which loans are still outstanding and subject to vesting conditions. 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	Exercise price	Loan expiry date
Doc Klotz	22 April 2015	3,680,000	3,551,960	1,600,000	$2.30	April 2020
Garry McLennan	22 April 2015	3,680,000	3,525,670	1,600,000	$2.30	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 2016

Consolidated	Note	2016 $'000	2015 $'000
Revenue from continuing operations	2.2	**504,837**	479,568
Cost of revenue	2.2	**(241,537)**	(240,538)
Lease finance costs	2.3	**(65,097)**	(66,417)
Net operating income before operating expenses and impairment charges		**198,203**	172,613
Impairment losses on loans and receivables		**(1,989)**	(1,616)
Employee benefit expense		**(71,835)**	(65,978)
Depreciation, amortisation and impairment expense	2.3	**(8,526)**	(6,799)
Operating overheads	2.3	**(41,259)**	(41,545)
Total overheads		**(121,620)**	(114,322)
Operating finance costs	2.3	**(9,828)**	(18,686)
Profit before income tax		**64,766**	37,989
Income tax expense	2.6(i)	**(18,898)**	(10,435)
Profit for the year		**45,868**	27,554
Other comprehensive income/(expense)			
Item that may be reclassified to profit or loss			
Changes in the fair value of cash flow hedges		**(643)**	(6,590)
Exchange differences on translation of foreign operations		**5,290**	(277)
Other comprehensive income/(expense) for the year, net of tax		**4,647**	(6,867)
Total comprehensive income for the year		**50,515**	20,687
Profit attributable to:			
Owners of Eclipx Group Limited		**45,868**	27,554
Total comprehensive income for the year attributable to:			
Owners of Eclipx Group Limited		**50,515**	20,687

		Cents	Cents
Earnings per share			
Basic earnings per share	2.4	**18.88**	15.43
Diluted earnings per share	2.4	**18.55**	15.36

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 2016

Consolidated	Note	2016 $'000	2015 $'000
ASSETS			
Current assets			
Cash and cash equivalents	4.3	**60,922**	58,162
Restricted cash and cash equivalents	4.3	**117,376**	106,403
Trade receivables and other assets	3.3	**95,321**	62,254
Finance leases	3.2	**104,645**	79,695
Inventory - Motor vehicles		**20,532**	20,972
Operating leases reported as property, plant and equipment	3.1	**212,268**	219,799
Total current assets		**611,064**	547,285
Non-current assets			
Property, plant and equipment	3.1	**11,050**	9,965
Operating leases reported as property, plant and equipment	3.1	**786,983**	700,012
Deferred tax assets	2.6(ii)	**9,519**	12,958
Intangibles	3.5	**597,369**	504,784
Finance leases	3.2	**244,494**	154,379
Total non-current assets		**1,649,415**	1,382,098
Total assets		**2,260,479**	1,929,383
LIABILITIES			
Current liabilities			
Trade and other liabilities	3.4	**123,509**	93,562
Borrowings	4.1	**303,713**	296,082
Derivative financial instruments	4.4	**10,643**	9,468
Provisions		**5,712**	4,080
Other		**607**	385
Total current liabilities		**444,184**	403,577
Non-current liabilities			
Trade and other liabilities	3.4	**5,210**	2,859
Borrowings	4.1	**1,111,326**	935,079
Provisions		**1,493**	1,564
Deferred tax liabilities	2.6(ii)	**28,257**	23,693
Derivative financial instruments	4.4	**10,057**	9,367
Other		**1,137**	1,122
Total non-current liabilities		**1,157,480**	973,684
Total liabilities		**1,601,664**	1,377,261
Net assets		**658,815**	552,122
EQUITY			
Contributed equity	4.5	**455,484**	375,005
Reserves	6.1	**3,470**	(8,776)
Retained earnings		**199,861**	185,893
Total equity		**658,815**	552,122

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 2016

Consolidated	Note	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total equity $'000
Balance at 1 October 2014		84,366	(2,325)	105,745	**187,786**
Profit for the year		–	–	27,554	**27,554**
Cash flow hedges		–	(6,590)	–	**(6,590)**
Foreign currency translation		–	(277)	–	**(277)**
Total comprehensive income for the year		–	(6,867)	27,554	**20,687**
Acquired as part of business combinations	2.5	–	–	51,909	**51,909**
Issue of new shares for acquisition of Fleet NZ Limited	2.5	63,301	–	–	**63,301**
Transactions with owners in their capacity as owners:					
Issue of shares for settlement of CRPS		43,000	–	–	**43,000**
Issue of shares of promissory notes		84,301	–	–	**84,301**
Issue of shares on Initial Public Offering		104,389	–	–	**104,389**
Transaction costs, net of tax		(4,352)	–	–	**(4,352)**
Employee share schemes	5.1	–	816	–	**816**
Movement in treasury reserve		–	730	–	**730**
Transfer from treasury reserve to retained earnings		–	(1,130)	1,130	**–**
Distribution of trust capital and applied capital		–	–	(445)	**(445)**
Balance at 30 September 2015		**375,005**	**(8,776)**	**185,893**	**552,122**
Balance at 1 October 2015		375,005	(8,776)	185,893	**552,122**
Profit for the year		–	–	45,868	**45,868**
Cash flow hedges		–	(643)	–	**(643)**
Foreign currency translation		–	5,290	–	**5,290**
Total comprehensive income for the year		–	4,647	45,868	**50,515**
Issue of new shares and rights for acquisition of Right2Drive Pty Ltd	2.5	73,819	3,708	–	**77,527**
Transactions with owners in their capacity as owners:					
Employee share schemes	5.1	–	2,860	–	**2,860**
Movement in treasury reserve		–	1,031	–	**1,031**
Issue of shares under the Dividend Reinvestment Plan[1]		6,660	–	–	**6,660**
Dividends paid	4.7	–	–	(31,900)	**(31,900)**
Balance at 30 September 2016		**455,484**	**3,470**	**199,861**	**658,815**

1 The issuance of shares under the Dividend Reinvestment Plan included the issuing of 1,084,412 shares on 29 January 2016 and 958,099 ordinary shares on 30 June 2016.

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 2016

Consolidated	Note	2016 $'000	2015 $'000
Cash flows from operations			
Receipts from customers		**744,193**	630,658
Payments to suppliers and employees**		**(303,479)**	(201,232)
		440,714	429,426
Income tax paid		**(8,125)**	(9,954)
Interest received		**2,561**	3,817
Interest paid		**(64,633)**	(66,599)
Net cash inflow from operating activities	6.6	**370,517**	356,690
Cash flows from investing activities			
Purchase of items reported under operating leases	3.1	**(431,452)**	(420,553)
Purchase of items reported under finance leases[1]		**(221,435)**	(165,172)
Purchase of property, plant and equipment and intangibles		**(10,174)**	(11,274)
Payment for acquisitions (net of cash acquired)		**(388)**	(11,622)
Acquired as part of acquisition of Fleet NZ Limited		**–**	38,226
Settlement of deferred consideration		**–**	(9,000)
Proceeds from sales of items reported under operating leases		**159,487**	164,072
Net cash outflow from investing activities		**(503,962)**	(415,323)
Cash flows from financing activities			
Proceeds from borrowings		**811,156**	653,179
Repayments of borrowings		**(640,721)**	(562,750)
Dividends paid		**(25,240)**	–
Proceeds from issuing of shares		**–**	97,701
Distribution of trust capital and applied capital		**–**	(446)
Settlement of promissory notes		**–**	(73,422)
Net cash inflow from financing activities		**145,195**	114,262
Net increase in cash and cash equivalents		**11,750**	55,629
Cash and cash equivalents at the beginning of the financial year, net of overdraft		**164,565**	108,731
Exchange rate variations on New Zealand cash and cash equivalent balances		**1,983**	205
Cash and cash equivalents at end of the year, net of overdraft	4.3	**178,298**	164,565

** Cash flows relating to the finance leases were previously included in "Payments to suppliers and employees". To better reflect the nature of income generating assets purchased, the cash flows have been reclassified to "Purchase of items reported under finance leases".

As a result of this reclassification, for the year ended 30 September 2015, cash outflow relating to "Payments to suppliers and employees" has decreased to $201,232,000 from $366,404,000, and cash outflow relating to "Purchase of items reported under finance leases" has increased to $165,172,000 from nil previously.

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 2016

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 1 November 2016.

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 and certain classes of property, plant and equipment.

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.

Accounting estimates and judgements	Note	Page
Impairment of goodwill	3.5	74
Income taxes	2.6	67
Residual value and fair value adjustment	3.1	70

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 to. 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 2016 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.

1.0 Introduction to the report (continued)

(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.

New and revised standards and interpretations adopted by the Group

The Group has adopted, for the first time, certain standards that made changes to a number of existing Australian Accounting Standards and they have not had any material effect on the Group's financial position or performance. These standards have been set out below.

AASB 2015-3: Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality.

1.0 Introduction to the report (continued)

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 2016 and are set out below. The impact of these new or revised Accounting Standards and Interpretations has not yet been determined.

Reference	Description	Application of Standard	Application by Group
AASB 9 *Financial Instruments*	The AASB has issued the complete AASB 9. The new standard includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, and supplements the new general hedge accounting requirements previously published.	1 January 2018	1 October 2018
AASB 15 *Revenue from Contracts with Customers*	The standard contains a single model that applies to contracts with customer and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.	1 January 2018	1 October 2018
AASB 16 *Leases*	AASB 16 removes the classification of leases as either operating leases or finance leases – for the lessee – effectively treating all leases as finance leases. Short-term leases (less than 12 months) and leases of low-value assets (such as personal computers) are exempt from the lease accounting requirements. There are also changes in accounting over the life of the lease. In particular, companies will now recognise a front-loaded pattern of expense for most leases, even when they pay constant annual rentals. Lessor accounting remains similar to current practice – i.e. lessors continue to classify leases as finance and operating leases.	1 January 2019	1 October 2019

NOTES TO THE FINANCIAL STATEMENT

for the year ended 30 September 2016

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 regularly reviewed by the Group's Chief Operating Decision Maker in order to effectively allocate Group resources and assess performance.

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Chief Operating Decision Makers to make strategic decisions. The Chief Operating Decision Makers are the Chief Executive Officer and the Deputy Chief Executive Officer.

Three reportable segments have been identified: Australia Commercial, Australia Consumer and New Zealand Commercial. The segments are based on the class of customer to which services are provided. Services in all segments include the provision of lease finance and fleet management to customers.

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 items that do not reflect the ongoing operations of the Group and amortisation of acquired intangible assets. Each of these operating segments is managed separately as each of these service lines requires different resources as well as marketing approaches.

2016

	Australia Commercial $'000	Australia Consumer $'000	Australia Total $'000	New Zealand Commercial $'000	Total $'000
Net operating income before operating expenses and impairment charges	**113,885**	**45,052**	**158,937**	**39,266**	**198,203**
Depreciation and amortisation of non-financial assets	(1,663)	(568)	(2,231)	(336)	(2,567)
Bad and doubtful debts	(1,531)	–	(1,531)	(458)	(1,989)
Operating expenses	(54,870)	(30,874)	(85,744)	(22,289)	(108,033)
Profit before tax, non-recurring costs and interest	**55,821**	**13,610**	**69,431**	**16,183**	**85,614**
Holding company debt interest	(3,828)	(1,216)	(5,044)	(2,295)	(7,339)
Adjustments[1]	(7,606)	(5,450)	(13,056)	(453)	(13,509)
Tax	(13,099)	(2,083)	(15,182)	(3,716)	(18,898)
Statutory net profit after tax	**31,288**	**4,861**	**36,149**	**9,719**	**45,868**
Intangibles amortisation including tax impact	2,651	1,313	3,964	214	4,178
Restructure and acquisition costs including tax impact	2,669	2,502	5,171	113	5,284
Cash net profit after tax	**36,608**	**8,676**	**45,284**	**10,046**	**55,330**

1 Adjustments relate to acquisition related costs, corporate debt restructuring costs, amortisation of intangibles and other restructuring costs.

2.0 Business result for the year (continued)

2.1 Segment information (continued)

2015

	Australia Commercial $'000	Australia Consumer $'000	Australia Total $'000	New Zealand Commercial $'000	Total $'000
Net operating income before operating expenses and impairment charges	**112,191**	**25,914**	**138,105**	**34,508**	**172,613**
Depreciation and amortisation of non-financial assets	(1,514)	(267)	(1,781)	(274)	(2,055)
Bad and doubtful debts	(1,884)	–	(1,884)	268	(1,616)
Operating expenses	(57,207)	(16,759)	(73,966)	(19,708)	(93,674)
Profit before tax, non-recurring costs and interest	**51,586**	**8,888**	**60,474**	**14,794**	**75,268**
Holding company debt interest	(3,942)	(742)	(4,684)	(2,116)	(6,800)
Adjustment[1]	(24,392)	(4,305)	(28,697)	(1,782)	(30,479)
Tax	(6,612)	(1,152)	(7,764)	(2,671)	(10,435)
Statutory net profit after tax	**16,640**	**2,689**	**19,329**	**8,225**	**27,554**
IPO and acquisition costs and capital proforma adjustments including tax impact	14,288	2,521	16,809	900	17,709
Intangibles amortisation including tax impact	2,779	490	3,269	53	3,322
Cash net profit after tax	**33,707**	**5,700**	**39,407**	**9,178**	**48,585**

1 Adjustments relate to IPO and acquisition costs, amortisation of intangibles and interest expense relating to the previous capital and debt structure prior to IPO.

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.

2.0 Business result for the year (continued)

2.2 Revenue (continued)

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.

Cost of revenue

Cost of revenue comprises the cost associated with providing the service components of the lease instalments 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.

	Consolidated	
	2016 $'000	2015 $'000
From continuing operations:		
Finance income	**101,642**	103,520
Maintenance and management income	**97,484**	97,525
Related products and services income	**30,011**	27,452
Operating lease rentals	**200,461**	202,467
Brokerage income	**16,695**	14,722
Sundry income	**7,672**	6,065
End of lease income	**31,876**	27,817
Rental hire income	**18,996**	–
Total revenue from continuing operations	**504,837**	479,568
Cost of revenue:		
Maintenance and management expense	**41,629**	43,645
Related products and services expense	**4,797**	4,172
Impairment on operating leased assets	**(118)**	1,851
Depreciation on operating leased assets	**189,413**	190,870
Rental hire expense	**5,816**	–
Total cost of revenue	**241,537**	240,538

2.0 Business result for the year (continued)

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 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 10 years for core system software costs.

	Consolidated	
	2016 $'000	2015 $'000
Profit before income tax includes the following specific expenses:		
Depreciation and amortisation		
Plant and equipment - fixture and fittings	**2,567**	2,055
Amortisation - Intangible assets	**3,711**	3,203
Software	**2,248**	1,541
Total depreciation and amortisation expense	**8,526**	6,799
Lease finance costs		
Interest and finance charges - Third parties	**64,633**	66,599
Hedge loss/(gain)	**464**	(182)
Total lease finance costs	**65,097**	66,417
Operating finance costs		
Interest expense promissory notes - Related parties	**–**	8,421
Interest expense convertible redeemable preference shares	**–**	1,253
Facility finance costs	**9,828**	9,012
Total operating finance costs	**9,828**	18,686
Operating overheads		
Rental of premises	**6,668**	6,308
Technology costs	**7,301**	8,830
Restructuring costs	**1,760**	–
Acquisition related costs	**3,301**	1,672
IPO costs	**–**	13,376
Other overheads	**22,229**	11,359
Total operating overheads	**41,259**	41,545

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.

	Consolidated	
	2016 Cents	2015 Cents
From continuing operations attributable to the ordinary equity holders of the company	**18.88**	15.43
Total basic earnings per share attributable to the ordinary equity holders of the company	**18.88**	15.43

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	
	2016 Cents	2015 Cents
From continuing operations attributable to the ordinary equity holders of the company	**18.55**	15.36
Total diluted earnings per share attributable to the ordinary equity holders of the company	**18.55**	15.36

Reconciliation of earnings used in calculating earnings per share

	Consolidated	
	2016 $'000	2015 $'000
Basic earnings per share		
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share:	**45,868**	27,554
From continuing operations	**45,868**	27,554
Diluted earnings per share		
Profit attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	**45,868**	27,554
From continuing operations	**45,868**	27,554

Weighted average number of shares used as the denominator

	Consolidated	
	2016 Number	2015 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	242,954,968	178,573,004
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	247,295,831	179,412,444

2.0 Business result for the year (continued)

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 – Right2Drive

On 19 May 2016, the Group acquired the Right2Drive Group (Right2Drive) that consisted of the following entities: Right2Drive Pty Ltd and Right2Drive (New Zealand) Ltd. Right2Drive's principal activity is the provision of rental replacement vehicles to "not at fault" drivers that have accident damaged cars requiring repair. Right2Drive was acquired to provide a platform to expand into the medium term vehicle rental segment.

Provisional goodwill of $59,904,000 is primarily related to growth expectations, expected future profitability, the substantial skill and expertise of Right2Drive's workforce and expected cost synergies. The goodwill that arose from this business combination is not expected to be deductible for tax purposes.

The purchase price allocation is provisional and may be revised within 12 months of acquisition date.

Right2Drive recorded revenue of $18,996,000 and a profit before tax of $3,430,000 for the period from 19 May 2016 to 30 September 2016. If Right2Drive had been acquired on 1 October 2015, revenue of the Group for the year would have increased by $22,138,000, and profit before tax for the year would have increased by $1,828,000.

Summary of acquisition – FleetSmart

On 31 March 2016 the Group acquired the business and assets of FleetSmart, a division of Cardlink Systems Limited (FleetSmart). The principal activity of the business acquired is the provision of vehicle fleet management. The business was acquired to support the business' growth strategy in vehicle fleet management in the New Zealand market.

Provisional goodwill of $2,924,000 is primarily related to expected cost synergies and future profitability. None of the goodwill recognised is expected to be deductible for income tax purposes.

Contingent consideration of $5,678,000 is payable by the Group if certain performance criteria are achieved, this is payable over a period of up to eight years.

Deferred consideration amounted to $924,000 and is payable over a period of five years.

The purchase price allocation is provisional and may be revised within 12 months of acquisition date.

FleetSmart recorded revenue of $2,064,000 and profit before tax of $1,067,000 for the period from 31 March 2016 to 30 September 2016. If FleetSmart had been acquired on 1 October 2015, revenue of the Group for the year would have increased by $1,427,000 and profit before tax for the year would have increased by $814,000.

2.0 Business result for the year (continued)

2.5 Business combinations (continued)

The following tables summarise the consideration paid, the fair values of assets acquired and liabilities assumed at the acquisition dates.

	Right2Drive 2016 $'000	FleetSmart 2016 $'000
Purchase consideration		
Cash paid	1,130	–
Deferred consideration	–	924
Contingent consideration	–	5,678
Issue of shares in Eclipx Group Limited	73,819	–
Issue of rights in Eclipx Group Limited	3,708	–
Total	**78,657**	**6,602**
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 expense recognised during the period is:	2,759	542

	Right2Drive Provisional Fair value $'000	FleetSmart Provisional Fair value $'000
Fair values of assets acquired and liabilities assumed:		
Cash and cash equivalents	742	–
Trade and other receivables	14,993	–
Property, plant and equipment	633	18
Deferred tax assets	971	–
Intangible asset - Brand name	14,373	–
Intangible asset - Customer relationships	–	5,083
Trade and other liabilities	(6,375)	–
Provisions	(2,272)	–
Deferred tax liabilities	(4,312)	(1,423)
Total identifiable net assets	**18,753**	**3,678**
Provisional goodwill on acquisition	59,904	2,924
Purchase consideration	**78,657**	**6,602**

	Right2Drive $'000	FleetSmart $'000
Purchase consideration - cash (outflow)/inflow		
Cash consideration	(1,130)	–
Less: Balances acquired	742	–
(Outflow)/inflow of cash – Investing activities	**(388)**	**–**

2.0 Business result for the year (continued)

2.5 Business combinations (continued)

Summary of acquisition – CarLoans

On 16 October 2014, the Group concluded the 100% acquisition of the CarLoans Group (CarLoans) that consisted of the following entities: CarLoans.com.au Pty Limited, Fleet Choice Pty Limited, CarLoans.co.nz Limited and CLFC Media Holdings Pty Limited. CarLoans' principal activities include the provision of vehicle financing and leasing, salary packaging and fleet management services. CarLoans was acquired to support the business' growth strategy in vehicle financing in the Australian and New Zealand markets.

Goodwill of $30,218,000 is primarily related to growth expectations, expected future profitability, the substantial skill and expertise of CarLoans' workforce and expected cost synergies. The goodwill that arose from this business combination is not expected to be deductible for tax purposes.

CarLoans recorded a profit before tax of $561,000 for the period from 16 October 2014 to 30 September 2015. If CarLoans had been acquired on 1 October 2014, revenue of the Group for the year ended 30 September 2015 would have increased by $482,000, and profit before tax for the year would have decreased by $115,000.

Summary of acquisition – NZ Group

On 1 October 2014, a Group restructure was undertaken whereby Fleet NZ Limited and its controlled entities (NZ Group), a related party of the Group incorporated in New Zealand and controlled by the same consortium of investors was acquired. The NZ Group was acquired for a consideration of $63,301,000 satisfied by the issuance of shares in Eclipx. As the transaction occurred under common control, the Group had the ability to record acquired assets at book value at acquisition. The difference between the book value of net assets acquired and purchase consideration had been recorded in retained earnings.

The operating results and assets and liabilities of the NZ Group have been consolidated from 1 October 2014. The assets and liabilities of the NZ Group in Australian Dollars was recognised using the carrying value as at the date of acquisition.

The following tables summarise the consideration paid, the fair and carrying values of assets acquired and liabilities assumed at the acquisition dates.

	CarLoans 2015 $'000	NZ Group 2015 $'000
Purchase consideration		
Cash paid	11,668	–
Deferred consideration	6,000	–
Cumulative convertible redeemable preference shares issued	12,000	–
Issue of shares in Eclipx Group Limited	–	63,301
Total	**29,668**	**63,301**
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 expense recognised during the period is:	1,572	100

2.0 Business result for the year (continued)

2.5 Business combinations (continued)

	CarLoans Fair value $'000	NZ Group Carrying value $'000
Fair and carrying values of assets acquired and liabilities assumed:		
Cash and cash equivalents	46	38,226
Trade and other receivables	2,415	16,129
Finance leases	–	11,821
Derivative financial instruments	–	246
Inventory	–	8,532
Property, plant and equipment	–	1,022
Deferred tax assets	–	7,574
Intangible asset - Brand name	703	10
Intangible asset - Goodwill	–	106,281
Intangible asset - Software	–	86
Operating leases reported as property, plant and equipment	–	287,260
Trade and other liabilities	(3,185)	(65,238)
Borrowings	–	(272,365)
Provisions	(472)	(2,423)
Deferred tax liabilities	(57)	(21,951)
Total identifiable net assets	**(550)**	**115,210**
Goodwill on acquisition	30,218	–
Amount recognised in retained earnings	–	(51,909)
Purchase consideration	**29,668**	**63,301**

	CarLoans $'000	NZ Group $'000
Purchase consideration - cash (outflow)/inflow		
Cash consideration	(11,668)	–
Less: Balances acquired	46	38,226
(Outflow)/inflow of cash – Investing activities	(11,622)	38,226

2.0 Business result for the year (continued)

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 2016 $'000	Consolidated 2015 $'000
Profit from continuing operations before income tax expense	**64,766**	37,989
Prima facie tax rate of 30.0% (2015 - 30.0%)	**19,430**	11,397
New Zealand tax rate differentials	**(327)**	(237)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Share based payments not deductible	**434**	315
Deferred consideration	**–**	(381)
Contingent consideration	**(210)**	–
Finance income on convertible notes	**(489)**	(489)
Other	**60**	(170)
Income tax expense	**18,898**	10,435

	Consolidated 2016 $'000	Consolidated 2015 $'000
Income tax expense comprises of:		
Current tax	**15,391**	10,238
Deferred tax	**3,507**	513
Adjustments for current tax of prior periods	**–**	(316)
Income tax expense	**18,898**	10,435
Effective tax rate	**29.2%**	27.5%

(ii) Movement of deferred tax

2016	Opening balance $'000	Charged to profit or loss $'000	Charged to other comprehensive income and equity $'000	Reclassification $'000	Acquired through business combination $'000	Closing balance $'000	Deferred tax asset $'000	Deferred tax liability $'000
Doubtful debt provision	775	746	–	–	636	2,157	2,157	–
Deferred revenue	139	40	–	–	–	179	179	–
Hedging assets and liabilities	5,547	114	268	–	–	5,929	5,929	–
Accruals, employee provisions and other	29,241	(4,262)	–	(10,443)	437	14,973	41,722	(26,749)
Leasing adjustments	(37,703)	(2,862)	–	10,443	–	(30,122)	–	(30,122)
Acquisition cost	–	612	–	–	–	612	612	–
Intangible assets	(8,734)	2,105	–	–	(5,837)	(12,466)	–	(12,466)
	(10,735)	(3,507)	268	–	(4,764)	(18,738)	50,599	(69,337)
Set off DTL against DTA							(41,080)	41,080
Net tax assets/(liabilities)						(18,738)	9,519	(28,257)

2.0 Business result for the year (continued)

2.6 Taxation (continued)

2015	Opening balance $'000	Charged to profit or loss $'000	Charged to other comprehensive income and equity $'000	Reclassification to current tax payable $'000	Acquired through business combination $'000	Closing balance $'000	Deferred tax asset $'000	Deferred tax liability $'000
Doubtful debt provision	1,890	(1,426)	–	–	311	775	775	–
Deferred revenue	835	(696)	–	–	–	139	139	–
Hedging assets and liabilities	2,971	(317)	2,893	–	–	5,547	5,547	–
Accruals, employee provisions and other	17,043	3,069	1,865	–	7,264	29,241	29,241	–
Leasing adjustments	(3,146)	(5,561)	–	(7,831)	(21,165)	(37,703)	–	(37,703)
Acquisition cost	(3,718)	3,718	–	–	–	–	–	–
Intangible assets	(8,648)	700	–	–	(786)	(8,734)	–	(8,734)
	7,227	(513)	4,758	(7,831)	(14,376)	(10,735)	35,702	(46,437)
Set off DTL against DTA							(22,744)	22,744
Net tax assets/(liabilities)						(10,735)	12,958	(23,693)

(iii) Franking credits

	Consolidated	
	2016 $'000	**2015 $'000**
Franked dividends (Australia)		
Franking credits available for subsequent financial years based on a tax rate of 30%	**9,144**	18,907
	9,144	18,907

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 audit issues based on estimates of whether additional taxes will be due. 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 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
2015				
Opening net book amount	5,920	727	578,382	585,029
Acquired as part of business combinations (note 2.5)	915	107	287,260	288,282
Reclassifications	(4,213)	1,863	–	(2,350)
Additions	3,161	3,540	420,553	427,254
Transfers to inventory	–	–	(173,671)	(173,671)
Impairment charge	–	–	(1,851)	(1,851)
Depreciation charge	(1,455)	(600)	(190,870)	(192,925)
Foreign exchange variation	–	–	8	8
Closing net book amount	4,328	5,637	919,811	929,776
2015				
Cost	10,864	8,807	1,418,431	1,438,102
Accumulated depreciation and impairment	(6,536)	(3,170)	(498,620)	(508,326)
Net book amount	4,328	5,637	919,811	929,776

3.0 Operating assets and liabilities (continued)

3.1 Property, plant and equipment (continued)

Consolidated	Plant and equipment $'000	Fixture and fittings $'000	Motor vehicles and equipment $'000	Total $'000
2016				
Opening net book amount	4,328	5,637	919,811	929,776
Acquired as part of business combinations (note 2.5)	512	139	-	651
Additions	1,717	1,240	431,452	434,409
Transfers to inventory	-	-	(175,282)	(175,282)
Impairment charge	-	-	118	118
Depreciation charge	(1,574)	(993)	(189,413)	(191,980)
Foreign exchange variation	14	30	12,565	12,609
Closing net book amount	4,997	6,053	999,251	1,010,301
2016				
Cost	13,093	10,188	1,487,900	1,511,181
Accumulated depreciation and impairment	(8,096)	(4,135)	(488,649)	(500,880)
Net book amount	4,997	6,053	999,251	1,010,301

	Consolidated	
	2016 $'000	2015 $'000
Motor vehicle and equipment operating leases reported as property, plant and equipment		
Operating leases terminating within 12 months	212,268	219,799
Operating leases terminating after more than 12 months	786,983	700,012
	999,251	919,811
Net book amount of property, plant and equipment		
Plant and equipment	4,997	4,328
Fixture and fittings	6,053	5,637
	11,050	9,965
Total property, plant and equipment	1,010,301	929,776

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.

3.0 Operating assets and liabilities (continued)

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	
	2016 $'000	2015 $'000
Current		
Gross investment	**123,624**	93,459
Unearned income	**(18,979)**	(13,764)
	104,645	79,695
Non-current		
Gross investment	**275,782**	173,996
Unearned income	**(31,288)**	(19,617)
	244,494	154,379

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	
	2016 $'000	2015 $'000
Net trade receivables		
Trade receivables	**57,335**	34,654
Provision for doubtful debts	**(5,242)**	(3,332)
	52,093	31,322
Sundry debtors	**17,005**	9,388
Prepayments	**17,720**	14,312
Other assets	**34**	34
Current tax receivable	**8,469**	7,198
Total trade receivables and other assets	**95,321**	62,254

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

3.0 Operating assets and liabilities (continued)

3.3 Trade receivables and other assets (continued)

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 $5,242,195 (2015: $3,331,567) has been recorded accordingly.

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

	Consolidated	
	2016 $'000	2015 $'000
At 1 October	**3,332**	6,241
Acquired as part of business combinations	**2,121**	1,141
Provision for doubtful debts recognised/(released) during the year	**(211)**	(4,050)
At 30 September	**5,242**	3,332

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.

3.4 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	
	2016 $'000	2015 $'000
Current liabilities		
Trade payables	**40,010**	29,449
Lease liability	**7,927**	9,088
Accrued expenses	**17,102**	13,521
Current tax liabilities	**16,834**	3,168
Maintenance income received in advance	**11,793**	10,856
Contingent and deferred consideration[a]	**1,576**	-
Other payables	**28,267**	27,480
Total current trade and other liabilities	**123,509**	93,562

	Consolidated	
	2016 $'000	2015 $'000
Non-Current Liabilities		
Contingent and deferred consideration [a]	**4,569**	–
Other payables	**641**	2,859
Total non-current trade and other liabilities	**5,210**	2,859

a Under the terms of the sale agreement on the acquisition of FleetSmart, 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. Deferred consideration of $912,000 is payable over a period of five years.

3.0 Operating assets and liabilities (continued)

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
2015					
Opening net book amount	2,457	28,863	2,668	326,802	360,790
Acquired as part of business combination (note 2.5)	713	–	86	136,499	137,298
Reclassifications from plant and equipment	–	–	2,350	–	2,350
Additions	1,150	–	5,227	360	6,737
Amortisation charge	(188)	(3,015)	(1,541)	–	(4,744)
Foreign exchange variation	–	–	2	2,351	2,353
Closing net book amount	4,132	25,848	8,792	466,012	504,784
2015					
Cost	4,341	29,342	16,683	466,012	516,378
Accumulated amortisation and impairment	(209)	(3,494)	(7,891)	–	(11,594)
Net book amount	4,132	25,848	8,792	466,012	504,784

3.0 Operating assets and liabilities (continued)

3.5 Intangibles (continued)

	Brand Names $'000	Customer relationships $'000	Software $'000	Goodwill $'000	Total $'000
2016					
Opening net book amount	4,132	25,848	8,792	466,012	504,784
Acquired as part of business combination (note 2.5)	14,373	5,083	–	62,828	82,284
Additions	34	–	11,487	–	11,521
Amortisation charge	(457)	(3,254)	(2,248)	–	(5,959)
Foreign exchange variation	3	256	46	4,434	4,739
Closing net book amount	18,085	27,933	18,077	533,274	597,369
2016					
Cost	18,751	34,681	28,377	533,274	615,083
Accumulated amortisation and impairment	(666)	(6,748)	(10,300)	–	(17,714)
Net book amount	18,085	27,933	18,077	533,274	597,369

(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	
	2016 $'000	2015 $'000
Australia Commercial	**280,780**	280,780
Australia Consumer	**136,567**	76,663
New Zealand Commercial	**115,927**	108,569
Goodwill allocation at 30 September	**533,274**	466,012

3.0 Operating assets and liabilities (continued)

3.5 Intangibles (continued)

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 2016 (2015: 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 for the units' remaining useful lives using the growth rates determined by management.

- Long term growth rate: Australia 2.50% (2015: 2.50%)
- Long term growth rate: New Zealand 3.00% (2015: 3.00%)
- Discount rates (post tax) 11.00% (2015: 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 Reserve Bank Australia and the Reserve Bank New Zealand.

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.

Key estimate and judgement: Impairment of assets

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.

4.0 Capital management

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 12 months (2015: 12 months).

	Consolidated	
	2016 $'000	2015 $'000
Current – secured		
Notes payable	**305,577**	298,426
Borrowing costs	**(1,864)**	(2,344)
Total secured current borrowings	**303,713**	296,082
Non-current – secured		
Bank loans	**130,000**	100,000
Notes payable	**984,665**	838,194
Borrowing costs	**(3,339)**	(3,115)
Total secured non-current borrowings	**1,111,326**	935,079

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 $187,825,000 (2015: $151,353,000).

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 $1,465,766,000 (2015: $1,260,288,000).

Financing arrangements

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

	Consolidated	
	2016 $'000	2015 $'000
Loan facilities used at reporting date	**1,420,242**	1,236,620
Loan facilities unused at reporting date	**404,961**	282,234
Total loan facilities available	**1,825,203**	1,518,854

Financial covenants

The Group has complied with financial covenants of its borrowing facilities during the 2016 and 2015 reporting periods.

4.0 Capital management (continued)

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	
	2016 $'000	2015 $'000
Net debt	**1,236,741**	1,066,596
Total equity	**658,815**	552,122
Capital-to-overall financing ratio	**53%**	52%

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% (2015:10%) 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 2016, had the Australian dollar weakened/strengthened by 10% (2015:10%) 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 $1,159,074 (2015: $836,848) 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.

4.0 Capital management (continued)

4.2 Financial risk management (continued)

(ii) Interest rate risk

	2016		2015	
	Weighted average interest rate %	Balance $'000	Weighted average interest rate %	Balance $'000
Borrowings	**4.011%**	**1,415,039**	4.563%	1,231,160
Interest rate swaps (notional principal amount)	**2.900%**	**(1,263,911)**	3.108%	(1,174,786)
Unhedged variable debt		**151,128**		56,374

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 (2015: 100 bps) and a decrease by 100 bps (2015: 100 bps) across the yield curve.

	Interest rate risk		
2016	Carrying amount $'000	–100 bps Profit/equity $'000	+100 bps Profit/equity $'000
Financial assets			
Cash and cash equivalents	178,298	(1,783)	1,783
Finance leases			
– Fixed interest rate	349,139	–	–
Total (decrease)/increase	527,437	(1,783)	1,783
Financial liabilities			
Borrowings			
– Floating rate	1,415,039	14,150	(14,150)
Payables	128,719	–	–
Derivatives used for hedging	20,700	(11,596)	3,431
Total increase/(decrease)	1,564,458	2,554	(10,719)

4.0 Capital management (continued)

4.2 Financial risk management (continued)

2015	Interest rate risk Carrying amount $'000	–100 bps Profit/equity $'000	+100 bps Profit/equity $'000
Financial assets			
Cash and cash equivalents	164,565	(1,646)	1,646
Finance leases			
– Fixed interest rate	234,074	–	
Total (decrease)/increase	398,639	(1,646)	1,646
Financial liabilities			
Borrowings			
– Floating rate	1,231,160	12,312	(12,312)
Payables	96,422	–	–
Derivatives used for hedging	18,835	(10,024)	9,069
Total increase/(decrease)	1,346,417	2,288	(3,243)

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 2016 $'000	2015 $'000
Unimpaired past due loans and receivables		
Past due under 30 days	**7,887**	5,165
Unimpaired past due loans and receivables		
Past due 30 days to under 60 days	**4,418**	2,004
Past due 60 days to under 90 days	**2,852**	92
Past due 90 days and over	**8,479**	199
Total unimpaired past due loans and receivables	**23,636**	7,460
Total unimpaired loans and receivables	**52,093**	31,322
Unimpaired past due as a percentage of total unimpaired loans and receivables	**45%**	24%
Unimpaired past due 30 days and over as a percentage of total unimpaired loans and receivables	**30%**	7%

4.0 Capital management (continued)

4.2 Financial risk management (continued)

2016 includes trade receivables associated with the newly acquired credit hire business, Right2Drive. 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.

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 2016	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	**(123,509)**	**(1,890)**	**(2,851)**	**(469)**	**(128,719)**	**(128,719)**
Borrowings	**(351,084)**	**(345,897)**	**(779,918)**	**(62,782)**	**(1,539,681)**	**(1,415,039)**
Provisions	**(5,712)**	**(1,493)**	**–**	**–**	**(7,205)**	**(7,205)**
Total non-derivatives	**(480,305)**	**(349,280)**	**(782,769)**	**(63,251)**	**(1,675,605)**	**(1,550,963)**
Derivatives						
Interest rate swaps	**(10,123)**	**(6,563)**	**(4,512)**	**(255)**	**(21,453)**	**(20,700)**
Total derivatives	**(10,123)**	**(6,563)**	**(4,512)**	**(255)**	**(21,453)**	**(20,700)**

Contractual maturities of financial liabilities 2015	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	(93,563)	(2,000)	(859)	–	(96,422)	(96,422)
Borrowings	(343,507)	(303,235)	(638,562)	(68,155)	(1,353,459)	(1,231,160)
Provisions	(4,080)	(1,564)	–	–	(5,644)	(5,644)
Total non-derivatives	(441,150)	(306,799)	(639,421)	(68,155)	(1,455,525)	(1,333,226)
Derivatives						
Interest rate swaps	(10,235)	(6,500)	(3,012)	205	(19,542)	(18,835)
Total derivatives	(10,235)	(6,500)	(3,012)	205	(19,542)	(18,835)

4.0 Capital management (continued)

4.2 Financial risk management (continued)

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.

2016	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial liabilities				
Derivatives used for hedging	–	20,700	–	20,700
Total financial liabilities	–	20,700	–	20,700

2015	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial liabilities				
Derivatives used for hedging	–	18,835	–	18,835
Total financial liabilities	–	18,835	–	18,835

There were no transfers between levels for recurring fair value measurements during the year.

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.

4.3 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.

4.0 Capital management (continued)

4.3 Cash and cash equivalents (continued)

	Consolidated	
	2016 $'000	2015 $'000
Unrestricted		
Operating accounts	**60,922**	58,162
	60,922	58,162
Restricted		
Operating accounts	**31,933**	28,766
Liquidity reserve accounts	**42,707**	38,860
Vehicle servicing and maintenance reserve accounts	**42,736**	38,777
Cash at bank and on hand	**117,376**	106,403
Total as disclosed in the statement of cash flows	**178,298**	164,565

The weighted average interest rate received on cash and cash equivalents for the year was 1.10% (2015: 1.61%).

Liquidity reserve, collection, 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.

4.0 Capital management (continued)

4.4 Derivative financial instruments (continued)

(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	
	2016 $'000	2015 $'000
Current liabilities		
Interest rate swaps - cash flow hedges	**10,643**	9,468
Total current derivative financial instrument liabilities	**10,643**	9,468
Non-current liabilities		
Interest rate swaps - cash flow hedges	**10,057**	9,367
Total non-current derivative financial instrument liabilities	**10,057**	9,367
Total derivative financial instrument liabilities	**20,700**	18,835

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.

	2016 Shares	2015 Shares	2016 $'000	2015 $'000
Share capital				
Fully paid ordinary shares	**258,058,584**	233,781,298	**455,484**	375,005
Other equity securities				
Treasury shares	**6,425,000**	6,425,000	**–**	–
Total issued equity	**264,483,584**	240,206,298	**455,484**	375,005

4.0 Capital management (continued)

4.5 Contributed equity (continued)

Movements in ordinary share capital

Date	Details	Number of shares	$'000
1 October 2014	Opening balance	95,527,903	84,366
1 October 2014	Issue of new shares for acquisition of Fleet NZ Limited	26,059,844	63,301
1 October 2014	Loan shares vested	11,563,053	–
22 April 2015	Issue of shares for settlement of CRPS	18,695,649	43,000
22 April 2015	Issue of shares for promissory notes	36,652,534	84,301
22 April 2015	Issue of shares on Initial Public Offering	45,282,315	104,389
22 April 2015	Transaction costs, net of tax	–	(4,352)
30 September 2015	Closing balance	233,781,298	375,005
29 January 2016	Issue of shares under the Dividend Reinvestment Plan – 2015 final dividend	1,084,412	3,381
19 May 2016	Issue of new shares for acquisition of Right2Drive Pty Ltd	22,234,775	73,819
30 June 2016	Issue of shares under the Dividend Reinvestment Plan – 2016 interim dividend	958,099	3,279
30 September 2016	Closing balance	258,058,584	455,484

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.

Details	Number of shares 2016	Number of shares 2015
Opening balance	6,425,000	10,204,578
Shares transferred to fully paid ordinary shares	–	(11,563,053)
Issue of treasury shares	–	7,783,475
Closing balance	6,425,000	6,425,000

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	
	2016 $'000	2015 $'000
Telecommunication commitments	5,686	9,543

4.0 Capital management (continued)

4.6 Commitments (continued)

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	
	2016 $'000	2015 $'000
Within one year	**12,000**	5,653
Later than one year but not later than five years	**20,167**	18,303
	32,167	23,956

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	
	2016 $'000	2015 $'000
Within one year	**607**	385
Later than one year but not later than five years	**1,137**	1,122
	1,744	1,507

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	
	2016 $'000	2015 $'000
Commitments in relation to finance leases are receivable as follows:		
Within one year	**123,624**	93,459
Later than one year but not later than five years	**275,660**	173,801
Later than five years	**122**	195
	399,406	267,455

4.0 Capital management (continued)

4.6 Commitments (continued)

ii. Operating leases

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

	Consolidated	
	2016 $'000	2015 $'000
Minimum lease payments under non-cancellable operating leases of motor vehicles notrecognised in financial statements are receivable as follows:		
Within one year	**314,676**	277,179
Later than one year but not later than five years	**360,229**	339,319
Later than five years	**25,080**	16,999
	699,985	633,497

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 $62,535,510 (2015: $47,686,119). These commitments are not recognised as liabilities as the relevant assets have not yet been received.

4.7 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	
	2016 $'000	2015 $'000
Final dividends paid		
2015 final dividend paid on 29 January 2016: 6.50 cents per ordinary share franked to 100%	**15,613**	–
Interim dividends paid		
2016 interim dividend paid on 30 June 2016: 6.75 cents per ordinary share franked to 100%	**16,287**	–
Total dividends paid	**31,900**	–
Final dividends proposed but not recognised at year end		
2016: 7.00 cents (2015: 6.50 cents) per ordinary share franked to 100%	**18,514**	15,613

On 1 November 2016, the Directors declared a fully franked final dividend for the year ended 30 September 2016 of 7.00 cents per ordinary share, to be paid on 20 January 2017 to eligible shareholders on the register as at 30 December 2016. This equates to a total estimated distribution of $18,513,851 based on the number of ordinary shares on issue as at 30 September 2016. The final 2016 dividend has not been declared at the reporting date and therefore is not reflected in the financial statements.

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. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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.

5.0 Employee remuneration and benefits (continued)

5.1 Share based payments (continued)

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 2016, 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.

For the year ended 30 September 2015, the following awards were provided under the following employee share ownership plans:

Loan shares and options

Each award has two equal weighted tranches which are subject to testing against certain total shareholder return (TSR) andearnings per share (EPS) conditions on 21 April 2017 for tranche 1 and 21 April 2018 for tranche 2. Both tranche 1 and 2 are subject to retest on 21 April 2018 and 21 April 2019 respectively, to the extent that awards subject to TSR conditions do not vest after the initial performance period.

5.0 Employee remuneration and benefits (continued)

5.1 Share based payments (continued)

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 Number	Granted during the year Number	Uplift [1] Number	Forfeited during the year Number	Vested and exercised during the year Number	Un-vested balance at end of the year Number	Vested option not exercised Number
2016										
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		$2.30	$2.30	11,190,775	–	–	–	–	–	11,190,775
10-Mar-15		$2.30	$2.30	450,000	–	–	–	–	–	450,000
22-Apr-15	21–Apr–17	$2.30	$2.30	3,100,000	–	–	(150,000)	–	2,950,000	–
22-Apr-15	21–Apr–18	$2.30	$2.30	3,100,000	–	–	(150,000)	–	2,950,000	–
2015										
25-Sep-08		$0.90	$0.90	5,170,000	–	–	(545,000)	(3,837,500)	–	787,500
08-May-13		$2.03	$2.03	345,984	–	–	(216,240)	–	–	129,744
25-Sep-14		$2.30	$2.30	8,697,500	–	2,493,275	–	–	–	11,190,775
10-Mar-15		$2.30	$2.30	–	450,000	–	–	–	–	450,000
22-Apr-15	21–Apr–17	$2.30	$2.30	–	3,212,500	–	(112,500)	–	3,100,000	–
22-Apr-15	21–Apr–18	$2.30	$2.30	–	3,212,500	–	(112,500)	–	3,100,000	–

1 Uplift is a result of the acquisition of the NZ Group.

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 Number	Granted during the year Number	Forfeited during the year Number	Balance at end of the year Number
2016							
22-Apr-15	21-Apr-17	$2.30	$2.30	800,000	–	(75,000)	725,000
22-Apr-15	21-Apr-18	$2.30	$2.30	800,000	–	(75,000)	725,000
10-Nov-15	30-Sep-18	$3.06	$3.06	–	4,025,000	(150,000)	3,875,000
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
2015							
22-Apr-15	21-Apr-17	$2.30	$2.30	–	887,500	(87,500)	800,000
22-Apr-15	21-Apr-18	$2.30	$2.30	–	887,500	(87,500)	800,000

Rights

Grant date	Expected vesting date	Balance at start of the year Number	Granted during the year Number	Forfeited during the year Number	Balance at end of the year Number
2016					
10-Nov-15	30–Sep–18	–	970,000	(35,000)	935,000
19-Feb-16	30–Sep–18	–	400,000	–	400,000

5.0 Employee remuneration and benefits (continued)

5.1 Share based payments (continued)

(i) Fair value of options granted

The average assessed fair value at grant date of options granted during the year was: 10 November 2015 - $0.59 per option; 19 February 2016 - $0.36 per option; and 5 September 2016 - $0.60 per option (2015: $0.38). The average assessed fair value at grant date of rights granted during the year was: 10 November 2015 - $2.31 per right; and 19 February 2016 - $1.86 per right. The average assessed fair value at grant date of loan shares granted during the year ended 30 September 2015 was $0.61 per share. 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.

The model inputs for options granted are as follows:

Grant date	5 September 2016	19 February 2016	19 February 2016	10 November 2015	10 November 2015
Award type	Options	Options	Rights	Options	Rights
First test date	30 September 2019	30 September 2018	30 September 2018	30 September 2018	30 September 2018
Retest date	30 September 2020	30 September 2019	30 September 2019	30 September 2019	30 September 2019
First vesting date	30 November 2019	10 November 2018	10 November 2018	10 November 2018	10 November 2018
Loan repayment date/expiry date	4 September 2021	10 November 2020	10 November 2020	10 November 2020	10 November 2020
Share price at the grant date	$3.80	$2.62	$2.62	$3.06	$3.06
Loan/exercise price	$3.80	$3.06	Nil	$3.06	Nil
Expected life	4.1 years	3.8 years	3.0 years	4.0 years	3.0 years
Volatility	29%	30%	30%	30%	30%
Risk free interest rate	1.53%	1.85%	1.78%	2.06%	1.93%
Dividend yield (p.a)	4.15%	3.50%	3.50%	3.50%	3.50%

Grant date	22 April 2015	
Award type	Loan shares/Options	
Tranche	1	2
First test date	21 April 2017	21 April 2018
Retest date	21 April 2018	21 April 2019
First vesting date	21 April 2017	21 April 2018
Loan repayment date/expiry date	21 April 2020	21 April 2020
Share price at the grant date	$2.30	$2.30
Loan/exercise price	$2.30	$2.30
Expected life	3.5 years	4.0 years
Volatility	30%	30%
Risk free interest rate	1.91%	1.93%
Dividend yield (p.a)	5.0%	5.0%

5.0 Employee remuneration and benefits (continued)

5.1 Share based payments (continued)

The expected price volatility is representative of the level of uncertainty expected in the movements of the Company's share price over the life of the award. The price volatility was determined considering:

- the tendency of newly listed entities to show decreasing volatility early in their life;
- volatility of comparable listed companies; and
- the mean reversion tendency of volatilities.

(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	
	2016 $'000	2015 $'000
Awards issued to employees of controlled entities during the year	**2,860**	816

(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	
	2016 $'000	2015 $'000
Short-term employee benefits	**4,505**	4,164
Post-employment benefits	**93**	89
Long-term employee benefits	**5**	8
Share-based payments	**1,156**	978
	5,759	5,239

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 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.

	Consolidated	
	2016 $'000	2015 $'000
Reconciliation of reserves		
Hedging reserve - cash flow hedges	**(13,335)**	(12,692)
Treasury reserve	**(1,298)**	(2,329)
Foreign currency translation reserve	**4,965**	(325)
Share based payments reserve	**13,138**	6,570
Total reserves	**3,470**	(8,776)
Movements in reserves		
Hedging reserve - cash flow hedges		
Balance 1 October	**(12,692)**	(6,102)
Revaluation	**(911)**	(9,278)
Deferred tax	**268**	2,688
Balance 30 September	**(13,335)**	(12,692)
Share based payments reserve		
Balance 1 October	**6,570**	5,754
Rights issued as part of the Right2Drive Pty Ltd acquisition	**3,708**	–
Awards issued to employees of controlled entities during the year	**2,860**	816
Balance at 30 September	**13,138**	6,570

6.0 Other (continued)

6.2 Parent entity information

(i) Summary financial information

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

	Consolidated	
	2016 $'000	2015 $'000
Statement of financial position		
Current assets	**1,232**	5,175
Non-current assets	**778,612**	699,841
Total assets	**779,844**	705,016
Current liabilities	**(12,829)**	(9,853)
Non-current liabilities	**(127,609)**	(112,508)
Total liabilities	**(140,438)**	(122,361)
Shareholders equity		
Issued share capital	**455,484**	375,005
Reserves	**5,144**	(1,743)
Retained earnings	**178,778**	209,393
	639,406	582,655
Profit for the year	**1,285**	214,646

(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, Right2Drive Pty Ltd and CarInsurance.com.au 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 2016 or 2015. For information about guarantees given by the parent entity, see above.

NOTES TO THE FINANCIAL STATEMENT
for the year ended 30 September 2016

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	FP Turbo Trust 2007-1 (Australia)
Pacific Leasing Solutions (Australia) Pty Ltd	FP Turbo Series 2014-1 Trust
Leasing Finance (Australia) Pty Ltd	FP Turbo Warehouse Trust 2014-1 (Australia)
PLS Notes (Australia) Pty Ltd	Fleet Partners Franchising Pty Ltd
Fleet Holding (Australia) Pty Ltd	Eclipx Insurance Pty Ltd
Fleet Partners Pty Ltd	CarInsurance.com.au Pty Ltd
FleetPlus Holdings Pty Limited	Car Insurance Pty Ltd
FleetPlus Pty Ltd	CLFC Pty Ltd[2]
FleetPlus Novated Pty Ltd	CarLoans.com.au Pty Ltd[2]
PackagePlus Australia Pty Ltd	Fleet Choice Pty Ltd[2]
CLFC Media Holdings Pty Ltd[2]	FP Turbo Series 2015-1 Equipment Trust
Eclipx Commercial Pty Ltd	FleetPlus Asset Securisation Pty Ltd[4]
Right2Drive Pty Ltd[1]	FP Turbo Government Lease Trust 2016-1

New Zealand	
FleetPlus Ltd (NZ)	Fleet Holding (NZ) Ltd[3]
CarLoans.co.nz Ltd[2]	Fleetpartners NZ Trustee Ltd[3]
Fleet NZ Limited[3]	Truck Leasing Ltd[3]
Pacific Leasing Solutions (NZ) Limited[3]	FP Ignition Trust 2011-1 New Zealand[3]
Leasing Finance (NZ) Limited[3]	FleetPartn s NZ Trust[3]
PLS Notes (NZ) Ltd[3]	FPNZ Warehouse Trust 2015-1[3]
Right2Drive (New Zealand) Ltd[1]	

1 On 19 May 2016, the Group concluded the 100% acquisition of the Right2Drive Group.

2 On 16 October 2014, the Group concluded the 100% acquisition of the CarLoans Group.

3 On 1 October 2014, a Group restructure was undertaken whereby Fleet NZ Limited and its controlled entities (NZ Group), a related party of the Group incorporated in New Zealand and controlled by the same consortium of investors was acquired by the Group.

4 The Group does not have control of FleetPlus Asset Securisation Pty Ltd.

6.0 Other (continued)

6.3 Related party transactions (continued)

(iv) Transactions with other related parties

(a) Relationship with Ironbridge and Sing Glow

During the year, Eclipx Group Limited has incurred $137,500 in fees from Ironbridge Capital Management PLC in relation to Director Fees for G Ruddock. Refer to the remuneration report for further information.

Certain existing owners, including the Ironbridge Funds and Sing Glow, were parties to a shareholders deed in relation to Eclipx Group Limited which was entered on or about 29 July 2008 and amended from time to time since that date. Ironbridge (a nominee of the Ironbridge Funds) and Sing Glow (or its nominee) were together paid in 2016 fees of $nil (2015: $581,914) for providing advisory services to Eclipx Group Limited. The shareholders deed referred to above terminated on completion of the IPO and no further fees will be paid under it from that date.

(b) Logbook Me Pty Limited

Eclipx Group Limited is party to a contract with Logbook Me Pty Limited (LogbookMe) which supplies a fringe benefits tax, fuel tax credit, driver safety and fleet management tool to Group for distribution to its customers, including by means of GPS tracking devices. 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. The term of the contract is 10 years from 15 October 2014. Eclipx paid a one-off fee to LogbookMe under the contract of $571,429 during FY2015 and is obliged to pay per device fees to LogbookMe based on usage. The device, freight and subscription fees paid to LogbookMe amounted in 2016 to $219,571 (2015: $119,291).

The Chief Executive Officer and Deputy Chief Executive Officer have a direct equity interest in LogbookMe.

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	
	2016 $	2015 $
(a) Audit and assurance services		
Audit Services		
KPMG Australian firm:		
Audit and review of financial statements	**686,254**	629,832
(b) Non-audit services		
KPMG Australian firm:		
Debt restructuring	**540,000**	–
Transactional services including IPO	**179,134**	1,560,878
Reporting and limited assurance engagements	**60,000**	–
Tax services	**–**	226,939
Total remuneration for non-audit services for KPMG	**779,134**	1,787,817
Total remuneration for KPMG	**1,465,388**	2,417,649

6.0 Other (continued)

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 and Right2Drive 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	
	2016 $'000	2015 $'000
Statement of profit or loss and other comprehensive income		
Revenue from continuing operations	**412,201**	347,629
Cost of revenue	**(166,171)**	(166,860)
Lease finance costs	**(41,861)**	(42,602)
Net operating income before operating expenses and impairment charges	**204,169**	138,167
Impairment losses on loans and receivables	**(1,530)**	(1,884)
Net operating income before operating expenses	**202,639**	136,283
Employee benefit expense	**(58,073)**	(52,978)
Depreciation and amortisation expense	**(7,894)**	(6,451)
Operating overheads	**(32,062)**	(40,497)
Total overheads	**(98,029)**	(99,926)
Operating finance costs	**(6,515)**	(14,569)
Profit before income tax	**98,095**	21,788
Income tax expense	**(13,812)**	(7,292)
Profit for the year	**84,283**	14,496
Other comprehensive income/(loss), net of tax	**4,647**	(6,867)
Total comprehensive income for the year	**88,930**	7,629

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	
	2016 $'000	2015 $'000
ASSETS		
Current assets		
Cash and cash equivalents	**49,326**	49,860
Restricted cash and cash equivalents	**72,371**	65,771
Trade and other receivables	**73,768**	47,486
Finance leases	**98,906**	74,712
Inventory	**10,673**	11,818
Operating leases reported as property, plant and equipment	**132,580**	145,351
Total current assets	**437,624**	394,998
Non-current assets		
Property, plant and equipment	**9,938**	8,895
Operating leases reported as property, plant and equipment	**488,826**	448,266
Deferred tax assets	**3,737**	7,475
Intangibles	**471,182**	394,985
Finance leases	**232,993**	147,448
Receivables - Advances to related parties	**55,764**	53,645
Total non-current assets	**1,262,440**	1,060,714
Total assets	**1,700,064**	1,455,712
LIABILITIES		
Current liabilities		
Trade and other liabilities	**23,784**	57,255
Borrowings	**165,145**	173,380
Other	**607**	385
Derivative financial instruments	**6,534**	7,076
Provisions	**4,919**	3,500
Payables - Advances from related parties	**4,250**	3,723
Total current liabilities	**205,239**	245,319
Non-current liabilities		
Trade and other liabilities	**5,236**	2,667
Borrowings	**852,518**	711,658
Other	**1,137**	1,122
Provisions	**1,491**	1,564
Derivative financial instruments	**7,628**	6,584
Total non-current liabilities	**868,010**	723,595
Total liabilities	**1,073,249**	968,914
Net assets	**626,815**	486,798

NOTES TO THE FINANCIAL STATEMENT

for the year ended 30 September 2016

6.0 Other (continued)

6.5 Deed of cross guarantee (continued)

	Consolidated 2016 $'000	2015 $'000
EQUITY		
Contributed equity	**455,484**	375,005
Reserves	**(1,282)**	(8,437)
Retained earnings	**172,613**	120,230
Total equity	**626,815**	486,798

6.6 Reconciliation of cash flow from operating activities

	Consolidated 2016 $'000	2015 $'000
Profit after tax for the year	**45,868**	27,554
Depreciation and amortisation	**197,939**	197,669
Doubtful debts	**1,989**	1,616
Share based payments expense	**2,860**	1,057
Fleet and stock impairment	**(118)**	1,851
Interest on promissory notes	**–**	8,452
Corporate debt restructuring costs	**1,615**	–
Unwind on contingent consideration	**(778)**	1,447
Net (gain)/loss on sale of non-current assets	**(16,234)**	(8,685)
Hedging gain	**464**	(182)
Exchange rate variations on New Zealand cash and cash equivalents	**(1,983)**	(205)
Net cash inflow from operating activities before change in assets and liabilities	**231,622**	230,574
Change in operating assets and liabilities:		
Increase in trade and other receivables	**7,975**	(1,211)
Increase in finance leases**	**106,370**	92,325
Decrease/(increase) in deferred tax assets/liabilities	**2,437**	3,528
Increase in trade and other liabilities	**16,671**	17,212
Increase/(decrease) in current tax liabilities	**6,515**	7,608
Decrease in current provisions	**(2,010)**	(4,370)
Increase in other current liabilities	**937**	11,024
Net cash inflow from operating activities	**370,517**	356,690

** Cash flows relating to purchases of finance leases were previously included in cash flows from operating activities. To better reflect the nature of income generating assets purchased, the cash flows have been reclassified as cash flows from investing activities.

As a result of this reclassification, for the year ended 30 September 2015, movement in finance leases has increased to $92,325,000 from (2015: ($72,847,000)) reported previously.

6.0 Other (continued)

6.7 Events occurring after the reporting period

On 27 October 2016, the Group entered into an agreement to acquire Anrace Pty Ltd trading as Onyx Car Rentals (Onyx). The transaction is expected to complete on or about 15 November 2016. On completion, the Group will acquire all of the share capital of Onyx for a consideration of $9.8m which will be settled with available cash. On 1 November 2016, the Board declared a fully franked dividend of 7.00 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 51 to 101 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 2016 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 2016.

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

Signed in accordance with a resolution of the Directors:

Kerry Roxburgh
Chairman

Doc Klotz
Chief Executive Officer

Sydney
1 November 2016

Independent auditor's report to the members of Eclipx Group Limited

Report on the financial report

We have audited the accompanying financial report of Eclipx Group Limited (the Company), which comprises the consolidated statement of financial position as at 30 September 2016, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1.0 to 6.7 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 1.0, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of the Group is 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 2016 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Report on the remuneration report

We have audited the Remuneration Report included in pages 37 to 50 of the directors' report for the year ended 30 September 2016. 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 responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Eclipx Group Limited for the year ended 30 September 2016, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Andrew Dickinson
Partner

Sydney
1 November 2016

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 9 November 2016.

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	323	23.07	129,580	0.05
1,001 – 5,000	565	40.36	1,506,845	0.57
5,001 – 10,000	228	16.29	1,739,428	0.66
10,001 – 100,000	214	15.29	5,211,785	1.97
100,001 and over	70	5.00	255,895,946	96.75
Total	**1,400**	**100**	**264,483,584**	**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	–	–	–	–
100,001 and over	5	100	1,000,000	100
Total	**5**	**100**	**1,000,000**	**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	10	10.2	100,000	0.8
10,001 – 100,000	59	60.2	2,525,000	19.9
100,001 and over	29	29.6	10,070,000	79.3
Total	**98**	**100**	**12,695,000**	**100**

LTI Rights

Range of holdings	Number of rights holders	% of rights holders	Rights held	% of rights
1 – 1,000	–	–	–	–
1,001 – 5,000	–	–	–	–
5,001 – 10,000	26	55.3	260,000	14.3
10,001 – 100,000	17	36.2	866,000	47.5
100,001 and over	4	8.5	698,000	38.2
Total	**47**	**100**	**1,824,000**	**100**

SHAREHOLDER INFORMATION

Substantial Shareholder Notice

Shareholders	Ordinary shares held	% of issued shares	Date of notice
Vinva Investment Management	14,031,318	5.32	23/06/2016
Bennelong Funds Management Group Pty Ltd	24,330,515	10.08	23/05/2016
Ironbridge Group	21,579,974	8.94	13/05/2016
AMP Limited and related bodies corporate	16,157,807	6.70	11/05/2016

Twenty largest shareholders

Shareholders		Ordinary shares held	% of ordinary shares
1	HSBC Custody Nominees (Australia) Limited	53,839,990	20.36
2	J P Morgan Nominees Australia Limited	48,756,305	18.43
3	RBC Investor Services Australia Nominees Pty Limited – BKCUST	19,217,108	7.27
4	Citicorp Nominees Pty Limited	18,937,431	7.16
5	National Nominees Limited	18,230,105	6.89
6	Clantern Holdings BV	14,102,846	5.33
7	BNP Paribas Noms Pty Ltd – DRP	13,559,709	5.13
8	RBC Investor Services Australia Pty Limited – VFA	9,766,030	3.69
9	AMP Life Limited	8,957,034	3.39
10	Solium Nominees (Australia) Pty Ltd	7,120,860	2.69
11	Irwin Klotz	3,802,954	1.44
11	GMCM Investments Pty Ltd[1]	3,777,954	1.43
12	Aust Executor Trustees Ltd – Ironbridge Capital IIB	3,738,564	1.41
12	Aust Executor Trustees Ltd – Ironbridge Capital IIA	3,738,564	1.41
13	G Harvey Nominees Pty Ltd	1,630,434	0.62
13	Yoogalu Pty Ltd	1,630,434	0.62
14	BNP Paribas Nominees Pty Ltd – Agency Lending DRP	1,571,963	0.59
15	Mr Nicholas Andrew Johnson & Mrs Jane Elizabeth Johnson	1,485,635	0.56
16	Ritchie Investments Pty Ltd	1,460,809	0.55
17	Michdam Pty Limited	1,340,033	0.51
18	Mr Nicholas Andrew Johnson	1,336,766	0.51
19	Teffom Holdings Pty Ltd	1,304,348	0.49
19	SZM Trustee Company Ltd	1,304,348	0.49
20	Citicorp Nominees Pty Limited – Colonial First State INV	909,680	0.34

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

SHAREHOLDER INFORMATION

Unmarketable parcel of shares

The number of shareholders holding less than a marketable parcel of ordinary shares is 107. 136 shares comprise a marketable parcel at Eclipx Group's closing share price of $3.70.

Securities subject to escrow arrangements

Class of restricted securities	Shares held	Date escrow period ends
Fully paid ordinary shares	3,645,519	22 April 2017

Unquoted equity securities

Non-executive Director Options

There are 1,000,000 unquoted options, with a $2.65 exercise price on issue to five option holders. Further details of the Non-executive Director Options are outlined as follows:

Option holder	Options held	% of options
Kerry Roxburgh	200,000	20
Gail Pemberton	200,000	20
Trevor Allen	200,000	20
Russell Shields	200,000	20
Gregory Ruddock	200,000	20

On-market buy-back

There is no current on-market buy-back in relation to Eclipx Group securities.

On-market purchases

During the reporting period there were no on-market purchases of Eclipx Group securities.

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.

Statement regarding use of cash and assets

Eclipx Group has used its cash and assets in a form readily convertible to cash that it had at the time between admission to the Official List and the end of the reporting period in a way consistent with its business objectives set out in the Prospectus dated 26 March 2015.

eclipx GROUP

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