ANNUAL
REPORT
2016

CONNECTING YOU WITH PEOPLE AND PLACES

Annual General Meeting
The 2016 Cabcharge Australia Limited Annual General Meeting will be held on Thursday, 24 November 2016 at 11am (AEST) in the Heritage Ballroom at The Westin Sydney, 1 Martin Place, Sydney, NSW 2000.

ABN 99 001 958 390

Connecting You with People and Places

Our vision is to be Australia's leading personal transport business, the first choice for Passengers, the preferred network for Drivers, the desired payment partner for industry participants and the employer of choice in the personal transport sector.

Cabcharge is investing to fulfill this vision and our overarching purpose of *Connecting You with People and Places*. We are determined to capture opportunities in the personal transport market and provide leading service and customer experience.

In our changing industry there is considerable scope for growth. We start from a position of strength and experience and are focused on leveraging our unique capabilities to build on our sustainable competitive advantage.

About Us

PAYMENTS

Cabcharge facilitates non-cash payments in taxis via our electronic terminals. Our payments business has been operating successfully for 40 years, and remains at the forefront of cashless payment technology through continuous improvement and innovation. Cabcharge offers Passengers a convenient, fast and secure method for fare payments via a range of payment options.

TAXI NETWORKS

Cabcharge is the largest taxi booking and dispatch service provider in Australia. With an emphasis on delivering quality services and technological innovation, Cabcharge provides leading Taxi Network services to Taxi Operators and Drivers, including taxi booking services, full taxi fit-outs and repairs, vehicle financing and insurance, and Driver training and education. There are almost 7,500 taxis in the Cabcharge network that operate in Sydney, Melbourne, Adelaide, Newcastle, regional Victoria and the Northern Territory.

INVESTMENTS

Cabcharge holds a 49% investment in ComfortDelGro Cabcharge Pty Ltd (CDC), Australia's largest private bus operator. CDC provides route, school and charter bus services in Sydney, the Hunter Valley, Blue Mountains and Queanbeyan in New South Wales, and in Melbourne, Geelong and Ballarat in Victoria.

Cabcharge also holds a 49% interest in CityFleet UK, a provider of account, booking and dispatch services for taxis and private hire vehicles in London, Liverpool, Edinburgh and Aberdeen, and coach services in London.

Revenue
$169m
10.2% ↓ on PCP

Underlying EBITDA
$58.6m
Excluding normalisations: $42.7m
22.8% ↓ on PCP

Underlying NPAT
$43.6m
Excluding normalisations: $25.6m
23.4% ↓ on PCP

Net Debt
$96.6m
Reduced by $7.7m on pcp
Net Debt / Equity 24.8%

Cash Conversion Ratio
85%
High cash flow generation to facilitate debt reduction and paying sustainable dividends

Final Dividend
10c
Per share fully franked
Full year dividend of 20 cents per share, consistent with FY15

Revenue ($m)

2012	192
2013	197
2014	197
2015	188
2016	169

Underlying EBITDA ($m)

2012	89
2013	86
2014	84
2015	76
2016	59

Net cash from operating activities ($m)

2012	70
2013	70
2014	58
2015	50
2016	47

Dividends per share(cents)

2012	35
2013	30
2014	25
2015	20
2016	20

What we have achieved in FY16

We have made significant progress on our strategic priorities

INTEGRATING NETWORKS

Restructured workforce, consolidated contact centres and standardised dispatch and phone systems

COMMITTING TO A KEY BRAND

Rebranding of Newcastle Taxis to 13CABS, with operations in Adelaide, Melbourne and Newcastle now aligned under common branding

Marketing campaigns undertaken to increase brand recognition

Personal Transport

Just as the Cabcharge of today is a different Company from 10 years ago, the market in which we operate has transformed. New business models, changing regulatory frameworks and renewed Passenger expectations have resulted in blending discrete segments into one much larger market - the personal transport market - with Passengers choosing from a range of transport solutions for each trip. This market includes both public and private transport as well as taxis and ridesharing ("private paid transport"). In this market in which Cabcharge now operates, there is considerable opportunity for growth given that private paid transport currently represents less than 1% of the entire personal transport market.

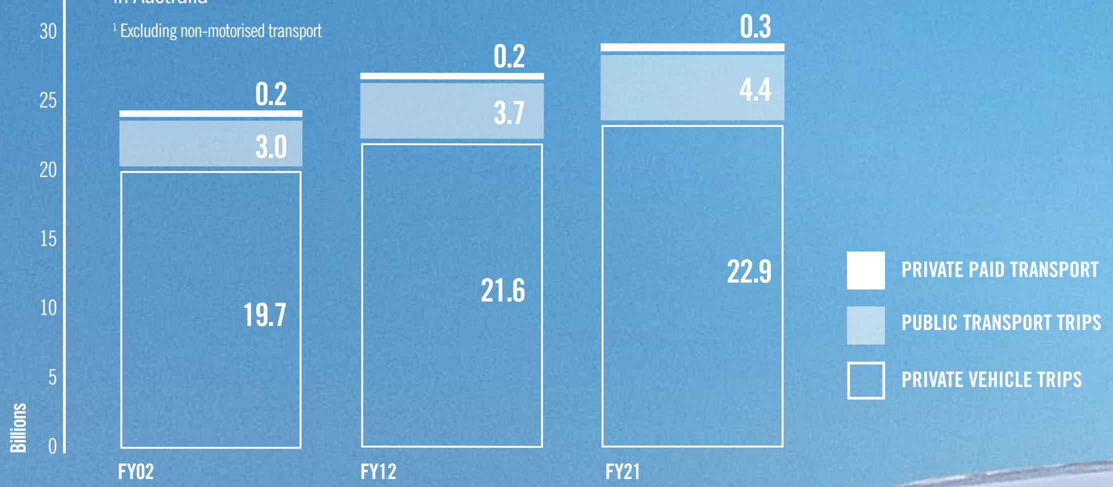
Looking ahead to FY21, population growth is expected to contribute to an increase in the personal transport market to 27.6 billion trips per annum. Private paid trips are expected to comprise approximately 255 million of those trips. Given the changes to personal transport and its regulation and operation, as well as underlying demand growth, there is a significant opportunity for Cabcharge to gain market share in the personal transport market.

For Cabcharge this opportunity presents in terms of both the volume of trips and the types and volumes of payments that we process. As shown in the chart below private paid transport currently has a small share of the overall market and any increase in this share will provide substantial opportunities for Cabcharge.

Australian Transport Market Size[1]

Number of trips taken per annum in Australia

[1] Excluding non-motorised transport



Source: extrapolation of NSW bureau of transport statistics (release 11 Jul13) and ABS population growth assumptions of 1.4% per annum.

LINKING BOOKINGS + PAYMENTS

Bookings linked to payments through our apps as well as through payment services for some of our Merchant Partners

LOOKING AFTER OUR CUSTOMERS

Drivers can now call Passengers on approach, enhancing certainty of service for Passengers

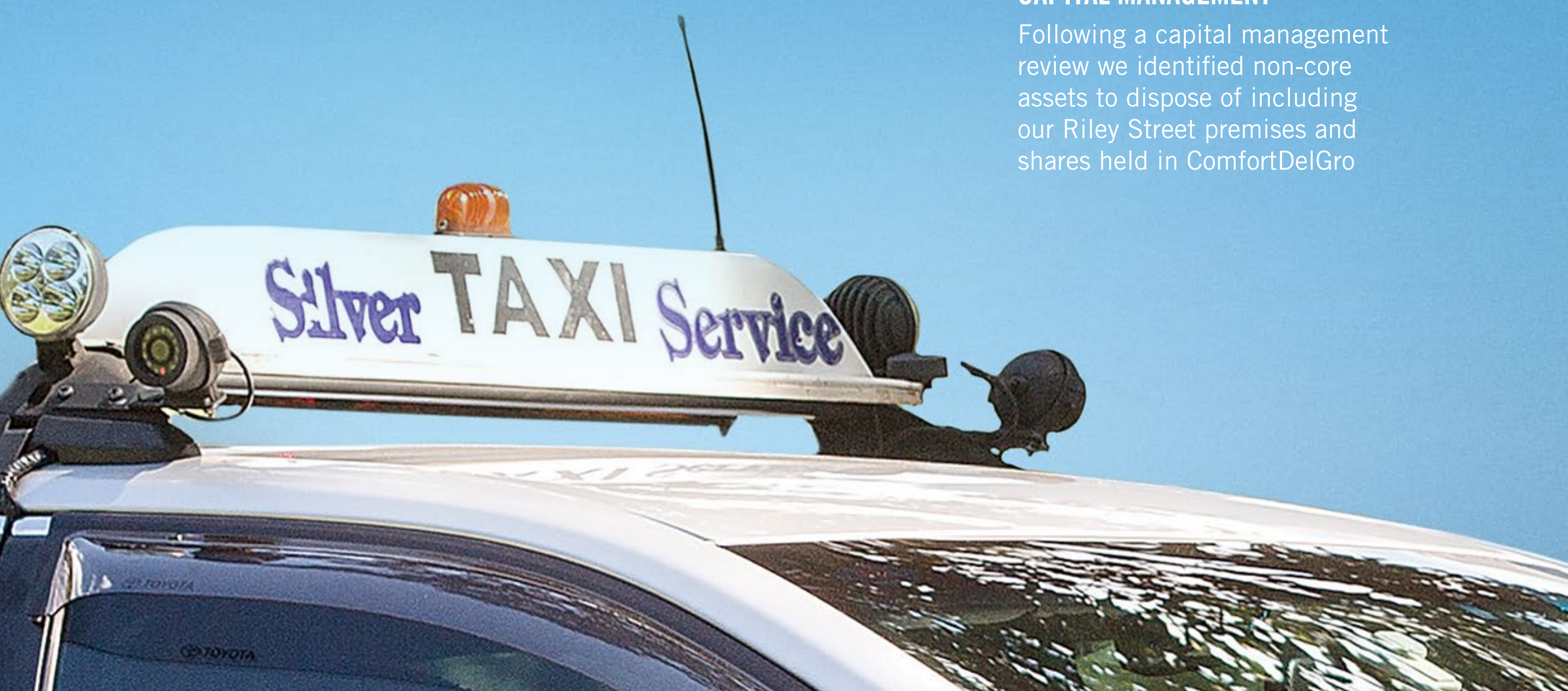
Improvement in passenger pick-up times by 26 seconds in NSW

SUPPORTING OUR MERCHANT PARTNERS

Installed *FAREWAYplus* and updated pinpad in over 18,000 taxis in Australia, supporting a better payment experience for Drivers and Passengers

CAPITAL MANAGEMENT

Following a capital management review we identified non-core assets to dispose of including our Riley Street premises and shares held in ComfortDelGro



Chairman's Report

The industries in which Cabcharge operates have always been competitive. We welcome competition because it broadens the scope and size of the personal transport services sector.

RUSSELL BALDING AO
Chairman

The 2016 Financial Year continued to see the Australian taxi industry impacted by further regulatory change that, in the main, reduced both our payment processing fee for non-cash taxi transactions as well as the holding value of our taxi licences. In recent times, the Queensland, Victorian and South Australian Governments have announced changes in their regulatory frameworks that resulted in a non-cash impairment charge of $27.7m on our national taxi licence portfolio. Our reported statutory net profit after tax of $25.6m for the year ended 30 June 2016 included the impact of these regulatory changes.

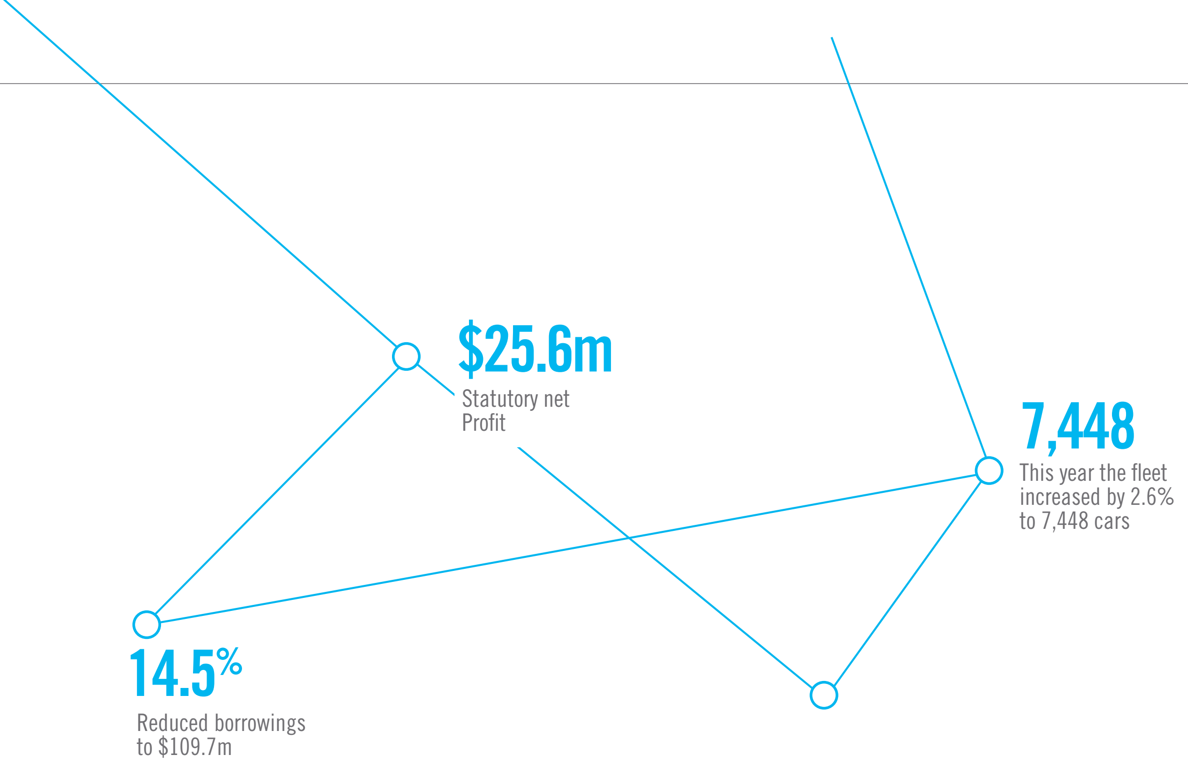
However, our underlying performance in FY16 demonstrates that in the face of aggressive regulatory change and competition, Cabcharge continues to be a highly cash-generative business able to invest in its future growth and continue to pay solid dividends to shareholders (20 cents per share for the year ended 30 June 2016). The value of taxi fares we process has increased at a compound annual growth rate of 2.9% over the past five years and we continue to grow our fleet (FY16 saw our fifth consecutive year of fleet growth – this year the fleet increased by 189 cars or 2.6% to 7,448 cars.

During the year we also managed to reduce borrowings by a further $18.5m (14.5%) to $109.7m.

Notwithstanding the positive aspects of our performance in FY16, we are embracing regulatory change so as to ensure our business model evolves at pace within the environments of digital expansion and disruption.

The Company continues to innovate and leverage its technology expertise and transform into a more customer focused organisation. We have rolled out our new payment system *FAREWAYPlus* to taxis throughout Australia, unified our technology platforms, consolidated our key brands and developed and acquired complementary businesses like Dandenong Taxis to extend the scope of our service offering. We have achieved all this while returning consistent solid dividends for shareholders and strengthening our balance sheet.

From a Corporate Governance perspective, we have updated our Board and Committee Charters, introduced minimum shareholding requirement guidelines for Directors, broadened our stakeholder engagement and enhanced the structure and transparency of our remuneration practices.



In addition, as part of our capital management program we successfully completed the sale of non-core assets such as our Riley Street Corporate Office site in Darlinghurst. Within the next 3 years we will move our Corporate Office and payments operation to our Alexandria site that currently houses our Sydney taxi network operations.

Unifying the majority of our Sydney workforce onto a single site is a key part of our efficient balance sheet management and also promotes the positive cultural change in the Company and is consistent with our strategic task of linking bookings and payments. The move will drive efficiencies, increase the interaction between staff and across teams, and most importantly, bring more of our workforce into closer contact with our taxi operations and our Customers – Operators, Drivers and Passengers consolidating the organisation's positive cultural change and transformation process.

After some five and a half years on the Cabcharge Board, two and a half years as Chairman, I will be retiring as a Director after this year's Annual General Meeting on 24 November. During my period at Cabcharge it is the Company's transformation and its operational resilience that stand out. The transformation has been both real and tangible and will add lasting value to the organisation for the benefit of all its stakeholders. Your Executive Management team has also introduced transparent and robust structural improvements from both the financial and Corporate Governance perspectives whilst maintaining a tenacious focus on our strategic goals and have not waivered despite both regulatory and digital disruption.

The industries in which Cabcharge operates have always been competitive. We welcome competition because it broadens the scope and size of the personal transport services sector. This, in turn, will increase the use and acceptance of our products and services. I see a bright future for this great organisation and am proud to have worked with a team who have been able to forge the strong, agile and innovative Company that I envisioned at the commencement of the transformation process.

On behalf of the Board I would like to thank all our Customers, staff and shareholders for their ongoing loyalty and support during the Company's transformation. The changes we have made promise an exciting future for Cabcharge as we continue to strengthen our business and move into our next phase of growth.

As the regulatory landscape begin to settle, shareholders, Customers and staff will all benefit from a Company that is poised, ready and able to become the prime player in this exciting sector.

It has been an honour to serve as Chairman of Cabcharge. The Company's balance sheet and financial position remain strong and I am confident that I will be leaving the Company with a renewed Board and Executive Management team that will continue to innovate, drive change and consolidate the Company as the prime player in Australia's personal transport industry.

Chief Executive Officer's Report

We aim to reward Customers with dependable and trusted service that delivers certainty and a frictionless and superior booking, journey and payment experience.

ANDREW SKELTON
CEO

Your management team has continued to focus on positioning Cabcharge for growth. Today we have greater clarity around Government regulation across a range of jurisdictions. And most importantly, we completed FY16 as a stronger Company in terms of our fleet size, Driver numbers, and our service levels for Passengers.

Despite the challenges facing your business in FY16, we have delivered to shareholders a fully franked dividend of 20 cents per share. The dividend is consistent with FY15 and comes on the back of a strong operating cash flow of $46.5m and cash conversion ratio of 85%.

At both the half year and full year Results Presentations we upgraded the transparency and quality of our financial information, a theme which flows through to the Operating and Financial Review set out on the following pages.

In FY16 we tackled continual regulatory instability and intense competition - particularly affecting our payment processing business. In addition, the change in regulatory framework has led to a $27.7m non-cash impairment of our national taxi licence portfolio.

The largest single impact on our revenue in FY16 was the full year impact of the imposition of taxi service fee price controls by the Governments of NSW and Western Australia. In contrast, taxi services revenue has been supported by the fifth consecutive year of growth in the taxi fleet.

Our Cabcharge account base is stable, although we have experienced a reduction in transactions from single use products, particularly in resource States like Western Australia. Responding to the transaction data and suggestions from our corporate Customers we launched a new and improved FastCard for Cabcharge Account Clients as well as configurable eTICKETs that were designed, built, tested and released during the year – offering Customers the ability to customise single use products to maximum amounts, time of day or days of the week. This group of technologies, together with *FAREWAYplus*, is delivering a revised value proposition to our Clients, many of whom are already benefiting from our email receipts.

During FY16 we continued to deliver on our strategic tasks. Our focus on Integrating Networks resulted in a restructured workforce, consolidated contact centres and standardised dispatch and phone systems. Committing to a Key Brand meant Newcastle Taxis was rebranded as 13CABS, joining our fleets in Melbourne and Adelaide in the process. Bookings and Payments were linked in our apps and we completed the rollout of our new payment device *FAREWAYplus* into our affiliated fleets. We also installed *FAREWAYplus* into more than 75% of the taxis affiliated with our Merchant Partners. The roll

REGULATORY IMPACT ON INDUSTRY

We have a clearer picture of the future

- Completion of Australia-wide transition to 5% cap on non-cash taxi payments expected in 2017
- Well positioned to grow leading position in personal transport
- New regulations move industry closer to providing equal playing field for all participants and allows us to invest in future growth initiatives to benefit our Customers.

FEB 2014
VIC introduces a 5% service fee cap on non-cash taxi payments

JAN/FEB 2015
NSW and WA imposes 5% service fee restriction on non-cash taxi payments

APR 2015
SA announces the legalisation of ridesharing by July 2016

JUN 2015
ACCC accepts undertaking from Cabcharge to enable competitors to process its cards

OCT 2015
ACCC issues draft determination denying authorisation of ihail

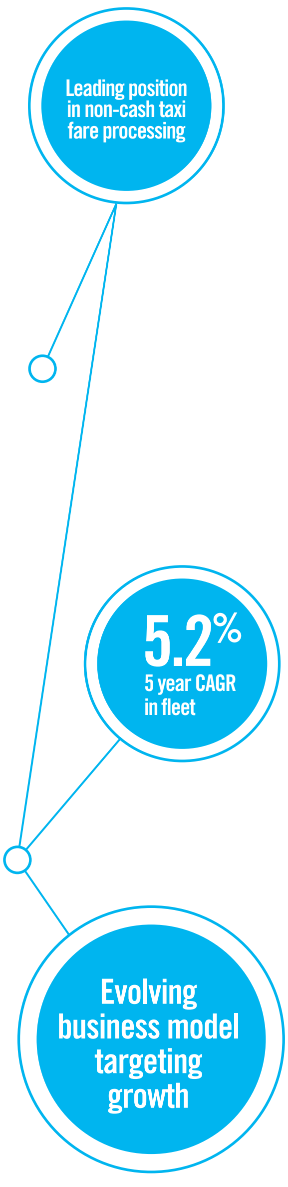
ACT proposes a 5% cap on service fees for non-cash payments to commence in November 2016

RBA excludes taxi payments from review of credit card surcharges

MAY 2016
ACCC grants conditional authorisation to ihail booking app

AUG 2016
QLD government releases policy reforms legalising ridesharing and placing a 5% cap on non-cash taxi surcharges

Victorian government announces regulatory changes including removing all existing licences and applying requirements on rank and hail work



out is on track to be completed by the end of the 2016 calendar year. *FAREWAYplus* facilitates faster and more detailed payment processing leading to improved email receipts and, where the meter app is used, greater clarity for Passengers and Customers with tolls and airport charges being displayed and calculated automatically.

We continue to respond to the needs of Passengers and have implemented a series of improvements to dispatch which led to faster pick up times for Passengers in NSW. We also invested in strengthening Silver Service as a premium brand for personal transport. Our marketing campaigns focused on passenger expectations and delivered an increase in bookings for the Silver Service fleet. Our Passengers and Drivers are now benefiting from a new telephone system with greatly enhanced management tools and functionality that has been rolled out nationally. Passengers and Drivers are utilising our new *Passenger Connect* functionality which enables them to call each other, for example on approach, whilst maintaining phone number privacy. *Passenger Connect* is an example of the initiatives we are implementing to enhance certainty for Passengers and Drivers alike and deliver faster pick up times.

Following our capital management review we have sold some of the non-core assets identified including ComfortDelGro shares and the Riley Street premises. The sale of Riley Street is significant because it is a further step toward integrating our payments and taxi functions and breaking down historical Company silos.

We continued our commitment to rebuilding our governance frameworks and our culture. 56% of people in the most senior layers in our business are new to their roles in the last two years and operational progress is accelerating.

We recognise that technology is being utilised to provide Passengers and Drivers with more choices and have re-examined our Strategy through that lens. Our overarching purpose is *Connecting You with People and Places* and our 5 year vision is to be Australia's leading personal transport business and the first choice for personal and corporate Passengers, the preferred network and payment partner for Drivers and the employer of choice in the personal transport sector. Our 5 year strategic program is based on growing our personal transport business, growing our payments business, increasing our efficiency and improving our enabling capabilities such as technology and marketing.

Regulatory changes will continue to impact our results into FY18 and there is further work to be done to build our capabilities, as well as further opportunities to strengthen our Balance Sheet. We are exploring new opportunities in the form of hand held terminals due to be launched in FY17 and our private hire fleet pilots are operating in Adelaide and Maitland. We were delighted to welcome Ballarat and Shepparton Taxis as taxi network bureau clients earlier in the 2016 calendar year. In particular we are confident that our focus on service is gaining momentum with a sharp rise in new Driver enrolments in both Victoria and NSW in the wake of regulatory constraints being removed. Taxi transport will remain the core of the business, and will be complemented by growth in new segments and service offerings. In doing so, Cabcharge will shape, facilitate and benefit from the transition to a growing and increasingly mobile society with evolving attitudes to asset ownership (including cars).

We are excited that your Company holds the leading position in a growing industry and have set our Strategy to ensure we capture the continued growth in opportunities to provide paid personal transport for the benefit of all our shareholders.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Opportunities for Growth

CUSTOMER EXPERIENCE

- Passengers can depend on us to arrive on time and take them where they need to go
- We care about and fulfil our role within the transport ecosystem and wider community
- We listen to and value feedback from our Passengers, Customers, Drivers, Colleagues and all other stakeholders

BROADENING DISTRIBUTION CHANNELS

- Driver preferences are influencing in car payments
- Feedback from Drivers highlight their preference for timely receipt of cash and ease of terminal use
- Hand held terminal prototype developed with Pilot currently being tested in Sydney
- We will roll-out hand held terminals in Sydney and Melbourne in FY17

LINKING BOOKINGS AND PAYMENTS

- Customers can pay when booking
- We are investing in payment technology
- Fully integrated booking applications will support payments growth in pre-booked market
- We will link payments to telephone bookings in FY17

NEW MARKETS

- Recent regulatory changes have removed constraints on growth
- Customers want certainty of service in peak periods
- Fleet can be demand responsive
- We will expand in the private hire segment in FY17

Operating and Financial Review

We recognise the substantial opportunity for growth in personal transport in Australia in the midst of changing industry dynamics. We start from a position of strength and experience, and are determined to leverage Cabcharge's unique capabilities to generate competitive advantage.

Business Overview

Cabcharge operates Taxi Networks and provides an alternative payment system to cash for the Taxi Industry in Australia.

The Company provides Taxi Network services to Taxi Operators and Drivers in Sydney, Melbourne, Adelaide, Newcastle, regional Victoria, and the Northern Territory. Network services include taxi booking services, full taxi fit-outs and repairs, vehicle financing and insurance, as well as Driver training and education. Payment services offer taxi Passengers a convenient, fast and secure method for cashless fare payments via electronic terminals for which Cabcharge earns a service fee.

The Company also holds a 49% investment in a route, school and charter bus services Company in Australia, ComfortDelGro Cabcharge Pty Ltd, as well as a 49% investment in CityFleet Networks Ltd, a provider of account, booking and dispatch services for taxis and private hire vehicles, as well as coach services in the UK. In the Consolidated Financial Statements, equity accounting standards are applied to both investments.

2.9%
5-year compound annual growth rate in taxi fares processed

5.2%
5-year compound annual growth rate in fleet size

18,000+
FAREWAYplus installed providing better payment experience for Drivers and Passengers

Strategy

We have upheld our focus on transforming Cabcharge and throughout the last 2 years we have remained committed to 5 strategic tasks:

01
INTEGRATING NETWORKS

02
COMMITTING TO A KEY BRAND

03
LINKING BOOKINGS AND PAYMENTS

04
SUPPORTING OUR MERCHANT PARTNERS

05
LOOKING AFTER OUR CUSTOMERS

We recognise the substantial opportunity for growth in personal transport in Australia in the midst of changing industry dynamics. We start from a position of strength and experience, and are determined to leverage Cabcharge's unique capabilities to generate competitive advantage. At the same time, we continue to assess how technology and regulation – old and new – are giving participants more choices. There are more ways to book and pay for personal transport than ever before and we are executing on a program of work designed to close gaps in our offerings to Passengers and Drivers. Above all, we know that to capture the tail winds of a growing market, in terms of both trips and electronic transactions, we must evolve and invest.

During FY16 we have continued to make strong progress on our 5 strategic priorities. To integrate networks we have restructured our workforce, consolidated contact centres and further advanced our technology standardisation across dispatch and phone systems. Committing to a key brand resulted in our FY16 rebrand of Newcastle Taxis to 13CABS, with operations in Adelaide, Melbourne and Newcastle now aligned under common branding. Bookings and payments have been linked through our own apps as well as some of our Merchant Partners. With the support of our Merchant Partners we have substantially concluded a program of technology refreshment encompassing nearly every taxi in Australia involving the installation of a new *FAREWAY*plus device and updated pinpad – supporting a better payment experience for Drivers and Passengers alike.

The momentum achieved on the first 4 of our strategic tasks enables us to do more of what matters most – looking after our Customers. We are intent on delivering certainty of service for people who book taxis and we are using technology to assist our Drivers and Passengers to connect. Drivers can now call Passengers on approach to help them find each other, a feature which has greatly enhanced certainty of service for both Passengers and Drivers.

Over the last 12 months various Government announcements have cleared much of the remaining regulatory uncertainty overhanging our industry and have enabled us to set our future strategy with confidence. Within an overarching purpose of *Connecting You with People and Places*, our 5 year vision is to be Australia's leading personal transport business and to become the first choice for personal and corporate Passengers, the preferred network and payment partner for Drivers and the employer of choice in the personal transport sector.

Operating and Financial Review

Material Business Risks

The Board reviews material business risks on a regular basis, and those risks that have the potential to impact the Company's future financial prospects and strategic imperatives are set out below, together with mitigating actions to minimise those risks.

The risks outlined on the right are in no particular order and do not include common risks that affect all companies, such as key person risk. Nor do they include general economic risks such as significant changes in economic growth, inflation, interest rates, consumer sentiment and business confidence that could have a material impact on the future performance of the Company.

Strategic Risk	Nature of Risk	Actions / plans to mitigate
Regulatory changes	Cabcharge operates in industries that are subject to State and Territory regulation and control. In addition to the price control imposed on service fees in Victoria, New South Wales and Western Australia, other Taxi Regulators may impose limits on the level of service fees able to be charged to Cabcharge Customers thereby potentially impacting revenue and earnings. Taxi Regulators may also change rules around required standards and quality control aspects of Taxi Networks. Taxi Regulators may also affect the value of taxi plate licences through setting supply of new taxi plate licences and setting rates for Government leased taxi plate licences. In addition, changes in taxi regulation, including establishing a regulatory environment for non-taxi transport can indirectly affect the value of taxi plate licences. Taxi Regulators may also restrict the supply of taxi plate licences which limits growth opportunities for the Taxi Industry.	Work with Taxi Regulators on issues affecting the Taxi Industry. Advocate for and deliver standards and controls that result in maintaining or improving the standards of customer service and safety that are essential to transport user confidence.
Changes to competitive landscape / Changes to IT environment	Continued emergence of new competitors in personal transport who offer alternative service and payment methods, both within and outside the regulatory framework, or subject to less stringent regulation. Potential loss of business if the Company fails to keep pace with technological change with respect to network operations, bookings and payments.	Be at the forefront of Taxi Network app development and integrate bookings and payments. Continue investment in technology as reflected by the Cabcharge payments gateway and switch, *FAREWAY*plus and upgrades to the 13CABS and Silver Service taxi apps.
Asset impairments	In line with accounting standards, Cabcharge periodically tests the carrying value for certain assets recognised in the Consolidated Statement of Financial Position. This process involves considering the operational results and future outlook of each asset as well as the valuation assumptions utilised (for example discount rates and currency). Should these underlying assumptions change, there may be potential for a non-cash impairment to reflect the revised asset valuation.	Continued regular monitoring of asset growth profiles, operating environments and other valuation assumptions.

Revenue

$169m

10.2% ↓

Result Overview

Statutory Basis

	FY16 $m	FY15 $m	Change over PCP
Revenue[1]	**168.8**	**188.0**	**(10.2%)**
Other income	**14.1**	**0.1**	
Expenses[2]	(112.5)	(112.2)	0.3%
Impairment charges	(27.7)	(10.3)	
EBITDA	**42.7**	**65.6**	**(34.9%)**
Depreciation & Amortisation	(15.6)	(13.4)	
EBIT	**27.1**	**52.2**	**(48.1%)**
Net interest	(0.4)	(5.6)	
Profit before tax	**26.7**	**46.7**	
Income tax	(16.4)	(16.7)	
NPAT (excl. associates)	**10.3**	**30.0**	**(65.6%)**
Equity accounted net profit of associates	15.3	16.7	(8.1%)
NPAT	**25.6**	**46.6**	**(45.2%)**
EBITDA margin[3]	**25.3%**	34.9%	
EBIT margin[3]	**16.1%**	27.8%	
Effective tax rate (%)[4]	**61.4%**	35.8%	
Basic earnings per share (AUD)	21.3 cents	38.7 cents	

1 Excludes interest income.
2 Operating expenses excluding impairment charges.
3 Calculation excludes equity accounted net profit of associates.
4 Higher effective tax rate due mainly to non-deductibility of impairment charges.

Underlying basis excluding significant items

	FY16 $m	FY15 $m	Change over PCP
Revenue[1]	**168.8**	**188.0**	**(10.2%)**
Other income[2]	**0.0**	**0.1**	
Expenses[3]	(110.2)	(112.2)	(1.8%)
Impairment charges[4]	0.0	0.0	
EBITDA	**58.6**	**75.9**	**(22.8%)**
Depreciation & Amortisation[5]	(13.9)	(13.4)	
EBIT	**44.7**	**62.5**	**(28.5%)**
Net interest[6]	(4.9)	(5.6)	
Profit before tax	**39.8**	**56.9**	
Income tax[7]	(11.5)	(16.7)	
NPAT (excl. associates)	**28.3**	**40.2**	**(29.7%)**
Equity accounted net profit of associates	15.3	16.7	(8.1%)
NPAT	**43.6**	**56.9**	**(23.5%)**
EBITDA margin[8]	**34.7%**	40.4%	
EBIT margin[8]	**26.5%**	33.2%	
Effective tax rate (%)	**28.9%**	29.3%	
Basic earnings per share (AUD)	36.2 cents	47.2 cents	

1 Excludes interest income.
2 Excludes $14.1 million gain on sale of Riley Street.
3 Excludes $2.3 million in employee separation costs.
4 Excludes non-cash impairment charges on taxi plate licences in FY16 and on CFN in FY15.
5 Excludes $1.7 million accelerated amortisation on NSW wheel chair accessible taxi plate licences.
6 Excludes $4.5 million gain on sale of shares in ComfortDelGro Corporation Limited.
7 Excludes tax effect of gains on sale of Riley Street and shares in ComfortDelGro Corporation Limited.
8 Calculation excludes equity accounted net profit of associates.

Statutory Basis

Cabcharge is pleased to announce that it will pay a fully franked final dividend of 10 cents, resulting in a full year dividend of 20 cents per share, in line with the prior year.

Reported statutory earnings are $25.6 million (FY15 $46.6 million).

This result reflects lower revenues in taxi payments processing that have been driven by regulatory changes, and one-off charges following a review of our assets.

Specific key factors influencing the Company's result:

- Regulatory decisions that directly affect cash and non-cash revenue and expenses:
  - The state and territory reviews on the Taxi Industry, which led to an introduction of a 5% price control on non-cash taxi fare payment service fees in NSW and Western Australia during FY15 which had a full year impact on revenue in FY16;
  - Changes to taxi plate licence regulation, impacting income on brokered and owned taxi plate licences and the ability to grow fleet (particularly NSW); and
  - Asset impairments to our taxi plate licences resulting from regulatory changes of $27.7 million;
- Increased competition in taxi payment processing;
- The sale of our Riley St corporate office and shares held in ComfortDelGro Corporation Limited, which as part of our capital management review were identified as non-core to our operations and strategic goals; and
- Our continuing investment in reshaping our business model and capabilities to set a strong platform for future growth across our key activities.

Underlying basis excluding significant items

Underlying earnings have shown resilience in light of significant regulatory change and a challenging operating environment, resulting in an underlying EBITDA of $58.6 million (FY15: $75.9 million) and underlying NPAT of $43.6 million (FY15: $56.9 million).

Operating and Financial Review

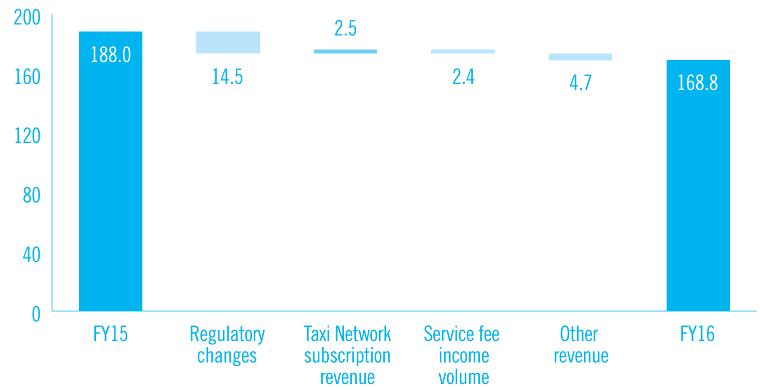
Revenue and Turnover

Revenue declined 10.2%, or $19.2 million to $168.8 million (FY15: $188.0 million), driven by the full year impact of regulatory changes.

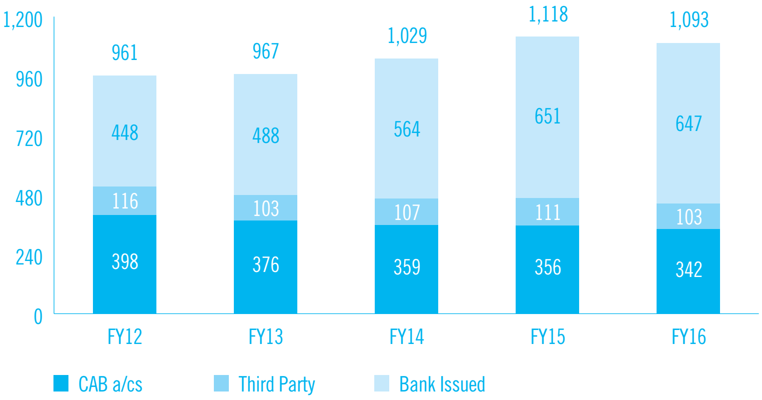
Revenue is primarily generated by the following categories:

- **Taxi Payments** – processing of non-cash taxi payments;
- **Taxi Services** – including network service fees, brokered and owned taxi plate licence income, vehicle financing and insurance lease income, and other taxi related services income; and
- **Other revenue** – includes bus operator income in South Australia and third party payments income

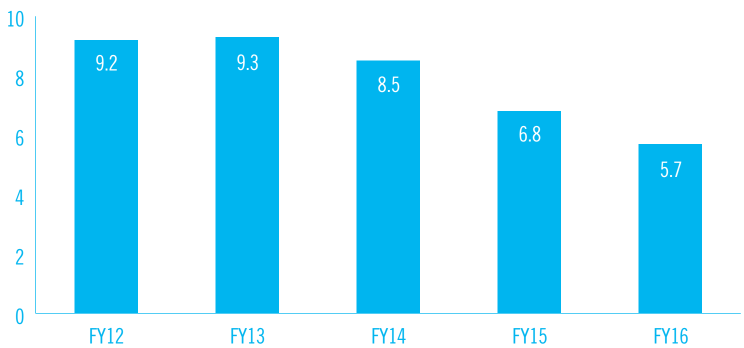
Twelve Month Movement – Revenue ($ millions)



Taxi Fares Processed ($ millions)



Effective Service Fee Rate (%)



Taxi Payments

Taxi Payment services provide taxi Passengers with fast and secure cashless fare payments via electronic terminals.

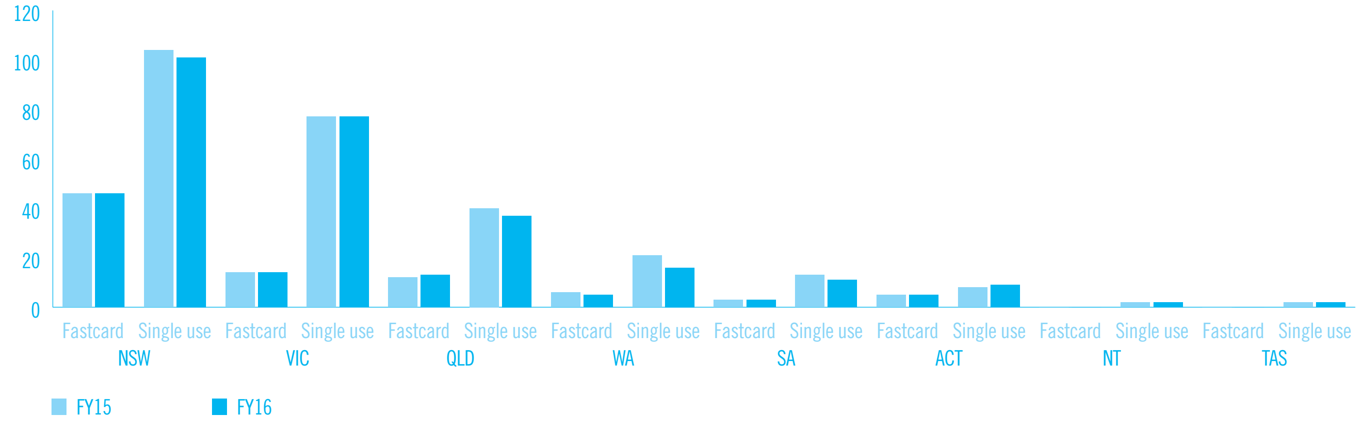
Taxi Payments revenue of $62.4 million declined 17.7% from the prior year (FY15: $75.9 million). This has largely been driven by the full year impact of regulatory changes to limit service fees on non-cash taxi payments to 5% in NSW (12 December 2014) and Western Australia (24 February 2015). As a result of the regulatory changes the effective service fee rate has decreased from 6.8% in FY15 to 5.7% in FY16.

These changes followed the regulatory imposition of a 5% price control to non-cash taxi payments in Victoria in FY14. During FY16 the Australian Capital Territory and South Australia announced their intentions to limit service fees on non-cash taxi payments to 5%. In August 2016, Queensland announced a 5% price control to non-cash taxi payments to occur in 2017. With this announcement, Cabcharge can move forward with greater certainty regarding the regulatory landscape in Australia.

Despite media focus on the industry disruption from ridesharing, the value of taxi fares processed, by Cabcharge, has grown at a compound annual growth rate (**CAGR**) of 2.9% over the past 5 years.

The value of taxi fares processed in FY16 fell marginally; this is partly due to a reduction in Cabcharge account usage. Almost half of the decline in taxi fares processed was driven by lower Cabcharge volumes in states that are affected by the slowdown in the resources sector, Western Australia, South Australia and Queensland. The customer account base remains consistent, with the decline primarily visible on single use product volumes. Our increased investment in account management capabilities has improved our understanding of the product feature enhancements our account Customers most value. In FY16 we issued new and improved Fastcards to 80% of our customer base with the remaining Customers to be completed in FY17. In FY17 we will also offer new single use products which allow Customers to independently configure usage rules, something our Customers have asked for.

Cabcharge Account Fares Processed ($ millions)



Non Cabcharge account volumes declined 1.5%. Cabcharge recognises that the hand held terminal segment, in which Cabcharge has not competed, took share from in-taxi fixed terminal processed payments. In Victoria in FY16 we gave back some of the market share gains achieved in FY15 and in Queensland fares processed reduced both as a result of economic conditions in the state and increased competition from hand held terminal providers. Cabcharge is currently trialling its hand held terminal offering and will roll out a competitive product in FY17 to grow market share and re-establish growth of fares processed.

Total Taxi Fares Processed by State and Territory ($ millions)

Operating and Financial Review

Taxi Network Services

Total Taxi Network Services revenue of $91.9 million declined 3.1% from the prior year (FY15: $94.8 million).

The largest contribution to Taxi Services revenue has been Network Subscription Fees which is a function of the Group's taxi network affiliated fleet size. Network Subscription Fees revenue of $57.9 million increased 4.6% from the prior year (FY15: $55.3 million) driven by the increase in the fleet size.

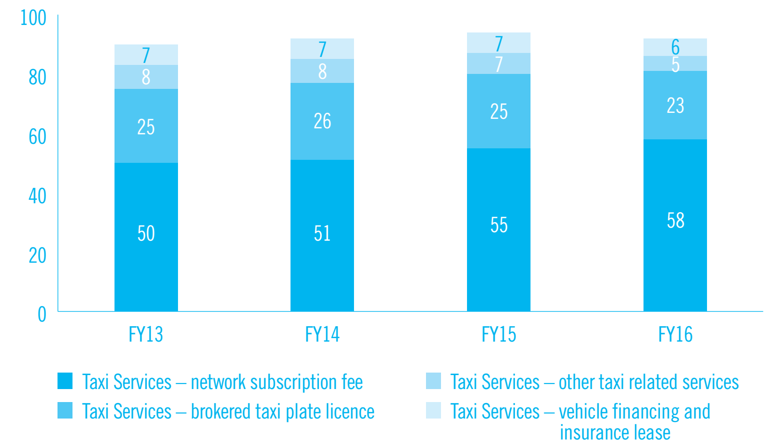
At the end of FY16 there were 7,448 cars on our networks, equivalent to fleet growth of 189 cars or 2.6%. This is a strong result, particularly in light of the fact that the NSW government shrunk the pool of available taxi plate licences by as much as 190 during FY16. Nevertheless, we have maintained ongoing momentum behind fleet growth as evidenced by the fact that in Sydney at the end of 1H16 we had 52 licences on the shelf that were not leased out to Taxi Operators. This situation has turned around. All our licences, managed and owned, are now leased out and we have a waiting list for more reflecting early signs of a change in sentiment for the industry supported by a notable increase in the number of Drivers joining our Sydney network. Fleet has grown at a CAGR of 5.2% over the past 5 years.

In addition, we have a further 176 wheelchair accessible taxis in Sydney that are members of other networks but attached to our Sydney dispatch system as the result of us contracting with the NSW Government to coordinate booking services for Wheelchair Accessible Taxis to ensure the maximum efficiency and usage of these vehicles and the best possible service for Passengers with disabilities across Sydney.

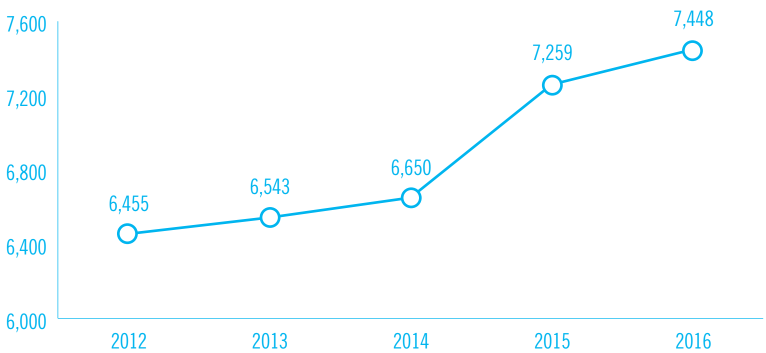
Our bureau service model where we provide 13CABS brand association and contact centre services directly to other Taxi Networks and in some cases, Operators, has been a major contributor to fleet growth and also the geographic reach of our taxi network services, particularly into regional Victoria and the Northern Territory. This model is attractive, offering smaller taxi organisations the benefits of scale and simplification of operations.

Cabcharge-owned Taxi Networks lease taxi plate licences from owners and then lease these taxi plate licences to Taxi Operators, with a small service fee added. While provision of this service does not generate significant margin for the Company, acting as an intermediary in the taxi plate licence market is an important service for the industry. Cabcharge took the decision to lower taxi plate licences fees to our

Taxi Network Services – Revenue ($ millions)



Total Fleet



Operators, improving their economic position to compete in the new regulatory environment. The continued economic strength of the Taxi Industry, and all its participants, is essential for growth in our key metrics of fleet and taxi fares processed. Consequently, Brokered taxi plate licence income in FY16 was 9.6% or $2.4 million lower at $22.7 million (FY15: $25.1 million). However, offsetting the impact of this reduction, Brokered taxi plate licence costs also fell 10.7% or $2.6 million to $21.4 million in FY16 (FY15: $24.0 million).

Other taxi related services income decreased from $7.3 million in FY15 to $5.3 million in FY16 due to the focus of Cabcharge technicians on *FAREWAY*plus equipment installations and away from third party billable technical services in FY16.

Vehicle financing and insurance lease income decreased by $1.1 million to $6.0 million in FY16 reflecting reduced financing demand in the NSW market due to regulatory uncertainty in that market. As a result, our loans to Operators reduced $7.5 million over FY16. The annualised income on current levels of financing activity is approximately $5.2 million. The partially mitigating saving in Cabcharge finance costs is included in the reduction of Finance costs.

Owned Taxi Plate Licence Income

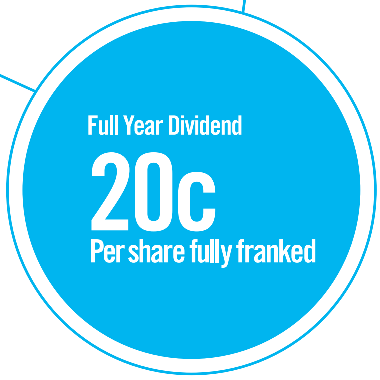
Owned taxi plate licence income relates to income on the taxi plate licence portfolio the Company acquired historically. In total, income on owned taxi plate licences for FY16 was $6.9 million (FY15: $8.2 million). The current annual yield on our taxi plate licence portfolio is approximately $5 million.

Other Revenue

Other revenue decreased from $9.1 million in FY15 to $7.6 million in FY16. Payments consulting income from third-parties was $0.5 million and Cabcharge account late fees $0.2M lower in FY16 than in prior year. The largest component of other revenue is bus operator income in South Australia of $2.1 million (FY15 $2.2 million).

Other income

Other income increased to $14.1 million in FY16 (FY15: $0.01 million) due to the gain on sale of the Riley Street corporate office in Sydney. The sale of this property for $18.1 million resulted from our capital management review aimed at driving ongoing balance sheet efficiency.



Expenses

Total operating expenses (excluding accelerated amortisation and impairment charges on taxi plate licences in FY16 and impairment charges on investments in associates in FY15) increased 0.8% to $126.5 million (FY15: $125.6 million).

This is a strong result given the investment in a strategic change program to build capabilities and strong foundations for future growth. We have invested to pursue our strategic objectives that include increasing the size of the taxi fleet, establishing a uniform national Taxi Networks operating model, developing applications that link bookings and payments, deploying in-vehicle technology to support payments efficiency and enhancing the customer experience for Drivers and Passengers.

New rates negotiated with Taxi Networks following the introduction of government price controls on taxi payments resulted in a $4.4 million decrease in processing fees to Taxi Networks in FY16 to $10.1 million. In FY15, the decrease in processing fees paid to Taxi Networks was $4.2 million, bringing the total annualised reduction in expenses to $8.6 million, versus the $7 million forecast in 1H15.

As noted under Taxi Network Service revenue, Brokered taxi plate licence costs vary with Brokered taxi plate licence income. Brokered taxi plate licence costs were $21.4 million (FY15: 24 million).

Other taxi related costs were $12.6 million (FY15: 11.8 million). The increase is driven by the cost of installing equipment in taxis converting to our Bureau services, which supports fleet growth.

Employee benefit expenses in FY16 included $2.3 million in employee separation costs. Excluding separation costs, employee benefit expenses increased $1.1 million or 2.9%. The Company has been focused on building the organisational structure and adding the capabilities required to compete and grow in the changing personal transport market. Including the appointment of a Chief Technology Officer for the first time in July 2016.

56% of key management personnel and their direct reports have joined the Company in the last two years. The employee separation costs incurred during FY16 represent a one-off charge to achieve this organisational transformation. We will continue to invest in the necessary skills and capabilities as required to achieve our strategic objectives.

General and administration expenses increased 12.3% to $15.8 million (FY15: $14 million) primarily due to a $2 million increase in marketing and advertising investment to $4.6 million in FY16. Marketing activities in the year included the launch of App Payments supported by an online, direct response campaign to existing Customers and new audiences already using competitor booking apps. Our sponsorship of the GWS Giants AFL team was rebranded to 13CABS and the *Fastest Cabbie* campaign was launched, an initiative that saw two taxi Drivers compete in the televised 13CABS AFL Grand Final Sprint.

Silver Service unveiled its first ever integrated marketing campaign in Sydney launching radio, billboard, CBD lift media and a social influencer promotion across digital channels. A uniform brand positioning for Cabcharge and the Taxi Networks was developed that will become the framework for future corporate and brand initiatives.

Transaction processing expenses decreased $0.6 million to $4.0 million (FY15: $4.6 million) due to lower volumes for Cabcharge FASTeTICKET and improved control procedures for FASTeTICKET validation.

Lease back expense in FY17, following the sale of Riley Street for $18.2 million, will be approximately $0.9 million.

Depreciation and amortisation expense increased $2.2 million to $15.7 in FY16 (FY15: $13.4 million) primarily due to $1.7 million in accelerated amortisation on New South Wales wheel chair accessible taxi plate licences arising from regulatory changes announced in December 2015.

Cabcharge has recorded non-cash impairment charges of $27.7 million in FY16 relating to its national portfolio of taxi plate licences. The impairment charges reflect recent regulatory changes in many of the states which have issued taxi plate licences which we hold. In FY15 Cabcharge recorded a non-cash impairment against the carrying value of its associate interest in CFN of $10.3 million.

Other expenses increased $2.1 million to $7 million in FY16 (FY15: $4.9 million) primarily due to changes to our credit provisioning policies that resulted in an increase of $1.5 million to our credit provisions for Taxi Operator receivables.

Finance income increased $4 million to $5.5 million (FY15: $1.5 million) due to gain on the sale of shares in ComfortDelGro in December 2015. These shares were deemed to be non-core to operations and strategy following completion our capital management review aimed at driving ongoing balance sheet efficiency.

Finance costs declined $1.1 million to $5.9 million (FY15: $7.1 million) due to lower average loan balances over the period.

The Group's 61.4% effective tax rate (FY15: 35.4%) is higher than the 30% statutory tax rate primarily due to the non-deductibility of impairment charges against taxi plate licences in FY16 and investments in associates in FY15 for tax purposes.

Operating and Financial Review

Investments in Associates

Cabcharge holds a 49% investment in ComfortDelGro Cabcharge Pty Ltd (CDC), Australia's largest private bus operator. CDC provides route and school bus services in Sydney, the Hunter Valley and Queanbeyan in New South Wales, and in Melbourne, Geelong and Ballarat in Victoria. As at 30 June 2016 the carrying value of Cabcharge's investment in CDC was $251.8 million compared to $237.2 million as at 30 June 2015.

Cabcharge also holds a 49% interest in CityFleet Network (CFN) in the UK, which provides account, booking and dispatch services for taxis and private hire vehicles in London, Liverpool, Edinburgh and Aberdeen, and coach services in London.

The equity accounted net profit contribution from Associates, CDC and CFN, was $14.5 million and $0.8 million, respectively. Combined, this was a decrease of $1.3 million to $15.3 million in FY16 (FY15: $16.7 million).

The net profit contribution from CDC of $14.5 million (FY15: $15.2 million) included a $0.8 million gain on sale of a property asset and $0.3 million of increased credit provisions relating to prior year services provided. Lower fuel prices resulted in lower fuel reimbursement income in New South Wales and Victoria, partly offset by growth in Region 4 and Hunter Valley bus services.

The net profit contribution from CFN of $0.8 million (FY15: $1.5 million) was $0.5 million lower due to the closure costs of ComCab Birmingham, which had been loss making for a number of years. CFN continues to operate in London, Aberdeen, Liverpool and Edinburgh with combined revenue of $115.6 million (FY15: $114.6 million).

At 30 June 2016 we determined that there were no changes to CFN's underlying performance that required impairment charges. The carrying value of the associate interest in CFN at 30 June 2016 was $44.8 million, including $14 million of surplus cash. We continue to carefully monitor the carrying value of CFN in relation to operational results and future outlook as well as current discount rates and currency exchange rates.

ComfortDelGro Cabcharge

	FY16 $m	FY15 $m	Change over PCP
Revenue	**353.0**	**345.6**	**2.1%**
Expenses	(301.3)	(290.6)	3.7%
EBIT	**51.7**	**55.0**	**(6.0%)**
Net interest	(8.9)	(11.5)	(22.6%)
Profit before tax	**42.8**	**43.5**	**(1.6%)**
Income tax	(13.2)	(12.5)	5.6%
NPAT	**29.6**	**31.0**	**(4.5%)**
49% share	**14.5**	**15.2**	**(4.5%)**

CityFleet Network

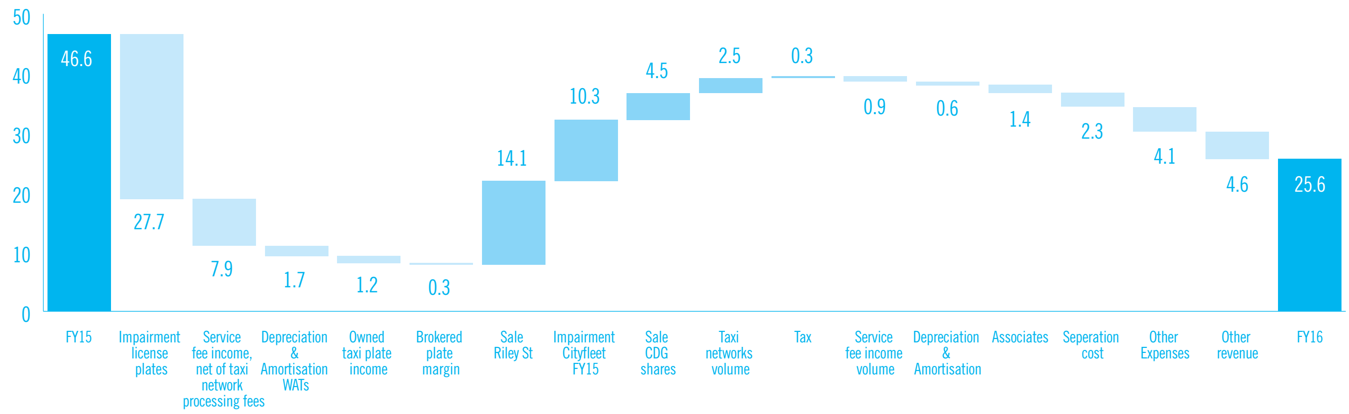
	FY16 $m	FY15 $m	Change over PCP
Revenue	**115.6**	**114.6**	**0.9%**
Expenses	(112.7)	(110.9)	1.6%
EBIT	**2.9**	**3.7**	**(21.8%)**
Net interest	0.1	0.1	0.0%
Profit before tax	**3.0**	**3.8**	**(21.3%)**
Income tax	(0.3)	(0.8)	(62.5%)
NPAT before closure Birmingham	**2.7**	**3.0**	**(10.3%)**
Birmingham closure costs	(1.0)		
NPAT statutory	**1.7**		
49% share	**0.8**	**1.5**	**(43.3%)**

Net Profit

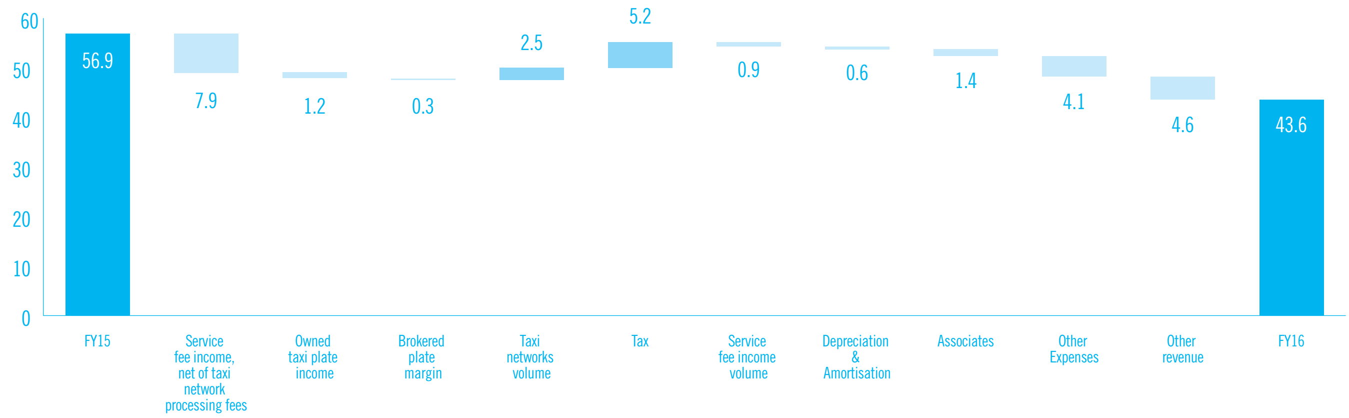
The major components of the Company's change in Net profit after tax in FY16 can be seen in the accompanying chart, both on a statutory basis and on an underlying basis.

Statutory basic and diluted earnings per share were 21.3 cents (FY15: 38.7 cents). Underlying basic and diluted earnings per share were 36.2 cents (FY15: 47.2 cents).

NPAT Statutory ($ millions)



NPAT Underlying ($ millions)



Operating and Financial Review

Balance Sheet

The Company's net assets as at 30 June 2016 decreased to $388.9 million from $393.0 million at 30 June 2015. This decrease is derived principally from $25.6 million FY16 Net profit after tax (which includes $27.7 million in non-cash taxi plate licence impairment charges), less $24.1 million in dividends paid during the year, $3 million decrease in share of associates' foreign currency translation differences, and a $3.3 million transfer out of other comprehensive income of fair value of available-for-sale financial assets, net of tax.

During the year, management continued to reduce total borrowings, which stood at $109.7 million at 30 June 2016, $18.5 million lower than a year prior (30 June 2015: $128.2 million).

The net debt to equity ratio was 24.9% at 30 June 2016 (30 June 2015: 26.6%). The available liquidity at 30 June 2016 was $107 million (30 June 2015: $100.9 million), consisting of $13 million in cash (2015: $23.9 million) and $94 million (2015: $77 million) in unused facilities.

Management continues to take a prudent approach to gearing while ensuring the Company invests in the competitive position of its products and therefore shareholder value.

In August 2016, the Company entered into agreements with its lending banks to extend its current finance facility term for a further two years from 1 July 2017 to 1 July 2019. We have also also taken advantage of the low base interest rate environment to enter into new medium term interest rate swaps at a lower rate.

The Company has also reduced finance facility limits from $200 million to $160 million given an extended period of operating significantly within our credit facility levels and recognising the commitment fee cost of unutilised lines of credit.

As a result of these negotiations and lower loan levels we expect our finance costs will be lower in FY17 and we now have certainty over pricing of finance facilities for the three years to 1 July 2019.

Cash Flow

Operating cash flow for FY16 was $46.5 million, compared to $50 million for FY15. Proceeds from the sale of the Riley Street corporate office were received post balance-date and are therefore excluded from reported cash flows from investing activities.

Free cash flow after investing activities was $31.8 million for the year. Free cash flow was used to pay $24.1 million in dividends and to reduce borrowings.

Cabcharge generates consistently high operating cash flow that supports the payment of dividends, investment in new products and infrastructure and facilitates an appropriately geared capital structure.

Balance Sheet

	FY16 $m	FY15 $m
Cash and cash equivalents	13.0	23.8
Other current assets	82.6	76.9
Investments in associates	296.6	284.3
Property, plant and equipment	40.2	39.0
Taxi plate licences	41.2	70.9
Other non-current assets	57.0	61.9
Total assets	**530.6**	**556.8**
Loans and borrowings	109.7	128.2
Other liabilities	32.0	35.6
Total liabilities	**141.7**	**163.8**
Total net assets	**388.9**	**393.0**
Net Debt/Equity	24.9%	26.6%
Ungeared return on Australian taxi related services[1]	21.4%	20.4%
Ungeared return on investments in associates (excl. impairment)	6.0%	6.0%

1 NPAT excluding associates' profit, impairment, interest expense / Net assets excluding bank loan and investments in associates

Cash Flow

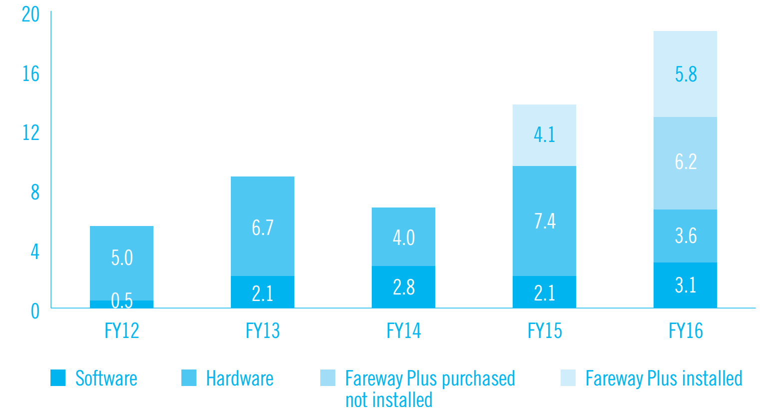
	FY16 $m	FY15 $m
Net cash from operating activities	46.5	50.0
Net cash from (used in) investing activities	(14.7)	(13.1)
Net cash (used in) financing activities	(42.6)	(54.9)
	(10.8)	(18.0)
Cash and cash equivalents at 1 July	23.9	41.9
Cash and cash equivalents at 30 June	**13.1**	**23.9**
Cash Conversion	85%	83%

Cash Conversion is 'Ungeared pre-tax operating cash flow/underlying EBITDA including profit from Associates'.

Cash conversion ratio

85%

Capital Expenditure ($ millions)



Capital Expenditure

Cabcharge is actively investing in technology for the future growth of the Company.

Investments in property, plant and equipment were $9.4 million in FY16 (FY15: $11.6 million) reflecting the rollout of *FAREWAY*plus, a new telephone system to improve customer service, and essential repairs to our key site in Alexandria, Sydney. In addition, $6.2 million of *FAREWAY*plus equipment not yet installed was purchased in FY16. Ongoing software development including linking payments in apps and the ability for Drivers to call Passengers resulted from $3 million investment in development of intellectual property (FY15: $2.1 million). The Company also acquired Dandenong Taxis for $1.9 million in the first half of the 2016 financial year.

Dividends

The Board has declared a fully franked final dividend of 10 cents per share, with a record date of 30 September 2016 and a payment date of 31 October 2016. This brings the full year dividend for FY16 to 20 cents per share fully franked, consistent with FY15.

Major Operational Developments

Following the capital management review, Cabcharge undertook a sale of its investment in listed shares in ComfortDelGro Corporation Limited and the Riley Street site in Darlinghurst which currently houses Cabcharge's corporate offices. We have entered into a two-year lease with two six-month options to renew at the Riley Street site. Lease expense from FY17 will be approximately $1 million per annum for the duration of the lease. Within the next 3 years we will transition our corporate office and payments expertise to our Alexandria site which currently houses our Sydney taxi network operations. Unifying the majority of our Sydney workforce onto a single site is part of a strategy that reflects efficient balance sheet management and is consistent with our strategic task of linking bookings and payments. Further, we will achieve a range of efficiencies as a result of decreased travel time and duplication of activities across sites, increased interaction between staff, and bringing more of our workforce into closer contact with our Taxi Operators, Drivers and Passengers. The move will culminate our cultural transformation in Sydney, providing the strongest physical evidence that we are no longer a siloed Company.

Cabcharge recognises the importance of customer service for Passengers and for Driver welfare. We have implemented several initiatives to improve the customer experience for Passengers including:

- linking bookings to payments;
- improving app functionality;
- facilitating direct contact between Passengers and Drivers prior to pick-up while preserving the privacy of both Passenger and Driver mobile numbers; and
- consolidating our brands and changing dispatch rules to incentivise Drivers to complete a booked pick-up service.

Regulatory change has provided opportunities as well as impediments. As a result of the legalisation of ridesharing, the Company is now able to offer network branded services for private hire in the new lightly regulated pre-booked market. Additionally, Cabcharge is now able to train Drivers for Taxi Networks in NSW. Training our own Drivers allows us to focus on the aspects of service quality that matter to Passengers and to increase the supply of Drivers. We have invested further in our Driver services teams to enhance the ongoing support we offer to Drivers, including monitoring performance with respect to our updated service standards which are designed to provide more certainty and quality of service for Passengers.

We continue to support our Merchant Network partners via the completion of a major investment and upgrade of in-taxi fixed equipment with the roll-out of *FAREWAY*plus.

We also recognise the importance of meeting Driver needs, many of whom prefer handheld terminals. Accordingly, we will be launching our own hand held terminal offering in selected markets during FY17.

We estimate the size of taxi fares processed through cards, excluding our Cabcharge account products, to be $3.0 billion of which our current share with our network payments terminal business model is 25%. The opportunity to grow market share through the hand held terminal product launch is significant.

Linking bookings to payments remains a key strategy in securing taxi fares processed volumes. In FY16 we launched the service in our own Taxi Networks and provided payments processing support for one of our merchant taxi network partners for their apps linking bookings to payments. While volumes remain a small percentage of overall bookings, this channel is growing and is essential to position the Company for the future.

Following the Australian Competition and Consumer Commission's authorisation of the iHail service in March 2016, we will be providing payments processing support for iHail in FY17. There is an untapped opportunity in linking bookings to payments for bookings taken through our call centres. While booking via app is growing, bookings through call centres remain the dominant form that Customers choose when interacting with our Taxi Networks.

Outlook

The personal transport industry is large and growing and our underlying business metrics remain strong.

While we saw a modest decline in taxi fares processed in FY16, we continue to invest in initiatives that will strengthen our position within the taxi payments market such as launching a hand held terminal product, improving Cabcharge products, and linking bookings to payments.

Our Taxi Networks fleet continues to grow. In FY17 we will continue to improve the value proposition of our Taxi Networks for Passengers, Operators and Drivers. Our first priority is to provide taxi Passengers with an industry-leading booking and trip experience to increase usage of our Taxi Industry partners' services. We will continue to aggressively explore new business models, particularly in the pre-booked transport sector.

The industries in which Cabcharge operates have always been competitive. We welcome increased competition as it is increasing the penetration of personal transport services as a proportion of the overall transport market. It is the change in service fee, far more than competition from new or existing market entrants, that has affected our FY16 results.

With the conclusion of major regulatory reviews at the Federal, state and territory level we have a much stronger view on what the future will look like and have set our strategy accordingly to maximise our participation in the expanding market. We are focused on delivering for our Customers. Our balance sheet is well placed to support this strategy and we aim to continue to reward our shareholders with a fully franked dividend.

Board of Directors

RUSSELL BALDING, AO

Chairman, Member of the Board since 6 July 2011

Special responsibilities – Member of the Audit & Risk Committee and Corporate Governance Committee

Russell Balding was appointed Chairman of the Board in May 2014. Mr Balding is also the Deputy Chairman of Destination NSW and Racing NSW; a Director of ComfortDelGro Cabcharge Pty Ltd, CityFleet Networks Ltd (UK) and The Trust Company (Sydney Airport) Limited. Mr Balding previously chaired the Visitor Economy Taskforce, established by the NSW Government to develop a tourism and events strategy to double overnight visitor expenditure to NSW by 2020.

Russell has had a long and distinguished managerial career having held senior executive positions in a number of major organisations covering a diverse range of operational areas including transport, tourism, media and aviation all of which have required extensive government, stakeholder, community and customer interaction.

Previously, Mr Balding has also served on the Boards of NSW Business Chamber Limited, ThoroughVision Pty Ltd (TVN), Tourism NSW and the Transport and Tourism Advisory Board. He was Chief Executive Officer of Sydney Airport Corporation Limited from 2006 to 2011, Managing Director of the Australian Broadcasting Corporation (ABC) from 2002 to 2006 and prior to that ABC's Director of Funding, Finance and Support Services. Mr Balding was also the Director of Finance of the NSW Roads and Traffic Authority. He is a past State President and currently a Fellow of CPA Australia, and a member of the Australian Institute of Company Directors.

Directorships of other listed public companies held at any time during the three years to 30 June 2016 – The Trust Company (Sydney Airport) Limited in its capacity as responsible entity of the Sydney Airport Trust 1.

ANDREW SKELTON

Chief Executive Officer and Managing Director, Member of the Board since 10 December 2014

Andrew Skelton commenced as Chief Executive Officer in June 2014 and was appointed Managing Director in December 2014. Prior to this, Andrew was the Group Corporate Counsel and Company Secretary from December 2011 and Chief Operating Officer of Black Cabs Combined from 2005 to 2011. Before joining the Group in 2000, Andrew was a mergers and acquisitions lawyer at K&L Gates in Melbourne. Andrew holds an MBA, Bachelor of Law, Bachelor of Commerce and a Graduate Diploma of Applied Corporate Governance.

Directorships of other listed public companies held at any time during the three years to 30 June 2016 – nil.

DONNALD MCMICHAEL

Non-executive Director, Member of the Board since 25 June 1996

Special responsibilities – Member of the Corporate Governance Committee

Donnald McMichael is Chief Executive Officer of Noah's Ark Foundation and was the former Chairman of Aerial Taxi Co-Op Society Limited, and former Director of Yellow Cabs (Canberra) Pty Ltd and the Fundraising Institute of Australia (ACT). Mr McMichael is a member of the Australian Institute of Management and Australian Society of Association Executives, and an Associate of the Australian Institute of Company Directors.

Directorships of other listed public companies held at any time during the three years to 30 June 2016 – nil.

RICHARD MILLEN

Non-executive Director, Member of the Board since 4 June 2014

Special responsibilities – Chairman of the Audit & Risk Committee

Richard Millen has extensive experience in transactions, corporate finance and accounting. Mr Millen spent over 30 years with PricewaterhouseCoopers and led its first Corporate Finance practice and subsequently the national Advisory practice of the firm. Mr Millen has a strong background in corporate responsibility, having led PricewaterhouseCoopers' internal Corporate Responsibility agenda in Australia from 2005 to 2011, and globally from 2007 to 2010. Mr Millen is also a Director of Australia for UNHCR. Mr Millen holds a MA Hons Jurisprudence (Law) from Oxford University and is a member of the Institute of Chartered Accountants in Australia and New Zealand.

Directorships of other listed public companies held at any time during the three years to 30 June 2016 – nil.

TRUDY VONHOFF

Non-executive Director, Member of the Board since 21 August 2015

Special responsibilities – Member of the Audit & Risk Committee

Trudy Vonhoff is currently a Director of Ruralco Holdings Limited, AMP Bank Limited and Tennis NSW Limited and she is a member of the three organisations' Audit & Risk Committees. Trudy also chairs the Nomination and Remuneration Committee at Ruralco Holdings, the Audit and Risk Committees for AMP Bank, and the Audit and Risk Committee at Tennis NSW.

Trudy has had over 30 years experience in financial services having held executive positions with AMP and Westpac. Her executive roles included finance, risk and strategy and leading the technology and operations functions and the retail, commercial and rural banking businesses.

Trudy has a Bachelor of Business from Queensland University of Technology, an MBA from University of Technology Sydney, and is a graduate of the Australian Institute of Company Directors.

Directorships of other listed public companies held at any time during the three years to 30 June 2016 – Ruralco Holdings Limited.

STEPHEN STANLEY

Non-executive Director, Member of the Board since 21 August 2015

Special responsibilities – Chairman of the Corporate Governance Committee

Stephen Stanley was Director of Strategy & Corporate Development at Toll Holdings for 13 years. Stephen joined Toll in its early years of growth when it was a small domestic transport Company and in line with his responsibility of strategy and mergers and acquisition, Toll acquired and integrated around 100 businesses both domestically and internationally, transforming Toll from a successful domestic operator to a leading global logistics Company.

Prior to joining Toll, Stephen took a role with the Mayne Nickless Group in 1988. Stephen progressed in operational roles and was promoted to General Manager of a business unit and then to the CEO position of the Logistics Group in 1996.

Stephen successfully re-positioned and consolidated the various business units to grow the Division under a single strategic and operational framework.

Stephen has extensive transport and logistics experience at operational and senior executive roles both domestically and internationally, with strong joint venture board experience in representing Toll on numerous boards.

Stephen has a Bachelor of Business in Accounting from RMIT University and is a graduate of the Australian Institute of Company Directors.

Directorships of other listed public companies held at any time during the three years to 30 June 2016 – nil.

Executive Team

ANDREW SKELTON

Chief Executive Officer and Managing Director

Andrew Skelton commenced as Chief Executive Officer in June 2014 and was appointed Managing Director in December 2014. Prior to this, Andrew was the Group Corporate Counsel and Company Secretary from December 2011 and Chief Operating Officer of Black Cabs Combined from 2005 to 2011. Before joining the Group in 2000, Andrew was a mergers and acquisitions lawyer at K&L Gates in Melbourne. Andrew holds an MBA, Bachelor of Law, Bachelor of Commerce and a Graduate Diploma of Applied Corporate Governance.

SHEILA LINES

Chief Financial Officer

Sheila Lines commenced as Chief Financial Officer in July 2015. Sheila joined Cabcharge from BPAY where she was the Chief Financial Officer since 2013. Prior to BPAY, Sheila was the Chief Financial Officer and then Chief Executive Officer of KeyTech Limited based in Bermuda. Sheila has held several senior financial roles and has been an Independent Non-executive Director of Butterfield Bank where she served as the Chair of the Audit Committee and Chair of the IT Committee. Sheila has a Bachelor of Laws from the University of London, is a Fellow of the Institute of Chartered Accountants in England and Wales and is a member of the Institute of Chartered Accountants in Australia and New Zealand.

ADRIAN LUCCHESE

General Counsel and Company Secretary

Adrian Lucchese commenced at Cabcharge in October 2014. Adrian began his career with Blake Dawson Waldron (now Ashurst) in 1988 and has held a number of senior management roles including Group General Counsel and Company Secretary of George Weston Foods Limited where, amongst other things, he was responsible for many of the improvements to its competition compliance program. From August 2011 to October 2014, Adrian was Company Secretary of AMP Capital Holdings Limited where he contributed to many governance, structural and business improvement initiatives. Adrian holds Bachelor degrees in both Science and Laws from the University of Sydney and a Master of Laws from the University of Sydney.

STUART OVERELL

Chief Operating Officer, Taxi Services

Stuart Overell commenced as Chief Operating Officer, Taxi Services in November 2014. Prior to this Stuart was Chief Operating Officer for Black Cabs Combined from December 2011, Operations Manager from January 2010 and IT Manager from 2007. Before joining the Group, Stuart was IT Manager for the multi-national manufacturing Company Feltex Carpets. Stuart is an Executive Councillor for the Victorian Taxi Association, holds a Bachelor of Computing (Business Systems) from Monash University and is a graduate of the Royal Military College Duntroon.

FRED LUKABYO

Chief Operating Officer

Fred Lukabyo commenced as Chief Operating Officer in November 2014. From 2002 Fred was Chief Operating Officer, Taxi Services. Prior to this, Fred was responsible for Customer Operations in Australia, New Zealand and Fiji at Tyco International. Fred had previously worked in the Deluxe Red and Yellow Cabs Group as Communications Centre Manager until 1999. Fred holds an Australian Graduate School of Management (AGSM) MBA awarded jointly from the University of New South Wales and University of Sydney, a Bachelor of Business from the University of Technology Sydney and is a Tier One qualified Insurance Broker.

DEON LUDICK

Chief Technology Officer

Deon Ludick commenced as Chief Technology Officer in July 2016. Deon joined Cabcharge from Macquarie Group Ltd where he held the position of Director Digital Delivery since 2015. Deon has held several senior technology related roles, including Program Director at Woolworths, responsible for rolling out transformational technology to 200,000 employees and Head of Mobile at Westpac Banking Corporation. Deon holds a diploma from the Computer Users Council in South Africa.

Corporate Governance Statement

A comprehensive Corporate Governance benchmarking process was conducted in FY16 with a view to ensuring that the Company's Corporate Governance policies and charters reflect the ASX Corporate Governance Council's Principles and Recommendations (3rd edition) (**ASX Principles**) and market practice amongst leading ASX 200 companies.

Following the Corporate Governance benchmarking exercise, the Company updated its Board and Committee Charters to further enhance disclosure around the roles and responsibilities of the Board and its Committees.

In FY16 the Company engaged external advisors to update and refine the Board Skills Matrix. An impartial and independent assessment of the skills and attributes of each Director was conducted in order to identify any risks or gaps in Board composition. This review confirmed that the Board continues to be well-equipped and has the relevant skills and experience to effectively discharge its role.

Following evaluation and in response to shareholder feedback, the Company introduced a minimum shareholding requirement (**MSR**) for Non-executive Directors linked to fee value to create further alignment with our shareholders by requiring Non-executive Directors to have meaningful shareholdings in the Company.

Board composition also underwent changes in FY16. Trudy Vonhoff and Stephen Stanley were appointed to the Board as independent Non-executive Directors on 21 August 2015. Their appointment broadens the skills, experience and diversity of the Board. In addition, Neill Ford retired on 18 November 2015 after many valuable years of service to the Company as a Director and Deputy Chairman.

The Board of Cabcharge is responsible for the Corporate Governance of the Company. The Board believes that robust Corporate Governance policies and practices, internal control systems and risk management frameworks, will facilitate the responsible creation of long-term value for the Company's shareholders and help it to meet the expectations of other stakeholders.

The Board is committed to ensuring that the Company's policies and practice reflect a high standard of Corporate Governance and meet the ASX Principles. Throughout FY16 the Company's Corporate Governance arrangements were consistent with the ASX Principles.

This Corporate Governance statement is current as at 28 September 2016 and has been approved by the Board of Cabcharge.

1. THE BOARD AND ITS ROLE

1.1 Responsibilities of the Board

The Board has overall responsibility for the proper management of Cabcharge and its related bodies corporate. Management is responsible for implementing the Company's strategy, achieving the business performance objectives and financial objectives. The diagram below sets out the respective roles and responsibilities of the Board, its Committees and the CEO.

CABCHARGE BOARD

The Board Charter sets out the Board's key responsibilities which include:

- selecting and evaluating the performance of the CEO;
- providing input and final approval for corporate strategy;
- monitoring corporate performance and implementation of strategy;
- reviewing, ratifying and monitoring systems of risk management, internal control and legal compliance;
- approving and monitoring progress of major capital expenditure, acquisitions and divestitures, and overseeing capital management;
- ensuring shareholders are kept informed of the Company's performance and major developments affecting its state of affairs; and
- developing and reviewing the Company's values, and monitoring corporate culture, setting the tone from the top.

Delegation and oversight →

← Accountability and reporting

CHIEF EXECUTIVE OFFICER

The CEO and his delegates (including members of the Executive Team) have responsibility for the day to day operations and management of the Company in accordance with approved delegated authority.

Delegation and oversight ↓

Recommendations and reporting ↑

Board Committees are established by the Board and are responsible for specific areas. The various powers, duties and responsibilities of the Board may be delegated to the Committee.

AUDIT AND RISK COMMITTEE

CORPORATE GOVERNANCE COMMITTEE

Corporate Governance Statement

The Company Secretary is responsible for the coordination of all Board business, including agendas, Board and Committee papers, minutes as well as communications with regulatory bodies, the ASX and all statutory and other filings.

All Directors have access to the Company Secretary and the Company Secretary is accountable to the Board, through the Chairman, on all governance matters.

The Board reviews the Board and Committee Charters at least annually and more frequently if required. The Board, Audit and Risk Committee and Corporate Governance Committee Charters can be found on the Company's website at www.cabcharge.com.au/corporategovernance.

1.2 Composition of the Board

As outlined in the Company's 2015 Annual Report, the Board experienced a number of composition changes in FY16. These included the appointment of two independent Non-executive Directors, Stephen Stanley and Trudy Vonhoff, in August 2015 and the retirement of Neill Ford in November 2015. In addition, the membership of the Board Committees was changed.

The Board believes that the current composition of the Board represents a wealth of experience, skills and knowledge that will allow the Board to continue to operate effectively. The skills and diversity of the Board is discussed further at Section 1.3.

The Chairman has announced that he will be retiring as a Director of the Company after the Annual General Meeting on 24 November 2016. The Board has commenced the process of searching for a replacement Director with a prime focus on diversity and giving due consideration to those skills and attributes that the Board has identified from the recent assessment of the skills and attributes matrix as needing additional strength.

The Directors in office at the date of this Corporate Governance Statement are as follows:

Director	Independent	Date of appointment	Term in office
Russell Balding, AO Chairman	✔	6 July 2011 Chairman from 12 May 2014	5 years
Andrew Skelton Managing Director and CEO		10 December 2014	2 years
Donnald McMichael Non-executive Director	✔	25 June 1996	20 years
Richard Millen Non-executive Director	✔	4 June 2014	2 years
Stephen Stanley Non-executive Director	✔	21 August 2015	1 year
Trudy Vonhoff Non-executive Director	✔	21 August 2015	1 year

Details of the Directors' experience, qualifications and committee memberships are set out on pages 24, 25, 39 and 40 of the Annual Report.

1.3 Skills and attributes of Directors

The Corporate Governance Committee has developed a skills and diversity matrix that sets out the mix of skills and diversity that the Board will ideally reflect. The Corporate Governance Committee uses the skills and diversity matrix to support the Board renewal process in assessment and selection of new Directors. The process and outcomes also identify any professional development opportunities for the current Directors.

Review of Board composition in FY16

Following on from the FY15 Board renewal process which resulted in the recruitment of two new Directors Trudy Vonhoff and Stephen Stanley the Board in FY16 conducted a comprehensive independent review of its Board composition to ensure the Company's strategic initiatives are supported by the current mix of skills, attributes and expertise of its Directors.

The Company engaged an external advisor to lead this review. The external advisor was engaged by the Corporate Governance Committee and worked with the Committee to refine the Board Skills Matrix and complete an assessment of the skills of the Board. The purpose of the assessment was to identify any gaps in its current composition or areas for potential enhancement.

The external advisor followed the below process:

IDENTIFYING KEY SKILLS	In conjunction with the Directors, the external advisor identified relevant skills, attributes and areas of experience to comprise the Board Skills Matrix and which are desirable to be represented on the Board with regard to the Company's industry and strategic objectives.
SELF-ASSESSMENT	Directors conducted a self-assessment against each of the identified skills, attributes and areas of experience identified in the first stage of the review. Self-assessment was conducted against each criteria on a graded scale.
1-ON-1 INTERVIEWS	Following completion of the self-assessment, the external advisor first reviewed Director CV's and bios and then conducted one-on-one interviews with each of the Directors in relation to the extent to which they considered that they did or did not possess the skills and expertise reflected in the Board Skills Matrix.
ANALYSIS OF OUTCOMES	The external advisor prepared a Board Skills Matrix assessment based on the combined results of the self-assessment questionnaire and the one-on-one interviews. This assessment illustrated the extent to which each of the relevant skills, attributes and areas of experience currently has "coverage" amongst the current members of the Board and identified areas for future enhancement.

Corporate Governance Statement

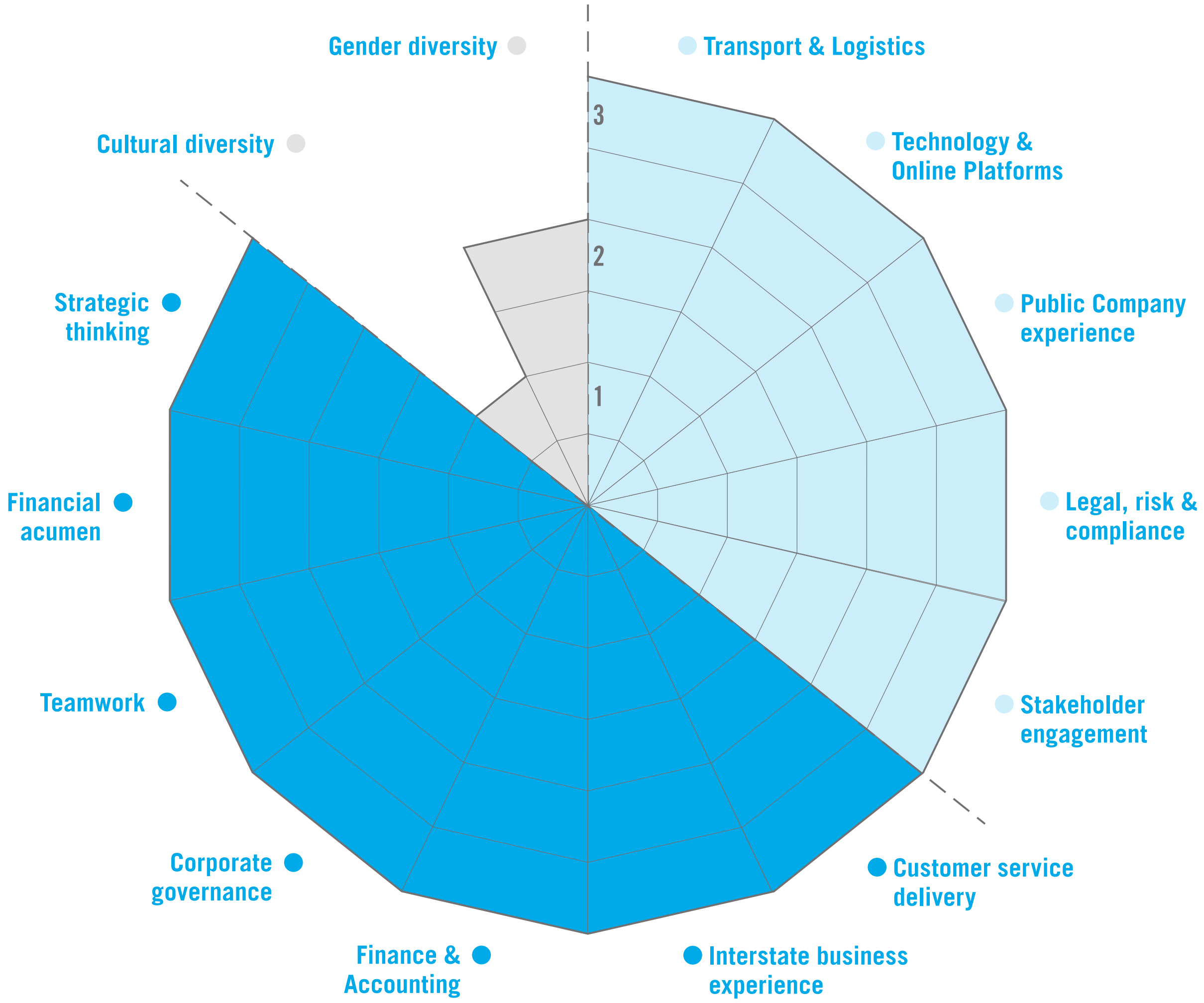
Outcomes from review of Board composition

In this review process an extensive list of desirable and mandatory skills, expertise, and personal attributes were identified against which the Directors provided their assessment. This set of skills, attributes and expertise were made in light of the current and future challenges and opportunities for the Company and the sector in which it operates. Following the completion of the Board composition review process in FY16, the Board has concluded that it is satisfied with the skills, expertise and industry coverage that the Directors together possess. The key results of the review were as follows:

- The expertise and capabilities collectively possessed by the Directors are appropriate to meet the current and future needs of the Company.
- In particular, the Board considers that the collective skill sets of the Directors will continue to enable the Company to meet its strategic objectives, including those related to digital platforms in the payments and networks area. The Company will continue to grow its digital and technological expertise given the continued presence of digital disruptions in the Taxi Industry.
- Recognising that customer satisfaction is central to the Company's ongoing success, the Company will continue strengthening its consumer services and customer delivery expertise and will consider whether potential new Director candidates have expertise in the implementation of marketing initiatives.
- The Board recognises that there is an opportunity to enhance the diversity of the Board, and will continue to keep diversity front of mind in succession planning in order to achieve greater diversity on the Board. As well as gender diversity, the review identified cultural diversity as an area where the current composition of the Board could be enhanced in the future.
- The Board will continually assess and refresh its skills and attributes matrix. The Company supports Directors broadening and refining their skills experience and expertise through continual education. A Level 3 rating in any one area of the diagram below does not in itself indicate that further development is not desirable.

Board Skills Matrix

The following diagram sets out the skills, experience and attributes of the Directors in office as at the date of this Corporate Governance Statement.



In the above diagram skills, experience and attributes are rated between 1 and 3 as follows:

- **"3" – strong** coverage amongst the current Directors on the Board (ie 2 or more Directors);
- **"2" – area for monitoring** amongst the current Directors on the Board (ie 1 Director); and
- **"1" – area for enhancement** in respect of the current Board composition (ie no Directors).

Skills and experience – mandatory
Skills and experience – desirable
Attributes

1.4 Director independence and tenure

As at the date of this Corporate Governance Statement, the Board is comprised of a majority of independent Directors, including an independent Chairman.

The Board has adopted the guidelines consistent with the ASX Principles for considering the independence of Directors. In general, Directors will be considered to be 'independent' if they:

- are not employed in an executive capacity by the Company or another group member, or, if they have been previously employed in an executive capacity by the Company or another group member, there has been a period of at least 3 years between ceasing such employment and serving on the Board;
- have not within the last 3 years been a partner, Director or senior employee of a provider of material professional services to the Company or another group member;
- have not within the last 3 years been in a material business relationship with the Company or other group member or an officer of or otherwise associated directly or indirectly someone with such a relationship;
- are not a substantial shareholder of the Company, or officer of, or otherwise associated directly or indirectly with, a substantial shareholder of the Company;
- have no material contractual relationship with the Company or another group member, other than as a Director of the Company;
- do not have close family ties with any person who falls within any of the categories described above;
- have not been a Director of the entity for such a period that his or her independence may have been compromised; and
- are free from any other interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect the Director's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its shareholders.

In determining independence, the Board takes into account all circumstances surrounding a relationship before determining if the materiality threshold has been reached. Generally, the Board will consider an affiliation with a business which accounts for less than 10% of the relevant base (eg revenue, equity or expenses, as deemed appropriate) to be immaterial for the purposes of determining independence.

The Taxi Industry is a unique and specialised industry and the Board considers that tenure should not of itself compromise independence. Donnald McMichael has valuable commercial knowledge and significant experience within the Taxi and Taxi payments sectors. As such, the Board considers that Mr McMichael was able to effectively carry out his responsibilities in accordance with the Board Charter. Together with the recent changes to its composition the Board believes that Mr McMichael's continued contribution is an important skill and attribute set that the Board requires. It does not regard the tenure of Mr McMichael as affecting his capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its shareholders.

1.5 Succession planning and Director appointments

The Board is responsible for structuring Director succession plans and identifying potential Director candidates, having regard to the necessary and desirable competencies for Directors that are identified by the skills and attributes matrix.

The overarching principle that applies in selecting Director candidates is that new Directors should possess the mix of skills, expertise, experience and attributes necessary to ensure the continued effectiveness of the Board. In particular, the Corporate Governance Committee is committed to diversity in considering Board composition.

All Director nominees are interviewed by the Corporate Governance Committee and then by the other Directors. The final appointment decision is made by the Board. Detailed background checks are carried out prior to any Board appointments. New Directors are put forward to shareholders for election at the first Annual General Meeting following their Board appointment. The Company will provide shareholders with the information in the Company's possession about Director candidates that is relevant to that Director's election and subsequent re-election.

1.6 Induction and training

Non-executive Directors are given a letter of appointment setting out the terms of the appointment, time commitment envisaged and the roles and responsibilities and the Company's expectations. Directors appointed since the introduction of the Company's MSR will also be informed of the requirement that Directors acquire a meaningful shareholding in the Company.

On appointment, Directors take part in an induction program that provides insight into the operation of the Company and its Corporate Governance practices and procedures. Directors take part in site visits and receive an induction package comprising the Company constitution, Board Charter, Committee Charters, Share Trading Policy and other relevant governance documentation. All new Directors have the opportunity to meet with members of the Executive Team and to be formally briefed on corporate strategy.

Directors are also encouraged to undertake programs of continuing education to ensure that the Directors continue to remain up to date on developments relating to law and governance practices, as well as with developments within the taxi and transport industries generally.

1.7 Access to information, independent advice and indemnification

Upon appointment, each Director enters into a Deed of Access, Indemnity and Insurance with the Company to ensure access to documents, and insurance arrangements during and within a period following their retirement as Director.

Procedures are also in place to ensure that each Director has the right to seek independent professional advice at the Company's expense on matters pertaining to their role as Director.

Corporate Governance Statement

2. BOARD COMMITTEES

The Board has established two Committees to which it delegates specific responsibilities.
The Board has in place an Audit and Risk Committee and a Corporate Governance Committee. The Charters of each Committee are available on the Cabcharge website at www.cabcharge.com.au/corporategovernance.

The number of Committee meetings held during FY16 and each Director's attendance at those meetings is set out on page 42 of this Annual Report.

2.1 Audit and Risk Committee

Audit and Risk Committee

Roles and responsibility

The Committee's key responsibilities and functions are to oversee and to make recommendations to the Board about the Company's:

- financial reporting process;
- relationship with the external auditor and the external audit function generally;
- relationship with the internal auditor and the internal audit function generally;
- processes for monitoring compliance with laws and regulations and its own Code of Conduct and Ethics; and
- processes for identifying and managing risk.

As soon as practicable after each meeting, the Chairman of the Committee (or a delegate) provides a report to the Board, which includes recommendations for any approvals required by the Board that are within the Audit and Risk Committee's remit.

Membership

The Audit and Risk Committee must consist of:

- at least three members;
- only Non-executive Directors;
- a majority of independent Directors; and
- an independent Chairman, who is not Chairman of the Board.

The Committee was comprised of the following members in FY16, all of whom were independent Non-executive Directors:

- Richard Millen (Chairman);
- Donnald McMichael (ceased as a member of the Committee on 20 October 2015);
- Russell Balding, AO; and
- Trudy Vonhoff (from 20 October 2015).

Selection and appointment of the external auditor

KPMG is the auditor of the Group and was appointed in 2007. The most recent external audit partner rotation took place in the financial year ended 30 June 2014.

The Audit and Risk Committee annually reviews the performance of the external auditor and recommends to the Board the approval of the terms of the external audit engagement. The Audit and Risk Committee considers the independence of external auditors and oversees the external audit partner rotation.

2.2 Corporate Governance Committee

Corporate Governance Committee

Roles and responsibility

The Committee operates under a Charter, and is responsible for the process of nominating Directors, making recommendations to the Board in relation to:

- the Company's remuneration policy and Corporate Governance framework;
- the size and composition of the Board, including conducting a review of Board succession plans and the succession of the Chairman and CEO;
- criteria for nomination as a Director and the membership of the Board more generally;
- the remuneration arrangements for the Chairman and the Non-executive Directors of the Board;
- in consultation with the CEO, policies and procedures related to remuneration, recruitment, retention, termination and performance assessment for employees; and
- arrangements for the CEO including contract terms, annual remuneration and participation in the Company's short and long term incentive plans.

Further detail about the Committee's role in succession planning and Director induction is set out in Section 1 of this Corporate Governance Statement.

Membership

The Corporate Governance Committee must consist of:

- at least three members;
- only Non-executive Directors;
- a majority of independent Directors; and
- an independent Director as Chair.

The Committee was comprised of the following members in FY16, all of whom were Non-executive Directors:

- Stephen Stanley (Chairman since 20 October 2015);
- Donnald McMichael;
- Russell Balding; and
- Neill Ford (ceased as Chairman of the Corporate Governance Committee on 20 October 2015 and as a Director on 11 November 2015).

Remuneration of Key Management Personnel

The Corporate Governance Committee has overall responsibility for making recommendations to the Board in relation to the remuneration of the CEO, and Directors. In addition, the CEO in consultation with the Corporate Governance Committee makes recommendations to the Board in relation to the remuneration and performance of the KMP. The Company's remuneration policies appropriately reflect the different roles and responsibilities of Non-executive Directors compared with executive Directors and other senior executives.

The remuneration entitlements of executives (including superannuation entitlements) are contained in written employment agreements between the executive and the Company. Each executive's employment agreement sets out a description of their position, and responsibilities.

The Company's policies and practices in relation to the remuneration of KMP is set out on in the Remuneration Report, at pages 44 to 58 of this Annual Report.

Corporate Governance Statement

3. PERFORMANCE EVALUATION AND REMUNERATION

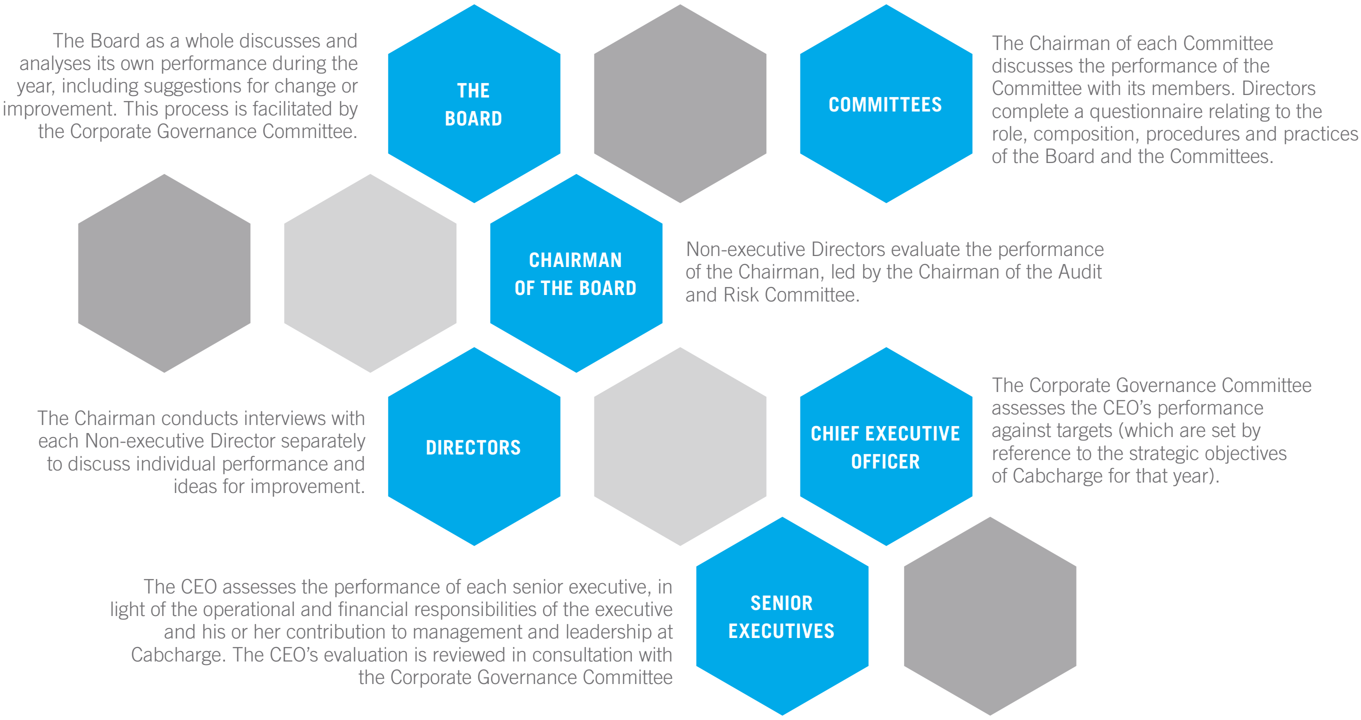
3.1 Performance evaluation process

The process for the performance evaluation of Non-executive Directors, the Board, its Committees, the CEO and senior executives is guided by the Company's Performance Evaluation Policy, a summary of which is set out in the diagram below.

All suggestions for improvement and change arising out of the annual performance evaluation process are received by the Board, through the Corporate Governance Committee or CEO (where appropriate). The Board or Corporate Governance Committee may also engage an external consultant to facilitate the annual performance evaluation process.

In accordance with the Performance Evaluation Policy, the Company undertook performance evaluations of the Board, its Committees, Directors and Senior Executives for the financial year ended 30 June 2016.

A copy of the Performance Evaluation Policy is available on the Cabcharge website at www.cabcharge.com.au/corporategovernance.



4. POLICIES AND RISK FRAMEWORK

All of the Company's policies referred to in this section are available on the Cabcharge website at www.cabcharge.com.au/corporategovernance.

4.1 Diversity

Policy and programs

Cabcharge values diversity and inclusiveness in the workforce, recognising that diversity contributes to achieving sustainable long term performance improvements. The greatest assets of the Company are its people, and the Company is committed to creating an environment where all employees have an opportunity to realise their potential and contribute to the success of the Company.

The Company has adopted a Diversity Policy and actively ensures that it is followed by adopting initiatives, programs and policies such as the following:

- **Requiring management to include at least one female candidate on all short-lists when looking for appointees (and requiring management to report to the Board on outcomes)**
- **Providing an Employee Assistance Program that assists employees with personal or work related counselling and advice**
- **Improving cultural awareness through training and employee engagement, such as celebrating various multicultural and faith events**
- **Providing appropriate facilities for our new parents to assist with the transition back to the workforce**
- **Promoting corporate and social responsibility, including sponsoring a guide dog, providing iPads for special needs children and supporting National Harmony Day**
- **Encouraging open discussions about diversity to promote awareness and openness at all levels of the Cabcharge business**

Measurable objectives

As at 30 June 2016, women represent 49.5% of the total workforce, 33.3% of executive managers (defined as the CEO's direct reports), 33.3% of managers and 16.7% of the Board. In order to improve gender diversity across the Company, the Board approved measurable objectives for FY16. These objectives and the Company's progress achieving them are set out below.

Objective	Target	Outcome
Diversity awareness		
Cabcharge aims to create an environment in which individual differences are valued and all staff have the opportunity to realise their potential and contribute to the success of Cabcharge. Diversity objectives are communicated to business units and a diversity forum comprising management and team representatives has been set up.	Staff members are provided with the Diversity Policy on induction and through further training to line managers on diversity and conscious versus unconscious bias.	100% of employees have received diversity communications through induction or training. Diversity Policy and procedure guidelines are also made available.
Recruitment		
Efforts are made to identify prospective appointees who are female. Efforts are made for any short list of prospective appointees to include at least one female candidate.	Recruiter briefings to include diversity requirements. Any short list of prospective appointees should include at least one female candidate.	100% of jobs requested with diversity specifications. All short lists included at least one female.
Retention		
Pay parity has been assessed to ensure females are not paid less than males for equivalent roles.	Pay parity exercise performed to assess the extent of pay parity discrepancies.	Pay parity has been completed and there are no identified roles where pay parity is of concern. As a matter of general practice, all employees engage in exit interviews to assist us in further developing our internal benchmarks and practices.
Workflow flexibility		
Cabcharge has flexible work arrangements in place – compressed working weeks, flexible work, time in lieu, telecommuting, carer's leave, unpaid leave and part time work.	Employees are offered workplace flexibility programs to the extent possible for the particular role.	100% of employees may request workplace flexibility. Each request is considered on a case by case basis taking into account the reasons for the request, the individual's requirements, business needs, demands and flexibility.

Corporate Governance Statement

4.2 Competition and Consumer Act Compliance Policy

The Group is committed to complying with the provisions of the *Competition and Consumer Act* 2010 (Cth) (**CCA**) and this is demonstrated by the Company's implementation of a comprehensive compliance program which includes:

- the appointment of a compliance officer;
- experienced and qualified personnel employed to oversee competition and consumer law issues;
- mandatory CCA training is provided to employees to ensure they know our obligations under these laws;
- employees are required to refresh their CCA training at least every 2 years and each person's training is recorded;
- a direction to all employees to report any compliance related issues and compliance concerns relating to the CCA to the compliance officer; and
- a guarantee that employee(s) making a complaint or report in relation to the Group's compliance with the CCA will not be victimised or disadvantaged in any way by reason of their complaint or report and confirmation that their complaint or report will be kept confidential and secure.

4.3 Share trading

The Company has adopted a Share Trading Policy to uphold shareholder, investment community and public confidence in the integrity of the market for Cabcharge shares. The policy prohibits Directors, the Executive Team and other staff members from trading in securities or directing the trade of shares on the basis of inside information or communicating the inside information.

The Policy allows trading by Directors and senior executives in specified 'trading windows', subject to complying with insider trading prohibitions and on condition that prior notification of the intention to trade is provided. The trading windows are:

- one month commencing on the trading day following the release of Cabcharge's Half Year Results to the ASX;
- one month commencing on the trading day following the release of Cabcharge's Annual Results to the ASX; and
- from the trading day following lodgement of Cabcharge's Annual Report with the ASX until one month after the Annual General Meeting of the Company.

Permission to trade outside of these windows may be given in exceptional circumstances.

In addition, the terms of the Company's equity incentive schemes prohibit participants from entering into transactions that limit the economic risk of equity-based remuneration (ie hedging and other arrangements).

4.4 Continuous disclosure

The Company has in place processes to ensure that the market is kept informed of material information by ensuring that all employees across the Group are aware of their continuous disclosure obligations.

The Continuous Disclosure Policy is designed to identify matters requiring disclosure and to allow appropriate announcements to be made in a timely manner consistent with the ASX Listing Rules. In particular, the Policy:

- provides guidance on the type of information that must be disclosed and the procedures for internal notification and external disclosure;
- includes details on the procedures in place for promoting the understanding of continuous disclosure requirements and the procedures in place for monitoring compliance; and
- establishes procedures to ensure that all material matters which may potentially require disclosure are promptly reported to the CEO through established reporting lines, including an immediate point of contact for all employees through their immediate managers.

The Company keeps its employees informed of any changes to the continuous disclosure regime established by the ASX Listing Rules or the Corporations Act.

4.5 Ethics and conduct

All employees are bound by the Company's Code of Ethics and Conduct, which sets out the expected standards of ethics and conduct employees are required to follow, in addition to their legal obligations, for the protection of shareholders and the broader community in which Cabcharge operates.

The Code addresses various issues, including conflicts of interest, corporate opportunities, confidentiality, fair dealing with the Company's Customers, suppliers, competitors and employees, protection and proper use of the Company's assets, compliance with laws and regulations, encouraging the reporting of unlawful or unethical behaviour and actively promoting ethical behaviour and protecting those who report violations in good faith.

The Board is committed to operating the business of Cabcharge openly and transparently. A breach of the Code is considered to be serious and may result in termination of employment.

Directors are similarly required to act with personal integrity and in accordance with acceptable business practices, as set out in the Board Charter and each Non-executive Director's appointment letter. The Code of Ethics and Conduct is currently undergoing a review and, once amended, will apply to Directors as well as employees. This review is expected to be completed early in FY17.

4.6 Shareholder engagement

The Company is committed to facilitating two-way communications with shareholders, to ensure that shareholders have an understanding of the Group's business, governance and performance, and can provide the Company with their own views on such matters.

Company policy	Policy in practice
The Board's commitment to shareholder engagement is reflected in the Company's Shareholder Communications Policy. The purpose of the Policy is to: • give shareholders information about the Company to enable them to exercise their rights as shareholders in an informed manner; • make relevant information available to people so that the market for shares in the Company can function in an informed manner; and • develop a strong culture of disclosure and to make relevant information available to shareholders, potential shareholders and other stakeholders in a timely and accurate manner.	The Company's website contains all market announcements, annual reports, important dates, and copies of Board policies and charters. The Company conducts periodic reviews of its website with an aim to improve the effectiveness of its electronic communications with shareholders and stakeholders generally. The Board encourages shareholders to receive and send electronic communications via its share registrar, Link Market Services. All shareholders have the right to attend the Company's Annual General Meeting. Shareholders are provided with a Notice of Meeting and an explanatory statement of the resolutions proposed. A copy of the Notice of Meeting is lodged with the ASX and is included in the market announcements feed on the Company's website. The Company ensures that its external auditor attends its Annual General Meeting, and allows shareholders to submit questions directly to the auditor prior to or at the Annual General Meeting.

Corporate Governance Statement

4.7 Risk identification and management

The Board, in consultation with the Audit and Risk Committee, is responsible for reviewing, ratifying and monitoring the Company's systems of risk management. The Audit and Risk Committee advises the Board on high-level risk related matters, and oversees processes to ensure that:

- there is an adequate system of internal control and management of business risk; and
- a regular review is undertaken of internal control systems and the operational effectiveness of the policies and procedures related to risk and control.

Annual risk management review and declaration

The Audit and Risk Committee reviews the soundness of the elements for Cabcharge's risk management framework at least annually. Management are required to report in to the Committee on the Company's risk management and internal control systems. The Audit and Risk Committee conducted this review in FY16 and was satisfied that the risk management framework continues to be sound and effectively identifies all areas of potential risk.

Consistent with the ASX Principles, before the Board approves the Group's financial statements, it receives from its CEO and CFO a declaration that:

- in their opinion and as required by the *Corporations Act 2001* (Cth) (**Corporations Act**), the financial records of the Group have been properly maintained and the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity; and
- that opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

These declarations were received by the Board prior to the approval of the Group's half year and full year financial statements in FY16.

Internal audit process

The CEO and senior management are accountable for developing and promoting the appropriate management of risk and the ongoing maintenance of the control environment.

In FY14, the Audit & Risk Committee appointed PricewaterhouseCoopers to carry out the Group's internal audit function. Accordingly, the internal auditor is independent of the external audit auditor, KPMG. The internal auditors met with the Audit & Risk Committee and key senior executives initially in FY14 to understand the business, the existing risk management framework and together, worked through a process to identify and understand the current risks facing the business in light of the strategic direction of the Company. The Company has agreed a three year internal audit plan, with the Audit & Risk Committee to review and recommend to the Board the approval of the annual internal audit plan each year. The Audit Committee and management meet with PricewaterhouseCoopers regularly to consider and if necessary refine the audit plan. The arrangement with PricewaterhouseCoopers has been extended to 30 June 2017.

Economic, environmental and social sustainability risks

Cabcharge recognises the interdependence of financial returns, social benefits and environmental impacts in our long-term business success. Therefore the Company seeks to create and build sustainable value for all its stakeholders including taxi Drivers, Taxi Operators, Customers, Passengers, employees, shareholders, business partners and the communities in which we operate.

Cabcharge monitors and seeks to manage economic, environmental and social sustainability risks within the Company's broader risk management and internal control framework. This includes ensuring that information is effectively communicated between the Board, the Audit & Risk Committee, the internal audit function and the executive team. As set out of page 14 of this Annual Report, Cabcharge continues to monitor changes to regulation, the competitive landscape and technology environment within and outside its business. Developments relating to these or other risks that may impact Cabcharge are escalated within the business and to the executive team, the Audit & Risk Committee and the Board as relevant. The Company uses a number of methods to minimise and manage such risks, including by diversifying its operations and business activities, adopting contingency plans and risk control frameworks and, where necessary, adapting the Company's strategy to reduce its risk exposure.

More generally, Cabcharge tries to promote sustainability in its business by seeking to minimise or eliminate environmental harm in its business operations and become involved in the communities where we operate and promote socially responsible practices.

Although Cabcharge is not a substantial carbon emitter we seek to reduce usage and increase efficiencies in relation to waste, water and energy to reduce our carbon footprint. We follow the principles to reduce, re-use and recycle and actively seek to improve systems and processes to minimise the operational impact of the Company on the environment.

Directors' Report
For the year ended 30 June 2016

Your Directors present their report on the Consolidated Financial Statements of the consolidated entity consisting of Cabcharge and the entities it controls for the financial year ended 30 June 2016.

1. DIRECTORS

The Directors of the Company in office at any time during or since the end of the financial year unless otherwise stated, are as follows:

Russell Balding, AO	Chairman & Director
Andrew Skelton	Director
Donnald McMichael	Director
Richard Millen	Director
Stephen Stanley	Director
Trudy Vonhoff	Director
Neill Ford	Deputy Chairman & Director – ceased 18 November 2015

Russell Balding, AO

Chairman, Member of the Board since 6 July 2011
Special responsibilities – Member of the Audit & Risk Committee and Corporate Governance Committee

Russell Balding was appointed Chairman of the Board in May 2014. Mr Balding is also the Deputy Chairman of Destination NSW and Racing NSW; a Director of ComfortDelGro Cabcharge Pty Ltd, CityFleet Networks Ltd (UK) and The Trust Company (Sydney Airport) Limited. Mr Balding previously chaired the Visitor Economy Taskforce, established by the NSW Government to develop a tourism and events strategy to double overnight visitor expenditure to NSW by 2020.

Russell has had a long and distinguished managerial career having held senior executive positions in a number of major organisations covering a diverse range of operational areas including transport, tourism, media and aviation all of which have required extensive government, stakeholder, community and customer interaction.

Previously, Mr Balding has also served on the Boards of NSW Business Chamber Limited, ThoroughVision Pty Ltd (TVN), Tourism NSW and the Transport and Tourism Advisory Board. He was Chief Executive Officer of Sydney Airport Corporation Limited from 2006 to 2011, Managing Director of the Australian Broadcasting Corporation (ABC) from 2002 to 2006 and prior to that ABC's Director of Funding, Finance and Support Services. Mr Balding was also the Director of Finance of the NSW Roads and Traffic Authority. He is a past State President and currently a Fellow of CPA Australia, and a member of the Australian Institute of Company Directors.

Directorships of other listed public companies held at any time during the three years to 30 June 2016 – The Trust Company (Sydney Airport) Limited in its capacity as responsible entity of the Sydney Airport Trust 1.

Andrew Skelton

Chief Executive Officer and Managing Director, Member of the Board since 10 December 2014

Andrew Skelton commenced as Chief Executive Officer in June 2014 and was appointed Managing Director in December 2014. Prior to this, Andrew was the Group Corporate Counsel and Company Secretary from December 2011 and Chief Operating Officer of Black Cabs Combined from 2005 to 2011. Before joining the Group in 2000, Andrew was a mergers and acquisitions lawyer at K&L Gates in Melbourne. Andrew holds an MBA, Bachelor of Law, Bachelor of Commerce and a Graduate Diploma of Applied Corporate Governance.

Directorships of other listed public companies held at any time during the three years to 30 June 2016 – nil.

Donnald McMichael

Non-executive Director, Member of the Board since 25 June 1996
Special responsibilities – Member of the Corporate Governance Committee

Donnald McMichael is Chief Executive Officer of Noah's Ark Foundation and was the former Chairman of Aerial Taxi Co-Op Society Limited, and former Director of Yellow Cabs (Canberra) Pty Ltd and the Fundraising Institute of Australia (ACT). Mr McMichael is a member of the Australian Institute of Management and Australian Society of Association Executives, and an Associate of the Australian Institute of Company Directors.

Directorships of other listed public companies held at any time during the three years to 30 June 2016 – nil.

Richard Millen

Non-executive Director, Member of the Board since 4 June 2014
Special responsibilities – Chairman of the Audit & Risk Committee

Richard Millen has extensive experience in transactions, corporate finance and accounting. Mr Millen spent over 30 years with PricewaterhouseCoopers and led its first Corporate Finance practice and subsequently the national Advisory practice of the firm. Mr Millen has a strong background in corporate responsibility, having led PricewaterhouseCoopers' internal Corporate Responsibility agenda in Australia from 2005 to 2011, and globally from 2007 to 2010. Mr Millen is also a Director of Australia for UNHCR. Mr Millen holds a MA Hons Jurisprudence (Law) from Oxford University and is a member of the Institute of Chartered Accountants in Australia and New Zealand.

Directorships of other listed public companies held at any time during the three years to 30 June 2016 – nil.

Directors' Report

Stephen Stanley

Non-executive Director, Member of the Board since 21 August 2015
Special responsibilities – Chairman of the Corporate Governance Committee

Stephen Stanley was Director of Strategy & Corporate Development at Toll Holdings for 13 years. Stephen joined Toll in its early years of growth when it was a small domestic transport Company and in line with his responsibility of strategy and mergers and acquisition, Toll acquired and integrated around 100 businesses both domestically and internationally, transforming Toll from a successful domestic operator to a leading global logistics Company.

Prior to joining Toll, Stephen took a role with the Mayne Nickless Group in 1988. Stephen progressed in operational roles and was promoted to General Manager of a business unit and then to the CEO position of the Logistics Group in 1996. Stephen successfully re-positioned and consolidated the various business units to grow the Division under a single strategic and operational framework.

Stephen has extensive transport and logistics experience at operational and senior executive roles both domestically and internationally, with strong joint venture board experience in representing Toll on numerous boards.

Stephen has a Bachelor of Business in Accounting from RMIT University and is a graduate of the Australian Institute of Company Directors.

Directorships of other listed public companies held at any time during the three years to 30 June 2016 – nil.

Trudy Vonhoff

Non-executive Director, Member of the Board since 21 August 2015
Special responsibilities – Member of the Audit & Risk Committee

Trudy Vonhoff is currently a Director of Ruralco Holdings Limited, AMP Bank Limited and Tennis NSW Limited and she is a member of the three organisations' Audit & Risk Committees. Trudy also chairs the Nomination and Remuneration Committee at Ruralco Holdings, the Audit and Risk Committees for AMP Bank, and the Audit and Risk Committee at Tennis NSW.

Trudy has had over 30 years experience in financial services having held executive positions with AMP and Westpac. Her executive roles included finance, risk and strategy and leading the technology and operations functions and the retail, commercial and rural banking businesses.

Trudy has a Bachelor of Business from Queensland University of Technology, an MBA from University of Technology Sydney, and is a graduate of the Australian Institute of Company Directors.

Directorships of other listed public companies held at any time during the three years to 30 June 2016 – Ruralco Holdings Limited.

2. EXECUTIVE TEAM

Andrew Skelton

Chief Executive Officer and Managing Director
Andrew Skelton commenced as Chief Executive Officer in June 2014 and was appointed Managing Director in December 2014. Prior to this, Andrew was the Group Corporate Counsel and Company Secretary from December 2011 and Chief Operating Officer of Black Cabs Combined from 2005 to 2011. Before joining the Group in 2000, Andrew was a mergers and acquisitions lawyer at K&L Gates in Melbourne. Andrew holds an MBA, Bachelor of Law, Bachelor of Commerce and a Graduate Diploma of Applied Corporate Governance.

Sheila Lines

Chief Financial Officer
Sheila Lines commenced as Chief Financial Officer in July 2015. Sheila joined Cabcharge from BPAY where she was the Chief Financial Officer since 2013. Prior to BPAY, Sheila was the Chief Financial Officer and then Chief Executive Officer of KeyTech Limited based in Bermuda. Sheila has held several senior financial roles and has been an Independent Non-executive Director of Butterfield Bank where she served as the Chair of the Audit Committee and Chair of the IT Committee. Sheila has a Bachelor of Laws from the University of London, is a Fellow of the Institute of Chartered Accountants in England and Wales and is a member of the Institute of Chartered Accountants in Australia and New Zealand.

Adrian Lucchese

General Counsel and Company Secretary
Adrian Lucchese commenced at Cabcharge in October 2014. Adrian began his career with Blake Dawson Waldron (now Ashurst) in 1988 and has held a number of senior management roles including Group General Counsel and Company Secretary of George Weston Foods Limited where, amongst other things, he was responsible for many of the improvements to its competition compliance program. From August 2011 to October 2014, Adrian was Company Secretary of AMP Capital Holdings Limited where he contributed to many governance, structural and business improvement initiatives. Adrian holds Bachelor degrees in both Science and Laws from the University of Sydney and a Master of Laws from the University of Sydney.

Stuart Overell

Chief Operating Officer, Taxi Services
Stuart Overell commenced as Chief Operating Officer, Taxi Services in November 2014. Prior to this Stuart was Chief Operating Officer for Black Cabs Combined from December 2011, Operations Manager from January 2010 and IT Manager from 2007. Before joining the Group, Stuart was IT Manager for the multi-national manufacturing Company Feltex Carpets. Stuart is an Executive Councillor for the Victorian Taxi Association, holds a Bachelor of Computing (Business Systems) from Monash University and is a graduate of the Royal Military College Duntroon.

Fred Lukabyo

Chief Operating Officer

Fred Lukabyo commenced as Chief Operating Officer in November 2014. From 2002 Fred was Chief Operating Officer, Taxi Services. Prior to this, Fred was responsible for Customer Operations in Australia, New Zealand and Fiji at Tyco International. Fred had previously worked in the Deluxe Red and Yellow Cabs Group as Communications Centre Manager until 1999. Fred holds an Australian Graduate School of Management (AGSM) MBA awarded jointly from the University of New South Wales and University of Sydney, a Bachelor of Business from the University of Technology, Sydney and is a Tier One qualified Insurance Broker.

Deon Ludick

Chief Technology Officer

Deon Ludick commenced as Chief Technology Officer in July 2016. Deon joined Cabcharge from Macquarie Group Ltd where he held the position of Director Digital Delivery since 2015. Deon has held several senior technology related roles, including Program Director at Woolworths, responsible for rolling out transformational technology to 200,000 employees and Head of Mobile at Westpac Banking Corporation. Deon holds a diploma from the Computer Users Council in South Africa.

3. PRINCIPAL ACTIVITIES

The Group is primarily involved in taxi related services as well as having a significant interest in the provision of route, school and bus services through its interest in an associate.

There were no significant changes in the nature of the activities of the Group during the year.

4. DIVIDENDS

Dividends paid or declared for payment since the end of the previous financial year are as follows:

Date paid or scheduled	Type	Cents per share	Paid or declared $'000
In respect of the prior year			
29 October 2015	Final	10.0	12,043
In respect of the current year			
29 April 2016	Interim	10.0	12,043
31 October 2016	Final	10.0	12,043

The 2016 final dividend was declared after the end of the financial year and is payable on 31 October 2016 with a record date of 30 September 2016.

5. OPERATING AND FINANCIAL REVIEW

The Operating and Financial Review of the Group for the year ended 30 June 2016 is set out on pages 12 to 23.

6. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the consolidated entity during the financial year not otherwise disclosed in this report or the Consolidated Financial Statements.

7. EVENTS SUBSEQUENT TO REPORTING DATE

Dividends

The Directors have declared a final dividend of 10 cents per share (fully franked) scheduled to be paid on 31 October 2016. The record date to determine entitlement to dividend is 30 September 2016.

Bank Facility

In August 2016, the Company entered into agreements with its lending banks to extend its current finance facility term for a further two years from 1 July 2017 to 1 July 2019. The Company also reduced the finance facility limits from $200 million to $160 million given an extended period of operating significantly within its credit facility levels and recognising the commitment fee cost of unutilised lines of credit.

Taxi plate licences in Victoria

On 23 August 2016, the Victorian State Government announced that all taxi licensing requirements will be removed effective early 2018. The Group has recognised the impairment charge to reduce the carrying amount of all taxi plate licences in Victoria to zero.

Other than the matters above, there have been no events subsequent to the reporting date that would have had a material impact on the Group's financial statements as at 30 June 2016.

8. LIKELY DEVELOPMENTS

The 2017 financial year is anticipated to see governments in Queensland, South Australia, Northern Territory and the Australian Capital Territory imposing price controls on non-cash taxi payments at the rate of 5% including GST with an impact on taxi service fee income in those markets. Our strategies are designed to help offset the impact of these regulatory changes by driving volume increases in fares processed through improved Cabcharge payment products, an additional distribution channel, and an increase in payments linked with bookings.

We anticipate extending our track record of growing fleet through the continued evolution of our services and a sustained focus on Passenger outcomes. Further brand consolidation will support these efforts. Opportunities for growth should arise through a combination of contracting bureau services with other Taxi Networks, Taxi Operators choosing to expand their own fleets under the umbrella of lighter regulatory regimes across the nation, and possibly acquisition.

As updated regulatory regimes pertaining to personal transport take hold around Australia, we expect a shifting in the regulatory burden on Taxi Networks although the details of some regulatory updates remain unclear. Overall we expect the balance of regulatory changes over the next 12 months to improve growth opportunities for Taxi Industry participants with some incremental levelling of the playing field in personal transport generally. In particular, the ability to train and induct Drivers to our own standards in Victoria will see a better value proposition delivered to our affiliated Taxi Operators and an increase in our service capabilities for Passengers.

9. ENVIRONMENTAL REGULATION

The Group's operations are not subject to any particular and significant environmental regulations under a law of the Commonwealth or of a State or Territory.

10. DIRECTORS' INTEREST IN SHARES

The relevant interest of each Director in the share capital of the Company at the date of this report is as follows:

Director	Note	Direct interest shares	Indirect interest shares	Total
Russell Balding, AO		40,000		40,000
Donnald McMichael	1	500	15,530	16,030
Richard Millen	2		35,000	35,000
Andrew Skelton		6,861		6,861
Stephen Stanley	3		80,000	80,000
Trudy Vonhoff		22,000		22,000
				199,891

1. 12,500 fully paid ordinary shares held by Gracious Investments Pty Ltd atf Donren Holdings Superannuation Fund and 3,030 CABSRU (a self funding instalment warrant issued by RBS) held by Gracious Investments Pty Ltd atf Donren Holdings Superannuation Fund.
2. 35,000 fully paid ordinary shares held by Navigator Australia Limited as custodian for an MLC Wrap Platform as nominee for the Millen Superannuation Fund.
3. 80,000 fully paid ordinary shares held by Esjay Pty Ltd atf The Stanley Family Trust.

11. REMUNERATION REPORT

The Remuneration Report which is set out on pages 44 to 58 and forms part of this Directors' Report, has been audited as required by Section 308(3C) of the Corporations Act.

12. DIRECTORS' MEETINGS

The number of Directors' Meetings which Directors were eligible to attend (including Committee Meetings) and the number attended by each Director during the reporting period were:

			Committee Meetings			
	Directors' Meetings		Audit & Risk Committee		Corporate Governance Committee	
	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
Russell Balding, AO	12	12	7	6	6	6
Neill Ford*	7	5	nm	nm	2	1
Donnald McMichael	12	11	2	2	6	5
Rick Millen	12	11	7	7	nm	nm
Andrew Skelton	12	12	nm	nm	nm	nm
Stephen Stanley**	10	10	nm	nm	4	4
Trudy Vonhoff**	10	10	5	5	nm	nm

nm – not a member of the relevant committee.

* Ceased 18 November 2015.

** Appointed 21 August 2015.

13. SHARE OPTIONS

There were no unissued shares of the Company under option at 30 June 2016 and no shares issued during the financial year as a result of the exercise of options. No options have been granted since the end of the financial year.

14. INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The Company has agreed to provide indemnities to and procure insurance for past and present Directors, officers and senior management of the Company and its controlled entities.

The indemnities provide broad indemnification against liabilities to another person (other than the Company or related body corporate) and for legal costs that may arise from their position as Directors, officers or senior managers of the Company and its controlled entities. The indemnities are subject to certain exceptions such as where the liability arises out of conduct involving a lack of good faith.

The Company has also paid insurance premiums for insurance policies providing the type of cover commonly provided to Directors, officers and senior employees of listed companies such as the Company. As is commonly the case, the insurance policies prohibit further disclosure of the nature of the insurance cover and the amount of the premiums.

There has been no indemnification of the current auditors, nor have any insurance premiums been paid in respect of the current auditors since the end of the previous year.

15. NON-AUDIT SERVICES BY AUDITORS

Non-audit services provided by KPMG Australia, the auditors of the Group, were for the provision of taxation advisory and compliance services and consulting services to provide recommendations to enhance risk management frameworks for which fees were paid or payable of $107,121 (FY15: $75,872) and no other assurance services for which fees were paid or payable (2015: $8,660).

The Board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the Audit & Risk Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act for the following reasons:

- all non-audit services were subject to the Corporate Governance procedures adopted by the Company and have been reviewed by the Audit & Risk Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Group, KPMG Australia, and its related practices for audit and non-audit services provided during the year are set out in note 27 of the Consolidated Financial Statements.

16. PROCEEDING ON BEHALF OF THE COMPANY

No person has applied to the court under section 237 of the Corporations Act for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of a court under section 237 of the Corporations Act.

17. LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 59 and forms part of the Directors' Report for the financial year ended 30 June 2016.

18. ROUNDING OFF

Cabcharge is a company of the kind referred to in ASIC Corporation Instrument 2016/191 (Rounding in Financial/Directors' Reports) and in accordance with that Instrument, amounts in the Consolidated Financial Statements and the Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This Directors' Report has been signed in accordance with a resolution of the Directors.

Russell Balding, AO
Chairman

Andrew Skelton
Managing Director

Sydney
26 August 2016

Remuneration Report
For the year ended 30 June 2016

(UNAUDITED)

Letter from the Chairman of the Corporate Governance Committee

Dear Shareholders

On behalf of the Board, we are pleased to present our Remuneration Report for the year ended 30 June 2016 (FY16).

For the Corporate Governance Committee, FY16 was a year for continuing the progress that Cabcharge has made in governance and remuneration in its pursuit of best practice governance.

From an operational business perspective, the Company is undergoing a transformational process as it navigates the challenges of regulatory change, increased competition and disruptive technologies. Throughout this period, the role of the Corporate Governance Committee has been to critically evaluate the governance and remuneration structures and processes in place at Cabcharge to ensure that they align, support and encourage the business strategy and enhance the culture for success within our business.

Cabcharge's remuneration framework is designed to align executive interests with long-term shareholder value, and reward our senior people for individual and corporate performance against a range of financial and strategic achievements.

The development of a robust remuneration framework that is responsive to changes in the business environment and market expectations is a continuous process. Accordingly, as well as delivering on the changes to the Company's remuneration structure which were noted in last year's Remuneration Report, the Corporate Governance Committee also oversaw a number of additional improvements in FY16.

Key highlights in relation to remuneration in FY16 include the:

- External benchmarking of the CEO remuneration pay and structure to similarly sized Australian based listed entities. The benchmark resulted in no adjustment for the fixed pay element for FY16 and an increase in short term and long term at risk performance pay.
- Review of short-term incentive (**STI**) performance measures and weightings for the CEO and KMP to reflect a greater weighting to financial performance and alignment to the current strategic priorities of the Company, including greater use of transparent, group-wide performance measures for all senior executives;
- Review of the long term incentive (**LTI**) performance measure and structure resulting in an inclusion of a return on equity performance measure for assessing senior executives' long-term incentive awards, designed to align executive and shareholder interests and enhance management's focus on profitability and capital efficiency
- Review and appropriate amendment of the Board and Corporate Governance Charters specifically in reference to remuneration and nomination responsibility;
- Review of the NED fees which resolved in no increase in FY16; and
- Introduction of a minimum shareholding requirement for Non-executive Directors compared to fee value to create further alignment with our shareholders by requiring Non-executive Directors to have meaningful shareholdings in the Company.

The Corporate Governance Committee considers that progress has been made during FY16 and is committed to continuing its focus on Cabcharge's remuneration framework to be responsive, robust and reflective of current market practices and expectations.

The Committee anticipates making a number of additional changes to the remuneration framework, in the financial year ending 30 June 2017 (FY17). Details regarding anticipated changes for FY17 are set out on page 46 of this Remuneration Report.

Yours faithfully

Stephen Stanley
Chairman of the Corporate Governance Committee

(AUDITED)

Cabcharge Remuneration Report for the financial year ending 30 June 2016

Contents

This Remuneration Report for the year ended 30 June 2016 outlines the remuneration arrangements of the Company in accordance with the requirements of the Corporations Act and its regulations. Accordingly, the information in sections 1 to 7 has been audited as required by section 308(3C) of the Corporations Act.

1. OVERVIEW

1A. Who is covered by this report

This report covers all Key Management Personnel (**KMP**) of Cabcharge. The KMP have authority and responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly, and include the senior executives set out in the table below, and all Non-executive Directors set out in table 8.

Table 1: KMP included in this report

Senior executives	Role	Change in FY16
Andrew Skelton	Managing Director and Chief Executive Officer	
Sheila Lines	Chief Financial Officer	Commenced 13 July 2015
Fred Lukabyo	Chief Operating Officer	
Stuart Overell	Chief Operating Officer – Taxi Networks	
Adrian Lucchese	General Counsel and Company Secretary	
John D'Arcy[1]	Head of Technology and Payments	Ceased 22 December 2015

1. Mr D'Arcy passed away on 22 December 2015.

Changes to KMP since close of reporting period

Mr Deon Ludick was appointed Chief Technology Officer on 18 July 2016.

Remuneration Report

1B. Realised remuneration

The details of statutory executive remuneration prepared in accordance with the accounting standards can be found on page 55.

The table below has been prepared to provide shareholders with a greater understanding of actual remuneration received by senior executives in FY16. The amounts disclosed in the table below are intended to provide an explanation of the pay for performance relationship in our remuneration structure and are in addition to the accounting standards.

Table 2: Remuneration earned in FY16 (Non-statutory) (Unaudited)

Executive	Fixed remuneration[1] $	STI earned in FY16[2] $	LTI vested in FY16[3] $	Other $	Total $
Andrew Skelton[5]	675,000	150,300	–	–	825,300
Sheila Lines	384,615	62,000	–	–	446,615
Adrian Lucchese	329,807	61,300	–	–	391,107
Fred Lukabyo	419,922	–	–	40,886[6]	460,808
Stuart Overell[5]	354,012	50,200	–	27,909[6]	432,121
John D'Arcy	200,371	32,500[7]	–	18,355[4]	251,226

1. Fixed remuneration comprises base salary and superannuation.
2. STI earned in FY16, paid in August 2016.
3. No LTI awards were capable of vesting in FY16.
4. Payment was made to the estate of Mr D'Arcy on 28 June 2016 under the terms of his executive contract.
5. Mr Skelton has $30,000 of STI pending and Mr Overell has $5,000 of STI pending. The award of the pending STI's will be determined prior to the 2016 AGM and if awarded will be disclosed in the 2017 Remuneration Report.
6. Reportable fringe benefit.
7. Mr D'Arcy passed away on 22 December 2015. His STI award has been pro-rated and left on foot until the end of the performance period, in accordance with the terms of the STI plan.

1C. Future remuneration strategy – FY17 and beyond

The Board and the Corporate Governance Committee are committed to ensuring that Cabcharge's remuneration framework remains responsive, robust and reflective of current market practice and supports the business strategy to motivate, reward and focus the executives.

Adjustments will be introduced progressively, recognising the need to remain flexible and adjust the remuneration framework from time to time in an orderly and fair manner for both the Company and our people.

In FY16 the Company flagged to its senior executives that for the FY17 STI program the Company will incorporate a deferral mechanism into the senior executive STI framework, with senior executives receiving part of their STI in the form of a deferred payment. The Board believes that introducing an element of deferred STI will assist in the retention of senior executives and focus management on the creation of longer term shareholder value.

2. REMUNERATION GOVERNANCE

This section describes the roles of the Board, Corporate Governance Committee, management and external advisors when making remuneration decisions, and sets out an overview of the principles and policies that underpin the Company's remuneration framework.

The following diagram illustrates the process for how remuneration decisions are made:

Board

- Ensures remuneration is fair and competitive, and supports the Company's strategic and operational goals
- Approves remuneration structures after consideration of recommendations from the CGC
- Approves remuneration policy for NEDs, CEO and other senior executives after consideration of recommendations from the CGC

Corporate Governance Committee (CGC)

- Comprises at least 3 members appointed by the Board
- Must have an independent chair and a majority of independent Directors
- Proposes remuneration for NEDs and CEO to the Board
- Undertakes an annual remuneration review
- Sets performance conditions
- Cabcharge CGC met 6 times in FY16

For more detail on Cabcharge charters and policies, see:
https://www.cabcharge.com.au/corporategovernance/default.aspx

Management

- CEO proposes remuneration for direct reports to the CGC, including individual performance outcome recommendations for the financial year
- CEO not present when his remuneration is discussed

External remuneration consultants and advisors

- Engaged and appointed by the Board or CGC
- Advises the CGC and management to ensure that the Company is fully informed when making decisions
- Mandatory disclosure requirements apply to use of remuneration consultants under Corporations Act

Use of remuneration consultants

In FY16, the CGC appointed Guerdon Associates as adviser to assist with the implementation of the return on equity (**ROE**) performance measure used in the Company's LTI plan and benchmarking for CEO remuneration. Guerdon Associates were engaged by and reported to the CGC. Guerdon Associates did not provide a remuneration recommendation as defined by the Corporations Act in FY16.

Remuneration Report

3. EXECUTIVE REMUNERATION ARRANGEMENTS

3A. Remuneration principles and link to Company strategy

The Company has adopted the following principles to guide its remuneration strategy to:

- align to the business strategy to encourage opportunities to be pursued and executives rewarded accordingly for the creation of long-term shareholder value;
- be supported by a governance framework;
- provide that senior executive and NED remuneration is balanced and market competitive in order to recruit, motivate, reward and retain skilled senior executives and Directors;
- align the interests of senior executives with the long-term interests of the Company and its shareholders with the use of performance-based remuneration;
- set short and long-term incentive performance hurdles that are challenging and linked to the creation of sustainable shareholder returns; and
- ensure any termination benefits are justified and appropriate.

These principles are reflected in the Company's remuneration framework which is set out below for FY16.

Business objectives	Remuneration strategy objectives	Remuneration structure
• Enhance and expand operational platform for the creation of a sustainable business model for future growth. • Focus on creation of shareholder value.	• Attract and retain key talent through balanced remuneration, market competitive pay and performance focussed STI and LTI. Focus senior executive team on the key strategic business imperatives. • Align interests of executives and shareholders. STI and LTI plans awarded to senior executives.	**Fixed Annual Remuneration (FAR)** FAR set with reference to organisations of similar size, complexity and industry dynamics. **Short-term incentives (STI)** Cash incentive based on mix of corporate goals (70%) and financial and non-financial hurdles, set at individual business unit level focused on strategic priorities (30%). **Long-term incentives (LTI)** Performance rights vesting over four years, subject to achievement of absolute TSR and ROE hurdles, with no opportunity to retest performance. **Executive arrangements** Contracts formalising incentive arrangements, and termination and post-termination provisions.

3B. Remuneration structure

The Company aims to reward senior executives with a level and mix of remuneration appropriate to their position, responsibilities and performance. The overall level of remuneration for each senior executive is intended to be market competitive for the purposes of recruiting and retaining skilled executives.

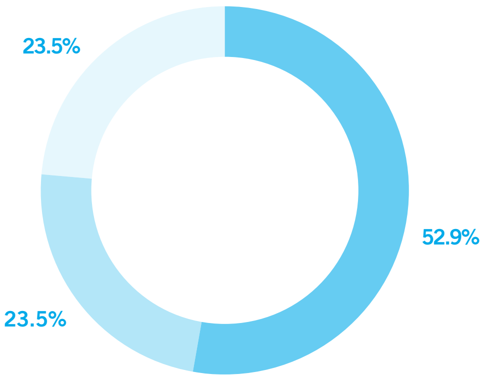
In FY16, the executive remuneration framework consisted of fixed annual remuneration (**FAR**) and "at risk" remuneration (STI and LTI), with the mix of remuneration intended to reflect the strategic direction and current business strategy of the Company.

The Board and the CGC regularly review the structure and mix of remuneration at the Company, with a view to making adjustments where it is appropriate to support the strategic objectives of the business. This has driven the introduction of STI and LTI Plans that allow for setting the "at risk" remuneration components for the CEO and senior executives. The Board and CGC are committed to continuing this process and intend to keep the matter under review, with the intention of making further changes to the remuneration mix in an orderly and fair manner over time.

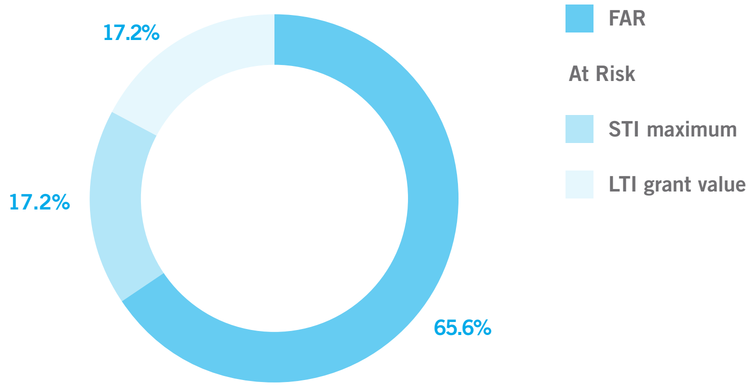
In FY16, remuneration benchmarking was undertaken for the CEO with reference to selected Australian companies of a comparable size.

The following graphs summarise the CEO and other senior executives' remuneration mix for FY16.

CEO



Other Executives*



* Average for senior executives who have transitioned to revised executive contracts

"STI" in the diagrams above corresponds to the relevant senior executive's maximum STI opportunity, not their STI outcomes for FY16.
"LTI" is based on the maximum LTI opportunity granted to senior executives in respect of FY16.

3C. Detail of remuneration elements and incentive plans

Fixed Annual Remuneration (FAR)

Details regarding FAR are set out below.

What is FAR?	FAR is comprised of salary and other benefits provided to a senior executive on an ongoing basis, such as superannuation contributions.
How is FAR determined?	FAR is reviewed on an annual basis and executive contracts do not include any guaranteed FAR increases. When reviewing FAR for senior executives a number of factors are considered, including the individuals' skills and experience relevant to their roles, and internal and external factors. The Company's policy is to regularly review the remuneration structure and to competitively position FAR with reference to Australian listed companies of a similar to that of Cabcharge.

STI

Details of the FY16 STI plan are disclosed below.

What is the STI plan?	The STI plan provides senior executives with an opportunity to be rewarded for the achievement of Company, business unit and individual performance measures, further aligning their interests with the strategic priorities of the Company.
Who is eligible to participate?	MD/CEO and senior executives who have transitioned to new executive contracts (being Mr Skelton, Ms Lines, Mr Lucchese, Mr Overell and Mr D'Arcy).
What is the format for STI awards?	The STI award is currently delivered in the form of a cash payment that is subject to the satisfaction of performance measures. In FY17, the Company will incorporate a deferral mechanism into the STI awards so that part of the award is deferred.
What is the performance period?	Performance was measured over the full financial year, 1 July 2015 to 30 June 2016.
What is the maximum opportunity for senior executives?	The STI maximum opportunity is set individually and based upon market benchmarks for the remuneration mix. This figure when referenced to FAR is: CEO: 44.4% of FAR and other executives: on average 26.2% of FAR.

Remuneration Report

What are the STI performance measures?

STI awards vest subject to the achievement of Group-wide and individual performance measures.

The Company introduced a Group-wide financial performance measure for STI in FY16 to establish consistent criteria for achievement which apply to all senior executives.

The individual KPIs selected for each senior executive in FY16 were directly linked to the strategic imperatives of the Company and the contributions of the relevant executive towards the achievement of them.

An overview of the performance measures for FY16 are:

<table>
<tr><th>Role</th><th>Scorecard and performance measures</th></tr>
<tr><td>CEO</td><td>Gateway hurdle:
In order for an STI to be payable, underlying earnings before income tax (EBIT) before contributions from associates must meet or exceed threshold performance of $43.6m.
Group-wide financial performance measure (70%):
Underlying EBIT before contributions from associates meeting threshold performance of $43.6m (35% of total STI) up to target performance of $48.4m (70% of total STI). Between threshold and target performance, the STI will be payable on a straight-line pro rata basis.
Individual KPIs (30%):
Increase in organic fleet growth of 5% over FY15 level (5% of total STI).
Board approval of updated booking and payment “app”, including development and implementation plans (20% of total STI).
Service improvement in Victorian and New South Wales booking-to-pick up times (5% of total STI).</td></tr>
<tr><td>Other senior executives</td><td>Group-wide financial performance measure (70%):
Underlying EBIT before contributions from associates meeting threshold performance of $43.6m (35% of total STI) up to target performance of $48.4m (70% of total STI). Between threshold and target performance, the STI will be payable on a straight-line pro rata basis.
Individual KPIs (30%):
Position-specific KPIs are highly tailored for each senior executive having regard to their role, responsibility and specific strategic goals over which they have influence. Examples include:
Fleet growth;
Service improvement;
Enhancements in transparency and presentation of financial information; and
Implement and maintain an effective framework to support the roll-out of FAREWAYplus.</td></tr>
</table>

Details regarding the STI outcomes for FY16, based on achievement of the performance measures outlined above, are set out in section 4 of this Remuneration Report.

How is performance tested?

On an annual basis after the end of the performance period, the Corporate Governance Committee considers the CEO’s performance against the performance measures set for the year and provides a recommendation of the STI to be paid (if any) to the Board for approval. The Board may approve, amend or reject the recommendation.

During that time, the CEO considers each senior executive’s performance against the performance measures set for the year and, in consultation with the Corporate Governance Committee, determines the STI to be paid (if any) to each senior executive.

What happens on a change of control or other significant events?

If a change of control occurs before the end of the performance period, the Board will determine how STI awards will be dealt with. If a change of control occurs before the Board makes a determination, a pro rata amount of the STI award based on the proportion of the performance period that has elapsed at the time of the change of control will be paid.

The Board has the discretion to vary the terms of STI awards so that senior executives are not unfairly advantaged (or disadvantaged) by factors outside their control. Any variations will be disclosed and explained in the Remuneration Report.

Does the plan provide for clawback?	Cabcharge has a clawback mechanism in place, which allows for the repayment of STI awards in cases involving fraud, dishonesty, breach of obligations (including a material misstatement of financial information), or any other omissions that result in an STI outcome. The Board may use its discretion to ensure that no unfair benefit is obtained, subject to applicable laws.
What happens on termination of employment?	Where employment ends prior to the end of the performance period by reason of resignation, fraudulent or dishonest conduct, or termination for cause (including gross misconduct), any entitlement to the STI award will be forfeited at termination of employment. Where employment ends for any other reason, a pro rata portion of the STI award will remain on foot and will be tested at the end of the original performance period. The Board retains the discretion to vary the treatment set out above based on the specific circumstances surrounding the termination of employment.

LTI

Details of the FY16 LTI plan are disclosed below.

What is the LTI Plan?	The LTI plan is offered to senior executives as a performance incentive, providing them with an opportunity to share in the long-term growth of Cabcharge and enhancing their alignment with the long-term interests of the Company's shareholders.
Who is eligible to participate?	LTI awards are made to the CEO and senior executives who are able to have a positive impact on the Company's performance against the relevant long-term performance measures. In FY16, the Company offered LTI awards to the CEO and 4 other senior executives (being Ms Lines, Mr Lucchese, Mr Overell and Mr D'Arcy).
What is the format for LTI awards?	LTI awards are delivered in the form of rights which are granted to senior executives for nil consideration. LTI awards are granted annually and are subject to a four-year performance period. Rights will vest at the end of the performance period, subject to the satisfaction of the performance measures set out below. There is no retesting of performance. On vesting, each right converts into one ordinary share (or if determined by the Board into the equivalent cash value). Any rights which do not vest immediately lapse.
What is the performance period?	The performance period for the FY16 LTI commenced on 1 July 2015 and will end on 30 June 2019. Subject to the satisfaction of relevant performance measures, the FY16 award under the plan will vest following testing of the performance measures, which is anticipated to occur after the FY19 full year results announcement in or around September 2019.
What is the maximum opportunity for senior executives?	The maximum LTI opportunity is set individually and based upon market benchmarks for the remuneration mix. This figure when compared to FAR is: CEO: 44.4% of FAR and other executives: on average 26.2% of FAR. The number of rights granted to each senior executive is determined by dividing their maximum LTI opportunity by the face value of Cabcharge shares at the time of award (determined using the 5-day volume weighted average price immediately preceding the performance period). No discount is made for dividends foregone nor for performance or other considerations.

Remuneration Report

What are the LTI performance measures?

The FY16 award is split into two tranches, each subject to separate performance measures which are independent and tested separately at the end of the performance period:

- Tranche one (67% of the total LTI award) will vest subject to the achievement of an absolute total shareholder return target by the Company (TSR Hurdle); and
- Tranche two (33% of the total LTI award) will vest subject to the achievement of a return on equity target by the Company (ROE Hurdle).

These measures are considered challenging and were chosen as they reflect the Company's focus on increasing shareholder value, profitability and capital efficiency.

Further details regarding the performance measures applicable to the FY16 award are set out below.

Tranche one: TSR Hurdle – 67% of the FY16 award

The TSR Hurdle measures the change in the Company's share price, including dividends paid, over the performance period. The absolute TSR performance target is set at a level above average historical long-term market returns to ensure vesting will occur only if our shareholders experience superior returns.

Absolute TSR was selected as an LTI performance measure for the following reasons:

- TSR ensures any reward for senior executives is possible only if our shareholders experience superior returns;

The measure minimises the effects of market cycles that might create large fluctuations in peer group Company performance when a relative TSR measure is used.

TSR performance will be monitored by an independent external adviser at 30 June each year.

At the end of the performance period, vesting of tranche one will be determined by the Board in accordance with the following schedule.

Absolute TSR (67% of the total grant value)

Performance outcome	% of award that will vest
Less than 9% return p.a.	0%
Equal to 9% return p.a.	30%
Between 9% return p.a. and 11% return p.a.	Straight-line vesting between 30% and 100% of the award
11% return p.a. or more	100%

Tranche two: ROE Hurdle – 33% of the FY16 award

Tranche two will vest subject to the achievement of a ROE multiple of the Company's weighted average cost of capital (**WACC**) over the performance period. ROE is based on statutory net profit after tax divided by average equity. WACC will be determined by an independent external adviser and the calculation will be retrospectively disclosed in the Remuneration Report following the end of each performance period. The ROE Hurdle requires minimum threshold performance of ROE being at least 1.4 times WACC before any vesting will occur.

ROE was selected as it is meaningful to participants and shareholders, it aligns executive interests with the shareholder experience and will enhance management's focus on profitability and capital efficiency which is important for the Company in this next stage of its growth.

At the end of the performance period, vesting of tranche two will be determined by the Board in accordance with the following schedule.

ROE (33% of the total grant value)

Performance outcome	% of award that will vest
Below ROE of 1.4 times WACC	0%
ROE of 1.4 times WACC	30%
ROE between 1.4 times and 1.75 times WACC	Straight-line vesting between 30% and 100% of the award
ROE of 1.75 times WACC or higher	100%

What happens on a change of control or other significant events?	Where a change of control event occurs, the Board has discretion to determine the proportion of LTI awards to vest and may have regard to the executive's tenure, the proportion of the performance period that has elapsed, the extent to which the performance conditions have been satisfied at the time of the change of control and the interests of the Company's shareholders. If a change of control occurs before the Board exercises its discretion, a pro rata number of unvested LTI awards will vest based on the extent which the performance conditions are satisfied (or are estimated to have been satisfied) and the proportion of the performance period that has elapsed at the time of the change of control. The Board may adjust the terms of LTI awards in exceptional situations where participants may be unfairly advantaged (or disadvantaged) by external factors outside of their control. The Board in all circumstances will ensure any variation takes into account the purpose of the LTI plan and achievement against the relevant performance conditions up until the relevant time. Any variations will be disclosed and explained in the Remuneration Report.
What happens on termination of employment?	Where employment ends prior to the end of the performance period due to resignation, termination for cause or poor performance, unvested LTI awards will lapse. Where the employment ends for any other reason, unvested LTI awards will continue on-foot and be tested at the end of the original performance period against the relevant performance conditions. However, the Board has an overriding discretion to apply another treatment if it deems it appropriate.
Does the plan provide for clawback	Cabcharge has a clawback mechanism in place, which allows for the lapsing and/or clawback of LTI awards. In cases involving fraud, dishonesty, breach of obligations (including a material misstatement of financial information), or any other act or omission that result in an LTI outcome. The Board may use its discretion to ensure that no unfair benefit is obtained by a participant, subject to applicable laws.

3D. Executive contracts

Remuneration arrangements for senior executives are formalised in employment agreements. During FY15, the Company undertook a process of standardising and implementing contemporary executive service agreements, terms and conditions.

Table 3: Executive contractual terms

Executive	Contract term	Notice Period
CEO	Ongoing	Executive: 12 months Company: 12 months
Other executives	Ongoing	Executive: 6 months Company: 6 months

4. EXECUTIVE REMUNERATION OUTCOMES FOR FY16

The external benchmarking of the CEO remuneration pay and structure to similarly sized Australian based listed entities resulted in no adjustment to the fixed pay element for FY16 and an increase in the at risk (short term and long term) remuneration (representing increases of 4.5% and 11.4% respectively of total potential remuneration).

For FY16 there was no external benchmarking conducted for the KMP with no or minimal changes to their fixed or at risk remuneration.

4A. STI performance and outcomes

As outlined in section 3B above, 70% of the CEO and other executive's STI was subject to achievement of financial performance with payment outcome on a pro rata basis above a threshold hurdle. Upon reaching the financial hurdle of an underlying EBIT of $43.6m the individual STI strategic criteria are then available to be assessed for achievement.

Performance for FY16 against the individual senior executive STI criteria was assessed by the CEO with recommendations presented to the CGC. The CGC also assessed the performance of the CEO with reference to the STI criteria and made recommendations to the Board. The Board considered the material provided, including the CGC recommendations and the financial audited year-end results and determined that the reported underlying EBIT had reached the financial hurdle.

As noted in the OFR, the Statutory EBIT was $27.1m and the reported underlying EBIT for FY16 at $44.7m. This underlying EBIT excludes significant items, inclusive of non-cash impairments, property gains on sale of Riley Street, gain on sale of shares, separation costs and accelerated amortisation on licence plates.

The Board noted that in its review and deliberations that the significant items had impacted the statutory EBIT, and used its discretion when setting the underlying EBIT figure in respect to the STI determination. It was determined that the financial hurdle applicable for the FY16 STI calculation's was $43.6m which is slightly below the above reported underlying EBIT.

Remuneration Report

Consequently, the strategic criteria were then available for achievement. The Board was satisfied that the recommendations received were delivered and the applicable value payable. The Board wishes to note that it also utilised its discretion to reserve 50% of the amount attributable to the deliverable in the "app" development for the CEO and the COO. Once the full intent of the deliverable is achieved, payment of the remaining 50% will be made.

Specifically, in respect of the CEO STI Board approved payment:

- Financial Target Payable 35% Target 70%
- Fleet Increase 2.6% Target 5%
- "App" development 10% Target 20% (50% of Target reserved)
- Service improvement 2.5% Target 5%

For the other executive refer to Table 4 for the respective percentages and values payable as approved by the Board.

Table 4: FY16 STI award outcomes

The individual STI outcomes for each senior executive are detailed in the table below.

Senior executive[1]	Maximum FY16 STI opportunity[2]	FY16 STI paid	% of maximum STI opportunity achieved	% of maximum STI opportunity forfeited
Mr Andrew Skelton[3]	**$300,000**	**150,300**	**50.1**	**49.9**
Ms Sheila Lines	**$100,000**	**62,000**	**62.0**	**38.0**
Mr Adrian Lucchese	**$100,000**	**61,300**	**61.3**	**38.7**
Mr Stuart Overell[3]	**$100,000**	**50,200**	**50.2**	**49.8**
Mr John D'Arcy[4]	**$100,000**	**32,500**	**32.5**	**67.5**

1. Mr Lukabyo did not participate in the FY16 STI plan.
2. The minimum FY16 STI value is nil.
3. Mr Skelton has $30,000 of STI pending and Mr Overell has $5000 of STI pending. The award of the pending STI's will be determined prior to the 2016 AGM and if awarded will be disclosed in the 2017 Remuneration Report.
4. Mr D'Arcy passed away on 22 December 2015. His STI award has been pro-rated and left on foot until the end of the performance period, in accordance with the terms of the STI plan.

4B. LTI performance and outcomes

The LTI plan has been in operation since FY15 and the first awards granted under the LTI Plan are due for assessment in or around September 2018. The current performance of the Company for FY16 is described in table 5 below.

Snapshot of Company performance

Table 5: Performance outcomes for the last five years

	FY16	FY15	FY14	FY13	FY12
Profit after tax ($m)	25.6	46.5	56.1	60.6	60.0
EBIT before contributions from Associates	27.1	52.2	61.2	66.9	67.3
Dividends paid ($m)	24.1	24.1	32.5	43.4	44.6
Closing share price at 30 June[1]	3.19	3.66	4.04	4.03	5.00
Annual turnover[2] through Cabcharge Payment System ($m)	1,156	1,194	1,119	1,058	1,051

1. Opening share price in FY12 was $5.15.
2. Turnover through Cabcharge payment system comprises total taxi fare processed and the service fee.

The Board has the discretion to make payment to senior executives in lieu of notice.

Executive contracts do not include any guaranteed FAR increases. The treatment of STI and LTI awards on cessation of employment is detailed in the STI and LTI plan tables in section 3C above.

4C. Total executive remuneration in FY16

The statutory remuneration of each senior executive in FY16 is outlined in the table below.

Table 6: Executive Remuneration in FY16 (Statutory)

All values in AU$ unless specified otherwise

		Short-term benefits			Post-employment benefits			Share based payments[5]	
		Salary and fees $	STI $	Non-cash benefits[3] $	Super-annuation contributions $	Termination benefits $	Other long-term employee benefits[3] $	LTI[5] $	Total $
Andrew Skelton	2016	655,692	150,300	29,079	19,308	–	9,480	33,907	897,766
	2015	656,216	200,000	32,053	18,783	–	12,957	23,448	943,457
Sheila Lines[1]	2016	366,050	62,000	9,007	18,565	–	–	3,500	459,122
	2015	–	–	–	–	–	–	–	–
Adrian Lucchese[4]	2016	310,128	61,300	18,957	19,679	–	433	21,499	431,996
	2015	189,280	37,500	16,082	12,643	–	–	18,024	273,529
Fred Lukabyo	2016	400,243	–	59,978	19,679	–	5,931	–	485,831
	2015	393,236	–	43,407	18,764	–	7,618	–	463,025
Stuart Overell	2016	334,333	50,200	38,032	19,679	–	18,197	21,499	481,940
	2015	297,877	63,750	39,425	19,125	–	19,698	18,024	457,899
John D'Arcy[2]	2016	190,346	32,500	(8,392)	10,025	18,355	–	10,749	253,583
	2015	332,511	80,000	8,392	4,335	–	–	18,024	443,262
Chip Beng Yeoh[6]	2016	–	–	–	–	–	–	–	–
	2015	444,801	–	19,995	25,198	–	20,198	–	510,192
Rob Roozendaal[7]	2016	–	–	–	–	–	–	–	–
	2015	91,750	–	908	12,096	–	1,740	–	106,494
Total	**2016**	**2,256,792**	**356,300**	**146,661**	**106,935**	**18,355**	**34,041**	**91,154**	**3,010,238**
	2015	**2,405,671**	**381,250**	**160,262**	**110,944**	**–**	**62,211**	**77,520**	**3,197,858**

1. Ms Lines became a member of the Company's KMP on 13 July 2015.
2. Mr D'Arcy passed away on 22 December 2015.
3. Movements in accruals for annual leave and FBT are disclosed as non-cash benefits. Other long-term benefits represent movements in provisions for long service leave.
4. Mr Lucchese became a member of the Company's KMP on 20 October 2014.
5. Share based payments represent a non-cash accounting accrual (audited) for the probability of the FY15 and FY16 LTI programs vesting in 2018 and 2019 respectively.
6. Mr Yeoh ceased to be a member of KMP on 30 June 2015.
7. Mr Roozendaal ceased to be a member of KMP on 31 October 2014.

Remuneration Report

4D. LTI awards held by executives

Details of all outstanding rights granted to senior executives as LTI awards are set out in the below table.

Table 7: LTI awards held by senior executives

Senior executive	Grant Date	Performance period	Number of rights granted	Performance conditions	Vesting date[1]
Mr Andrew Skelton	6 June 2016	1 July 2015 – 30 June 2019	78,624	Absolute TSR hurdle and ROE hurdle	15 September 2019
	17 December 2014	1 July 2014 – 30 June 2018	43,036	Absolute TSR hurdle and turnover compound annual growth hurdle	14 September 2018
Ms Sheila Lines[2]	6 June 2016	1 July 2015 – 30 June 2019	26,247	Absolute TSR hurdle and ROE hurdle	15 September 2019
Mr Adrian Lucchese	6 June 2016	1 July 2015 – 30 June 2019	26,247	Absolute TSR hurdle and ROE hurdle	15 September 2019
	20 May 2015	1 July 2014 – 30 June 2018	24,570	Absolute TSR hurdle and turnover compound annual growth hurdle	14 September 2018
Mr Stuart Overell	6 June 2016	1 July 2015 – 30 June 2019	26,247	Absolute TSR hurdle and ROE hurdle	15 September 2019
	20 May 2015	1 July 2014 – 30 June 2018	24,570	Absolute TSR hurdle and turnover compound annual growth hurdle	14 September 2018
Mr John D'Arcy[3]	6 June 2016	1 July 2015 – 30 June 2019	26,247	Absolute TSR hurdle and ROE hurdle	15 September 2019
	20 May 2015	1 July 2014 – 30 June 2018	24,570	Absolute TSR hurdle and turnover compound annual growth hurdle	14 September 2018

1. Testing of the LTI awards will occur after the end of the performance period and awards will vest on or as soon as practicable after testing is completed. No price is payable on acquisition of the performance rights, and there is no exercise price or expiry date. Subject to the achievement of the relevant performance conditions, rights will be automatically exercised and vest (or, where performance conditions are not met, lapse).
2. Ms Lines became a member of the Company's KMP on 13 July 2015.
3. Mr D'Arcy passed away on 22 December 2015. Mr D'Arcy's LTI awards will be treated in accordance with the terms of the grant as set out in section 3C.

5. NON-EXECUTIVE DIRECTOR (NED) FEE ARRANGEMENTS

Table 8: NED's included in this report

NED	Role	Change in FY16
Russell Balding AO	Independent Chairman	
Donnald McMichael	Independent Director	
Richard Millen	Independent Director	
Stephen Stanley	Independent Director	Appointed 21 August 2015
Trudy Vonhoff	Independent Director	Appointed 21 August 2015
Neill Ford	Director	Ceased 18 November 2015

Board and Committee fees

Shareholders determine the maximum fee pool available for the payment of Directors. When recommending a maximum fee pool to shareholders for approval, the Board considers the fees required to allow the Company to attract and retain Directors of the highest calibre, whilst incurring a cost acceptable to shareholders.

The current aggregate NED fee pool is $1,300,000 per year, approved by shareholders on 26 November 2014. The fee pool is inclusive of statutory entitlements (including superannuation).

NED fees consist of Board fees and committee fees. The payment of additional fees for serving on a committee recognises the additional time commitment required by NEDs. The Chairman of the Board is not eligible for additional fees for serving on committees. These fees are not linked to performance and no STI or LTI is provided to NEDs.

Fees in FY16

The Board and Corporate Governance Committee reviewed the NED fees and resolved that there were to be no fee increases in FY16.

The table below summarises NED fees payable in respect of FY16:

Table 9: Cabcharge Board fees for the year ended 30 June 2016

	Chairman	Member
Board	$220,000	$100,000
Audit & Risk Committee	$20,000	$11,000
Corporate Governance Committee	$16,000	$11,000

The Board and committee fees outlined above include statutory superannuation contributions. NEDs do not receive retirement benefits other than statutory superannuation.

Statutory disclosure in respect of NED remuneration

The following table includes statutory disclosure relating to NED remuneration in FY16 and FY15.

Table 10: Statutory disclosure – NED fees

		Short-term benefits	Post-employment benefits	
		Salary and fees ($)	Superannuation contributions ($)	Total ($)
Mr Russell Balding	2016	200,692	19,308	220,000
	2015	201,217	18,783	220,000
Mr Donnald McMichael	2016	106,930	10,158	117,088
	2015	113,119	10,700	123,819
Mr Richard Millen	2016	85,589	34,411	120,000
	2015	80,800	36,977	117,777
Mr Stephen Stanley	2016	87,855	8,346	96,201
	2015	–	–	–
Ms Trudy Vonhoff	2016	85,026	8,078	93,104
	2015	–	–	–
Mr Neill Ford[1]	2016	42,283	4,024	46,307
	2015	110,502	10,498	121,000
Mr Rod Gilmour	2016	–	–	–
	2015	36,113	6,357	42,470
Mr Ian Armstrong	2016	–	–	–
	2015	27,157	12,842	39,999
Mr Philip Franet	2016	–	–	–
	2015	9,284	882	10,166
Total fees for NEDs	**2016**	**608,375**	**84,325**	**692,700[2]**
	2015	**578,192**	**97,039**	**675,231**

1. Mr Ford retired as a NED on 18 November 2015.
2. This represents 53.3% of the pool approved by shareholders.

6. ADDITIONAL DISCLOSURES RELATING TO SHARE CAPITAL

Shares

The relevant interest of each KMP (and their related parties) in the share capital of the Company for the year to 30 June 2016 is detailed in the table below.

Table 11: Shareholdings of KMP and their related parties

	Balance 1 July 2015		Received as remuneration		Net other change		Balance 30 June 2016	
	Direct interest shares	Indirect interest shares	Direct interest shares	Indirect interest shares	Direct interest shares	Indirect interest shares	Direct interest shares	Indirect interest shares
Senior executives								
Andrew Skelton	6,861	–	–	–	-	–	6,861	–
Sheila Lines	–	–	–	–	–	–	–	–
Adrian Lucchese	–	–	–	–	–	–	–	–
Fred Lukabyo	2,450	–	–	–	–	–	2,450	–
Stuart Overell	–	–	–	–	–	–	–	–
John D'Arcy[3]	–	–	–	–	–	–	–	–
Non-executive Directors								
Russel Balding	15,000	–	–	–	25,000	–	40,000	–
Donnald McMichael[1]	500	15,530	–	–	–	–	500	15,530
Richard Millen[4]	–	-	–	–	–	35,000	–	35,000
Stephen Stanley[5]	–	-	–	–	–	80,000	–	80,000
Trudy Vonhoff	-	–	–	–	10,000	–	10,000	–
Neill Ford[2]	–	–	–	–	–	–	–	–

1. 12,500 fully paid ordinary shares held by Gracious Investments Pty Ltd atf Donren Holdings Superannuation Fund and 3,030 CABSRU (a self-funding instalment warrant issued by RBS) held by Gracious Investments Pty Ltd atf Donren Holdings Superannuation Fund.
2. Shareholdings for Mr Ford are presented as at the date he retired as a NED, being 18 November 2015.
3. Shareholdings for Mr D'Arcy are presented at the date he passed away, being 22 December 2015.
4. 35,000 fully paid ordinary shares held by Navigator Australia Limited as custodian for an MLC Wrap Platform as nominee for the Millen Superannuation Fund.
5. 80,000 fully paid ordinary shares held by Esjay Pty Ltd atf The Stanley Family Trust.

Rights

The table below details the rights granted to KMP as part of their remuneration. All rights granted relate to the LTI plan.

Table 12: Rights granted as part of remuneration to the Company executives

Senior executive[1]	Balance at 1 July 2015	Granted as remuneration[2]	Value of rights granted	Net other change	Vested	Value of rights vested	Lapsed	Balance at 30 June 2016
Andrew Skelton	43,036	78,624	300,000	–	–	–	–	121,660
Sheila Lines	–	26,247	100,000	–	–	–	–	26,247
Adrian Lucchese	24,570	26,247	100,000	–	–	–	–	50,817
Stuart Overell	24,570	26,247	100,000	–	–	–	–	50,817
John D'Arcy	24,570	26,247	100,000	–	–	-–	–	50,817

1. No other members of the Company's KMP received performance rights (or options) as part of their remuneration in FY16.
2. For performance rights granted to Mr Skelton, Ms Lines, Mr Lucchese, Mr Overell and Mr D'Arcy on 6 June 2016, the fair value of performance rights is $261,341. The fair value has been calculated by an independent advisor as at the date of grant, using a Black-Scholes option pricing technique for the return on equity rights and a Monte Carlo simulation model for the total shareholder return rights.

7. TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL AND THEIR RELATED PARTIES

Loans to KMP and their related parties

No loans were made guaranteed or secured to KMP or any of their related parties.

There were no transactions between the Group and any KMP (or their related parties) other than those within the normal employee, customer or supplier relationship on terms no more favourable than arms' length. These transactions were trivial or domestic in nature and information about them would not adversely affect investment decisions by shareholders, or the discharge of accountability by KMP.

Auditor's Independence Declaration

For the year ended 30 June 2016

KPMG

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

To: the directors of Cabcharge Australia Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 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

KPMG

J Cleary

Julie Cleary

Partner

Sydney

26 August 2016

Index to Consolidated Financial Statements

For the year ended 30 June 2016

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2016

	Notes	2016 $'000	2015 $'000
Revenue	3	168,808	187,963
Other income	3	14,133	54
Processing fees to Taxi Networks		(10,064)	(14,486)
Brokered taxi plate licence costs		(21,418)	(23,993)
Other taxi related costs		(12,601)	(11,836)
Employee benefits expenses		(41,634)	(38,224)
General and administrative expenses		(15,770)	(14,041)
Transaction processing expenses		(4,013)	(4,624)
Depreciation and amortisation	4	(15,668)	(13,428)
Impairment charges	11 & 14	(27,680)	(10,271)
Other expenses		(7,036)	(4,945)
Results from operating activities		27,057	52,169
Finance income	5	5,516	1,483
Finance costs		(5,909)	(7,050)
Net finance costs		(393)	(5,567)
Share of profit of equity accounted investees (net of income tax)	11	15,336	16,662
Profit before income tax		**42,000**	**63,264**
Income tax expense	6	(16,384)	(16,716)
Profit for the year attributable to owners of the Company		**25,616**	**46,548**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Share of associates' foreign exchange translation differences, net of tax		(3,035)	3,094
Effective portion of change in fair value of cash flow hedge		862	(92)
Net change in fair value of available-for-sale financial assets		–	1,813
Net change in fair value of available-for-sale financial assets transferred to profit or loss		(4,731)	(128)
Income tax on other comprehensive income		1,160	(478)
Other comprehensive income for the year, net of income tax		(5,744)	4,209
Total comprehensive income for the year attributable to owners of the Company		**19,872**	**50,757**
Earnings per share			
Basic earnings per share (AUD)	22	21.3 cents	38.7 cents
Diluted earnings per share (AUD)	22	21.3 cents	38.7 cents

The Consolidated Statement of Comprehensive Income is to be read in conjunction with the notes to the consolidated financial statements.

Consolidated Statement of Financial Position

As at 30 June 2016

	Notes	2016 $'000	2015 $'000
CURRENT ASSETS			
Cash and cash equivalents	30	13,039	23,856
Trade and other receivables	7	78,477	69,086
Inventories	8	1,321	4,098
Other current assets		2,808	3,665
TOTAL CURRENT ASSETS		**95,645**	**100,705**
NON-CURRENT ASSETS			
Trade and other receivables	7	4,198	7,344
Advances to associates	26	18,812	18,812
Financial assets	9	1,839	7,911
Investments in associates accounted for using the equity method	11	296,593	284,292
Property, plant and equipment	12	40,233	39,025
Net deferred tax assets	13	4,819	3,630
Taxi plate licences	14	41,241	70,920
Goodwill	15	15,249	15,032
Intellectual property	16	11,981	9,131
TOTAL NON-CURRENT ASSETS		**434,965**	**456,097**
TOTAL ASSETS		**530,610**	**556,802**
CURRENT LIABILITIES			
Trade and other payables	17	23,126	28,005
Loans and borrowings	18	3,663	5,199
Interest rate swaps		123	985
Current tax liabilities		4,051	1,453
Employee benefits	19	4,095	4,298
TOTAL CURRENT LIABILITIES		**35,058**	**39,940**
NON-CURRENT LIABILITIES			
Loans and borrowings	18	106,000	123,000
Employee benefits	19	640	827
TOTAL NON-CURRENT LIABILITIES		**106,640**	**123,827**
TOTAL LIABILITIES		**141,698**	**163,767**
NET ASSETS		**388,912**	**393,035**
EQUITY			
Share capital	20	138,325	138,325
Reserves	20	(4,885)	768
Retained earnings		255,472	253,942
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF CABCHARGE AUSTRALIA LIMITED		**388,912**	**393,035**

The Consolidated Statement of Financial Position is to be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2016

	Notes	2016 $'000	2015 $'000
Cash flows from operating activities			
Receipts from Customers and others		1,278,069	1,324,138
Payments to suppliers, licensees and employees		(1,213,337)	(1,247,198)
Dividends received		232	316
Interest received		1,023	1,482
Finance costs paid		(5,544)	(7,373)
Income tax paid		(13,917)	(21,352)
Net cash provided by operating activities	**30**	**46,526**	**50,013**
Cash flows from investing activities			
Purchase of property, plant and equipment		(9,779)	(11,558)
Purchase of eftpos equipment (not yet installed)		(5,791)	–
Payments for development of intellectual property		(3,059)	(2,136)
Payments for other investments		–	(100)
Advances to associates		–	(7,840)
Repayment from associates		–	7,840
Acquisition of Dandenong Taxis, net of cash acquired		(1,932)	–
Proceeds from sale of investments		5,834	275
Proceeds from sale of property, plant and equipment		6	458
Net cash (used in) investing activities		**(14,721)**	**(13,061)**
Cash flows from financing activities			
Proceeds from borrowings		25,781	10,102
Repayment of borrowings		(44,317)	(40,968)
Dividends paid	21	(24,086)	(24,086)
Net cash (used in) financing activities		**(42,622)**	**(54,952)**
Net (decrease) in cash and cash equivalents		(10,817)	(18,000)
Cash and cash equivalents at 1 July		23,856	41,856
Cash and cash equivalents at 30 June	**30**	**13,039**	**23,856**

The Consolidated Statement of Cash Flows is to be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2016

	Notes	Share capital $'000	Reserves $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2014		**138,325**	**(3,519)**	**231,480**	**366,286**
Total comprehensive income for the year					
Profit for the year		–	–	46,548	46,548
Other comprehensive income					–
Share of associates' foreign exchange translation differences, net of tax		–	3,094	–	3,094
Effective portion of change in fair value of cash flow hedge, net of tax		–	(64)	–	(64)
Net change in fair value of available-for-sale financial assets, net of tax		–	1,269	–	1,269
Net change in fair value of available-for-sale financial assets transferred to profit or loss, net of tax		–	(90)	–	(90)
Total other comprehensive income		–	4,209	–	4,209
Total comprehensive income for the year		–	4,209	46,548	50,757
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Share-based payments		–	78	–	78
Dividends to equity holders	21	–	–	(24,086)	(24,086)
Total contributions by and distributions to owners		–	78	(24,086)	(24,008)
Total transactions with owners		–	78	(24,086)	(24,008)
Balance at 30 June 2015		**138,325**	**768**	**253,942**	**393,035**
Balance at 1 July 2015		**138,325**	**768**	**253,942**	**393,035**
Total comprehensive income for the year					
Profit for the year		–	–	25,616	25,616
Other comprehensive income			–	–	–
Share of associates' foreign exchange translation differences, net of tax		–	(3,035)	–	(3,035)
Effective portion of change in fair value of cash flow hedge, net of tax		–	603	–	603
Net change in fair value of available-for-sale financial assets, net of tax		–	–	–	–
Net change in fair value of available-for-sale financial assets transferred to profit or loss, net of tax		–	(3,312)	–	(3,312)
Total other comprehensive income		–	(5,744)	–	(5,744)
Total comprehensive income for the year		–	(5,744)	25,616	19,872
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Share-based payments		–	91	–	91
Dividends to equity holders	21	–	–	(24,086)	(24,086)
Total contributions by and distributions to owners		–	91	(24,086)	(23,995)
Total transactions with owners		–	91	(24,086)	(23,995)
Balance at 30 June 2016		**138,325**	**(4,885)**	**255,472**	**388,912**

The Consolidated Statement of Changes in Equity is to be read in conjunction with the Notes to the Consolidated Financial Statements.

Notes to the consolidated financial statements

For the year ended 30 June 2016

1. REPORTING ENTITY

Cabcharge Australia Limited (the "Company") is a Company domiciled in Australia. The address of the Company's registered office is 152-162 Riley Street, East Sydney. The Consolidated Financial Statements of the Group as at and for the year ended 30 June 2016 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates. The Group is a for-profit entity and primarily is involved in taxi related services and route, school and charter bus services (through its interest in an associate).

2. BASIS OF PREPARATION

a) Statement of compliance

The Consolidated Financial Statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The Consolidated Financial statements comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

The Consolidated Financial Statements were authorised for issue by the Board of Directors on 26 August 2016.

b) Basis of measurement

The Consolidated Financial Statements have been prepared on the historical cost basis except for available-for-sale financial assets (listed entities) and derivative financial instruments, which are measured at fair value.

c) Functional and presentation currency

These Consolidated Financial Statements are presented in Australian dollars, which is the Company's functional currency and the functional currency of the majority of the Group entities.

The Company is of a kind referred to in ASIC Corporation Instrument 2016/191 (Rounding in Financial/Directors' Reports) and in accordance with that Instrument, amounts in the Consolidated Financial Statements and the Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

d) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

e) Use of estimates and judgements

The preparation of Consolidated Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the Consolidated Financial Statements are described in the following notes:

Note 3 Revenue

Note 11 Associated companies

Note 14 Taxi plate licences

Note 15 Goodwill

Note 16 Intellectual Property

f) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the Consolidated Financial Statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Gains and losses are recognised when the contributed assets are consumed or sold by the equity accounted investees or, if not consumed or sold by the equity accounted investee, when the Group's interest in such entities is disposed of.

g) New standards and interpretations not yet adopted

A number of new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting period and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below:

AASB 9 Financial Instruments

AASB 9, published in July 2014, replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139.

AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue and AASB 111 Construction Contracts. AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

AASB 16 Leases

AASB 16 removes the classification of leases as either operational leases or finance leases. AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted.

The application of AASB 9, AASB15 and AASB 16 could potentially have an impact on the Consolidated Financial Statements; however the extent of any impact has not yet been determined.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

3. REVENUE & TURNOVER

Accounting policies

Taxi service fee income

Taxi service fee income is derived from taxi payments processed through the Cabcharge Payment System and is disclosed net of Goods and Services Tax (GST) and third party credit card fees. As the Group acts in the capacity of an agent the revenue represents only the fee received on the transaction although the Group is exposed to credit risk on the full amount of the proceeds received from the ultimate customer.
Taxi service fee income is recognised at the time the payment is processed and billed.

Network subscription fee and taxi plate licence incomes

Network subscription fee and taxi plate licence incomes were billed every 28 days in advance and changed to a calendar month basis in advance commencing 1 May 2016. Revenue is recognised on a straight-line basis over the period the services are provided. Operating revenue receipts relating to the period beyond the current financial year are shown in the Consolidated Statement of Financial Position as unearned revenue under the heading of Current liabilities – Trade and other payables.

Vehicle financing and insurance lease income

Interest earned on finance leases is recognised as vehicle financing and insurance lease income on a basis reflecting a constant periodic return based on the lessor's net investment outstanding in respect of the finance lease.

Goods and Services Tax (GST)

Revenues are recognised net of the amount of GST.

	2016 $'000	2015 $'000
Taxi service fee income	62,446	75,859
Network subscription fee income	57,853	55,320
Brokered taxi plate licence income	22,681	25,091
Owned taxi plate licence income	6,873	8,157
Other taxi related services income	5,337	7,335
Vehicle financing and insurance lease income	5,990	7,080
Other revenue	7,628	9,121
Total operating revenue	**168,808**	**187,963**
Total turnover	**1,262,683**	**1,307,941**
Non-operating activities		
Gain on disposal of property, plant and equipment	14,133	54
Total other income	**14,133**	**54**

Total turnover

Total turnover does not represent revenue in accordance with Australian Accounting Standards. Total turnover represents the value of taxi hire charges (fares) paid through the Cabcharge Payment System plus Cabcharge's taxi service fee plus the Group's revenue from other sources. Cabcharge's credit risk is based on turnover rather than revenue.

4. EXPENSES

Accounting policies

Depreciation

Items of property (excluding freehold land), plant and equipment are depreciated at rates based upon their expected useful lives using the straight-line method. Leased assets are depreciated over the shorter of the lease term and their useful lives.

The estimated useful lives of each major class of asset for the current and comparative periods are:

Buildings	40 to 99 years
Furniture, fittings, plant and equipment	3 to 8 years
EFTPOS Equipment	4 to 6 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

Amortisation

Items of intellectual property and finite life taxi plate licences are amortised at rates based upon their estimated useful lives using the straight-line method, and this amortisation is recognised in profit or loss.

The estimated useful lives for current and comparative periods are as follows:

Customer contracts	5 to 8 years
Capitalised development costs	4 to 6 years
Finite life taxi plate licences	10 to 50 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

	2016 $'000	2015 $'000
Profit before related income tax includes the following expenses:		
Depreciation of property, plant and equipment	11,785	10,344
Amortisation of intangibles	3,883	3,084
Total depreciation and amortisation	**15,668**	**13,428**
Employee benefits expense		
Included in total employee benefits expense are:		
Contributions to defined contribution / accumulation type superannuation funds	2,892	2,758
Share-based payment expenses	91	78

5. FINANCE INCOME AND COST

Accounting policies

Finance income comprises interest income on funds invested (including available-for-sale financial assets), foreign currency gains, gains on the disposal of available-for-sale financial assets, gains on hedging instruments that are recognised in profit or loss and reclassifications of amounts previously recognised in other comprehensive income. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance cost comprises interest expense on borrowings, unwinding of the discount on provisions, foreign currency losses, impairment losses recognised on financial assets, losses on hedging instruments that are recognised in profit or loss and reclassifications of amounts previously recognised in other comprehensive income. All borrowing costs are recognised in profit or loss using the effective interest method.

	2016 $'000	2015 $'000
Net gain on disposal of available-for-sale financial assets	4,493	–
Interest Income	1,023	1,483
Total finance income	**5,516**	**1,483**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

6. INCOME TAX EXPENSE

Accounting policies

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

a) Recognised in the Consolidated Statement of Comprehensive Income

	2016 $'000	2015 $'000
Cabcharge Australia Limited and its wholly owned Australian resident subsidiaries form a tax consolidated group. The current tax rate applicable to the group is 30%.		
Current income tax expense		
Current year	18,327	16,958
Adjustment for prior years	(524)	(485)
	17,803	16,473
Deferred tax expense		
Origination and reversal of temporary differences	(1,419)	243
Total income tax expense in the Consolidated Statement of Comprehensive Income	**16,384**	**16,716**
Numerical reconciliation between tax expense and pre-tax profit		
Pre-tax profit	42,000	63,264
Prima-facie income tax using the corporate tax rate of 30% (2015: 30%)	12,600	18,979
Add tax effect of:		
Non-deductible depreciation	588	140
Non-allowable impairment charges	8,304	3,081
Other non-allowable items	60	7
Less tax effect of:		
Rebateable fully franked dividends	–	(7)
Tax exempt dividends	(43)	–
Share of net profit of associates	(4,601)	(4,999)
Adjustment for prior years	(524)	(485)
Income tax expense	**16,384**	**16,716**
Effective tax rate on pre-tax profit	39.0%	26.4%

b) Recognised directly in equity

	2016	2015
Revaluations of available-for-sale financial assets	**(259)**	**(478)**

7. TRADE AND OTHER RECEIVABLES

Accounting policies

Trade receivables are recognised initially at the value of the invoice sent to the customer and subsequently at the amounts considered recoverable (amortised cost). The carrying value of trade and other receivables is considered to approximate fair value.

Goods and Services Tax (GST)

Receivables in the balance sheet are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Consolidated Statement of Financial Position.

Finance lease receivables

When the Group is the lessor in a lease agreement that transfers substantially all of the risks and rewards incidental to ownership of an asset to the lessee, the arrangement is classified as a finance lease and a receivable equal to the net investment in the lease is recognised and presented within trade and other receivables.

	2016 $'000	2015 $'000
Current		
Trade receivables	49,842	50,790
Accumulated impairment losses	(2,387)	(914)
Finance lease receivables	5,067	7,742
Other receivables	25,955	11,468
	78,477	**69,086**
Non-current		
Finance lease receivables	4,198	6,884
Other receivables	–	460
	4,198	**7,344**
Movement in allowance for impairment		
Balance at the beginning of the year	(914)	(914)
Doubtful debts (recognised)	(3,395)	(506)
Amount written off as uncollectable	1,922	506
Balance at the end of the year	**(2,387)**	**(914)**

Impaired receivables are those receivables for which a specific doubtful debt provision has been recognised. Receivables that are past due but not impaired are those receivables the Directors believe to be fully recoverable and as a result, have not recognised any amount in the allowance for impairment for them.

Ageing of trade receivables

	2016 year			2015 year		
	Gross $'000	Impairment $'000	Net $'000	Gross $'000	Impairment $'000	Net $'000
Not past due	41,895	(6)	41,889	44,298	(20)	44,278
Past due 1 – 30 days	4,748	(39)	4,709	4,705	(47)	4,658
Past due 31 – 60 days	1,038	(181)	857	956	(191)	765
Past due 61 – 90 days	383	(383)	–	459	(321)	138
Past due over 90 days	1,778	(1,778)	–	372	(335)	37
	49,842	(2,387)	47,455	50,790	(914)	49,876

For additional information in relating to credit risk, see Note 31.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

7. TRADE AND OTHER RECEIVABLES (CONTINUED)

Finance leases of the Group are receivable as follows:

	2016			2015		
	Future minimum lease payments $'000	Interest $'000	Present value of minimum lease payments $'000	Future minimum lease payments $'000	Interest $'000	Present value of minimum lease payments $'000
Less than one year	5,752	685	5,067	8,924	1,182	7,742
Between one and five years	4,600	402	4,198	7,633	749	6,884
	10,352	1,087	9,265	16,557	1,931	14,626

There have been no unguaranteed residual values. No lease payments are considered uncollectable at the reporting date.

No credit terms have been re-negotiated with Customers. Collateral is held in the case of finance lease receivables, where the Group holds a lien over the leased asset. The market value of such collateral is not expected to vary materially from the net investment value of the finance lease receivables.

There has been no change in credit risk policies during the financial year.

8. INVENTORIES

Accounting policies

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a first-in, first-out basis and include direct materials and the cost of purchase. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

	2016 $'000	2015 $'000
Motor vehicles – at cost	–	78
Parts, safety cameras and sundries – at cost	1,321	4,020
	1,321	**4,098**

9. FINANCIAL ASSETS

Accounting policies

Available-for-sale listed investments are recognised initially and subsequently at market price. Unrealised gains and losses arising from changes in market price are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

Available-for-sale unlisted investments are recognised initially and subsequently at cost as the fair value of these securities cannot be measured reliably. The carrying amount of available-for-sale for unlisted investments is considered to approximate fair value. These unlisted investments are primarily investments in unrelated taxi network operations where the shareholding held by the Group is not sufficient to demonstrate significant influence. The Group has no intention to dispose of these unlisted investments in the foreseeable future.

	2016 $'000	2015 $'000
Listed investments – available-for-sale		
Shares in other listed corporations – at fair value	–	6,072
Unlisted investments – available-for-sale		
Shares in other corporations – at cost	1,839	1,839
	1,839	**7,911**

The Group has completed the disposal of its portfolio of available-for-sale listed investments during the year.

10. BUSINESS COMBINATION

Accounting policies

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

On 2 November 2015 the Group acquired the business and assets of the Dandenong Taxis for cash consideration of $1,932,000. Dandenong Taxis provides call centre services to around 110 cabs.

The acquisition had the following effect on the Group's assets and liabilities:

	$'000
Property, plant and equipment	107
Deferred tax assets	29
Intellectual property	1,675
Employee entitlements	(95)
Trade and other payables	(1)
Fair value of identifiable net assets acquired	1,715
Consideration paid, satisfied in cash	(1,932)
Goodwill	(217)

11. ASSOCIATED COMPANIES

Accounting policies

Associates (equity accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Investments in associates are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The Consolidated Financial Statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

The financial statements or management accounts of associates are used by the Group to apply the equity method. Reporting dates of the associate vary from that of the Group, but management accounts for the period to the Group's balance date are used for equity accounting.

Where there has been a change recognised directly in an associate's other comprehensive income, the Group recognises its share of any changes and discloses this in Other Comprehensive Income in the Consolidated Statement of Comprehensive Income.

Foreign operations

The income and expenses of foreign operations are translated to Australian dollars at average exchange rates in the month of the transactions.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity (FCTR).

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in other comprehensive income and presented in the FCTR in equity (refer Note 20e).

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11. ASSOCIATED COMPANIES (CONTINUED)

Accounting policies (continued)

Impairment testing

At each balance date, the Group reviews the carrying amounts of its associated companies to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that is appropriate for the currency generated by the cash-generating unit and reflects current market assessments of the time value of money.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

				Ownership Interest		Carrying amount of investment	
Name	**Principal Activities**	**Country of Incorporation**	**Reporting Period**	**2016 %**	**2015 %**	**2016 $'000**	**2015 $'000**
ComfortDelGro Cabcharge Pty Ltd	Route, school and charter bus services	Australia	31 December	49	49	251,786	237,286
CityFleet Networks Ltd	Taxi related services, bus & coach services	United Kingdom	31 December	49	49	44,807	47,006
						296,593	**284,292**

a) Movements during the year in equity accounted investment in associated companies

	2016 $'000	2015 $'000
Balance at beginning of the financial year	284,292	274,807
Share of associates' profit after income tax		
– ComfortDelGro Cabcharge Pty Ltd	14,500	15,213
– CityFleet Networks Ltd	836	1,449
Foreign exchange translation differences		
– CityFleet Networks Ltd	(3,035)	3,094
Impairment		
– CityFleet Networks Ltd	–	(10,271)
Balance at end of the financial year	**296,593**	**284,292**

b) Equity accounted profits of associates are broken down as follows:

	2016 $'000	2015 $'000
Share of associates' profit before income tax expense		
– ComfortDelGro Cabcharge Pty Ltd	20,955	21,319
– CityFleet Networks Ltd	972	1,844
Share of associates' income tax expense		
– ComfortDelGro Cabcharge Pty Ltd	(6,455)	(6,106)
– CityFleet Networks Ltd	(136)	(395)
Share of associates' profit after income tax	**15,336**	**16,662**

c) Summarised presentation of aggregate assets, liabilities and performance of associates (all 100% figures)

	2016 $'000	2015 $'000
ComfortDelGro Cabcharge Pty Ltd		
Current assets	123,637	81,215
Non-current assets	933,054	960,936
Total assets	1,056,691	1,042,151
Current liabilities	(84,083)	(77,064)
Non-current liabilities	(458,706)	(480,984)
Total liabilities	(542,789)	(558,048)
Net assets	513,902	484,103
Revenues	352,993	345,658
Profit after income tax of associates	29,591	31,047
CityFleet Networks Ltd		
Current assets	36,952	38,569
Non-current assets	21,897	28,441
Total assets	58,848	67,010
Current liabilities	(8,748)	(11,274)
Non-current liabilities	(1,044)	(1,212)
Total liabilities	(9,791)	(12,486)
Net assets	49,057	54,524
Revenues	115,581	114,567
Profit after income tax of associates	1,707	2,957

d) Impairment considerations

CityFleet Networks Ltd

The Group has assessed the recoverable amount of the investment in CityFleet Networks Ltd at 30 June 2016 based on the historical operating performance and independent sources of expected UK Taxi Industry future performance. After assessing the recoverable amount of this investment based on its value-in-use, using a discounted projected cash flow model, the Group determined that no impairment charge was required (FY15: impairment charge of $10,271,000). This is reflected in the segment result of the taxi related services in Note 32. In assessing the recoverable amount of this investment, the Group has applied an average revenue growth rate of 1.9% (FY15: 1.7%) which results in an average free cash flow growth rate of 10.1% for each of the next five years (FY15: 2.9%), a long-term growth rate of 1.8% into perpetuity (FY15: 1.9%), and a pre-tax discount rate of 8.9% (FY15: 9.1%). The discount rate reflects UK market assumptions at the reporting date for the risk free rate, the market risk premium, the cost of debt and the beta. The value-in-use of this investment is most sensitive to the discount rate and the exchange rate.

ComfortDelGro Cabcharge Pty Ltd

ComfortDelGro Cabcharge Pty Ltd provides route, school and charter bus services in Australia. After assessing the recoverable amount of the investment in ComfortDelGro Cabcharge Pty Ltd based on its value-in-use, using a discounted projected cash flow model, the Group determined that no impairment charge was required. In assessing the recoverable amount of this investment, the Group has applied an average earning growth rate of 2.9% (FY15: 0%) for the next five years, a long term growth rate of 2.9% (2015: 2.5%) into perpetuity and a pre-tax discount rate of 10.4% (2015: 8.4%) This long term growth rate reflects the general estimated long term Australian economic growth and the discount rate is based on Australian market assumptions for the risk free rate, the market risk premium, the cost of debt and the beta.

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12. PROPERTY, PLANT AND EQUIPMENT

Accounting policies

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income/other expense in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

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. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

	Land & buildings $'000	Furniture, fittings, plant and equipment $'000	Eftpos equipment $'000	Total $'000
2016 year:				
Cost				
Opening balance	**17,691**	**43,970**	**25,057**	**86,718**
Additions	–	4,049	11,521	15,570
Additions through acquisition	–	106	–	106
Reclassification	240	1,744	–	1,984
Disposals	(4,314)	(643)	(2,514)	(7,471)
Closing balance	**13,617**	**49,226**	**34,064**	**96,907**
Accumulated depreciation				
Opening balance	**(3,728)**	**(29,382)**	**(14,583)**	**(47,693)**
Depreciation expense	(258)	(7,140)	(4,387)	(11,785)
Reclassification	–	(480)	–	(480)
Disposals	570	451	2,263	3,284
Closing balance	**(3,416)**	**(36,551)**	**(16,707)**	**(56,674)**
Net Book Value				
Opening balance	**13,963**	**14,588**	**10,474**	**39,025**
Closing balance	**10,201**	**12,675**	**17,357**	**40,233**
2015 year:				
Cost				
Opening balance	**17,686**	**41,398**	**16,627**	**75,711**
Additions	5	3,123	8,430	11,558
Disposals	–	(551)	–	(551)
Closing balance	**17,691**	**43,970**	**25,057**	**86,718**
Accumulated depreciation				
Opening balance	**(3,482)**	**(23,053)**	**(10,911)**	**(37,446)**
Depreciation expense	(246)	(6,426)	(3,672)	(10,344)
Disposals	–	97	–	97
Closing balance	**(3,728)**	**(29,382)**	**(14,583)**	**(47,693)**
Net Book Value				
Opening balance	**14,204**	**18,345**	**5,716**	**38,265**
Closing balance	**13,963**	**14,588**	**10,474**	**39,025**

13. DEFERRED TAX ASSETS AND LIABILITIES

Accounting policies

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences relating to investments in subsidiaries and associates to the extent that the Group is able to control the timing or reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Recognised deferred tax assets and liabilities and the movements in these balances are set out below:

	Opening balance $'000	Charged to income $'000	Charged to equity $'000	Acquisitions $'000	Closing balance $'000
2016 year:					
Accumulated impairment losses – receivables	313	1	–	–	314
Provision for employee entitlements	1,537	(117)	–	29	1,449
Accruals	173	48	–	–	221
Tax losses	1,570	–	–	–	1,570
Interest rate derivatives	295	–	(259)	–	36
Intangible assets	1,890	–	–	–	1,890
Prepayments	(416)	68	–	–	(348)
Revaluations of available-for-sale financial assets	(1,411)	1,419	–	–	8
Other taxable temporary differences	(321)	–	–	–	(321)
	3,630	**1,419**	**(259)**	**29**	**4,819**
2015 year:					
Accumulated impairment losses – receivables	274	39	–	–	313
Provision for employee entitlements	1,631	(94)	–	–	1,537
Accruals	158	15	–	–	173
Tax losses	1,612	(42)	–	–	1,570
Interest rate derivatives	268	–	27	–	295
Intangible assets	1,890	–	–	–	1,890
Prepayments	(255)	(161)	–	–	(416)
Revaluations of available-for-sale financial assets	(906)	–	(505)	–	(1,411)
Other taxable temporary differences	(321)	–	–	–	(321)
	4,351	**(243)**	**(478)**	**–**	**3,630**

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14. TAXI PLATE LICENCES

Accounting policies

Taxi and other licences acquired separately are reported at cost less accumulated amortisation and impairment losses. Taxi and other licences with finite useful lives are amortised on a straight-line basis over their estimated useful lives between 10 to 50 years in current and comparative periods depending on the licence. Taxi and other licences with indefinite useful lives are not amortised. Such assets are tested for impairment in accordance with the policy.

Impairment testing

Taxi plate licences with indefinite useful lives are tested for impairment annually, and whenever there is any indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

a) Composition and movement

		Finite life		
	Indefinite life $'000	50 year renewable $'000	10 year $'000	Total $'000
2016 year:				
Cost				
Opening balance	**65,045**	**5,600**	**3,319**	**73,964**
Additions	–	–	–	–
Impairment	(27,680)	–	–	(27,680)
Disposals	–	–	–	–
Closing balance	**37,365**	**5,600**	**3,319**	**46,284**
Accumulated amortisation				
Opening balance	**–**	**(1,630)**	**(1,414)**	**(3,044)**
Amortisation expense	–	(1,999)	–	(1,999)
Disposals	–	–	–	–
Closing balance	**–**	**(3,629)**	**(1,414)**	**(5,043)**
Net book value				
Opening balance	**65,045**	**3,970**	**1,905**	**70,920**
Closing balance	**37,365**	**1,971**	**1,905**	**41,241**
2015 year:				
Cost				
Opening balance	**65,045**	**5,600**	**3,319**	**73,964**
Additions	–	–	–	–
Disposals	–	–	–	–
Closing balance	**65,045**	**5,600**	**3,319**	**73,964**
Accumulated amortisation				
Opening balance	**–**	**(1,536)**	**(1,045)**	**(2,581)**
Amortisation expense	–	(94)	(369)	(463)
Disposals	–	–	–	–
Closing balance	**–**	**(1,630)**	**(1,414)**	**(3,044)**
Net book value				
Opening balance	**65,045**	**4,064**	**2,274**	**71,383**
Closing balance	**65,045**	**3,970**	**1,905**	**70,920**

b) Impairment considerations

After assessing the recoverable amount of indefinite life taxi plate licences based on value-in-use, using a discounted projected cash flow model, the Group determined that impairment charge of $27,680,000 was required (FY15: nil). In assessing the recoverable amount of such licences, the Group has applied average earning growth forecasts of between -3.0% to 2.2% (2015: between 1.5% to 2.5%) for each of the next five years, long term growth rates of 2.35% (2015: 2.5%) into perpetuity and a pre-tax discount rate of 11.8% (2015: 8.3%). This long term growth rate reflects the general estimated long term Australian economic growth and the discount rate is based on Australian market assumptions for the risk free rate, the market risk premium, the cost of debt and the beta.

15. GOODWILL

Accounting policies

Goodwill arising on the acquisition of a subsidiary is included in intangible assets. For the measurement of goodwill at initial recognition, see Note 10. Goodwill is subsequently measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Impairment testing

Goodwill is tested for impairment annually, and whenever there is any indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss. An impairment loss in respect of goodwill is not reversed.

Impairment considerations

Goodwill is allocated to the Group's Cash Generating Units (CGU) as set out below and assessment of the recoverable amount for each CGU has been performed on a value-in-use basis using discounted cash flow projections. To determine value-in-use, free cash flows have been projected for five years based on actual operating results for the current year (between -18.7% to 9.7% annual growth) plus a long term growth rate of 2.35% after 5 years. A pre-tax discount rate of 10.4% was applied in determining recoverable amount. This long term growth rate reflects the general estimated long term Australian economic growth and the discount rate is based on Australian market assumptions for the risk free rate, the market risk premium, the cost of debt, the risk of the specific CGU and the beta. For the purpose of impairment testing, goodwill is allocated to groups of CGU, according to business operation and / or geography of operation, which represent the lowest level at which the goodwill is monitored for internal management purposes.

		Carrying value		Impairment loss	
	CGU	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Cabcharge Australia Limited	CAB	5,405	5,405	–	–
Combined Communications Network	CCN	3,572	3,572	–	–
Black Cabs Combined	BCC	6,272	6,055	–	–
		15,249	**15,032**	**–**	**–**

	CAB $'000	CCN $'000	BCC $'000	Total $'000
2016 year:				
Cost				
Opening balance	**5,405**	**3,572**	**6,055**	**15,032**
Additions through acquisition	–	–	217	217
Closing balance	**5,405**	**3,572**	**6,272**	**15,249**

For more information about the goodwill additions through acquisition, see Note 10.

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16. INTELLECTUAL PROPERTY

Accounting policies

Intangible assets acquired in a business combination
Intangible assets acquired in a business combination primarily relating to customer contracts, trademarks and brand names are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Trademarks and brand names are considered to have indefinite useful lives and such assets are tested for impairment in accordance with the policy below.

Capitalised development costs
Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, borrowing and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss when incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses.

Impairment testing
Intangible assets with indefinite useful lives are tested for impairment annually, and whenever there is any indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Impairment considerations

The recoverable amount of trademarks and brand names was estimated based on the present value of the future cash flows expected to be derived from the usage of trademarks and brand names, using pre-tax discount rate of 10.4%, an average growth rate of 2.35% over the next five years and long term growth rate of 2.35%.

	Indefinite life	Finite life		
	Trademarks $'000	Customer contracts $'000	Capitalised development costs $'000	Total $'000
2016 year:				
Cost				
Opening balance	**1,850**	**1,160**	**23,587**	**26,597**
Additions – internally developed	–	–	3,059	3,059
Additions – through acquisition	–	1,675	–	1,675
Disposals	–	–	–	–
Closing balance	**1,850**	**2,835**	**26,646**	**31,331**
Accumulated amortisation				
Opening balance	**–**	**(529)**	**(16,937)**	**(17,466)**
Amortisation expense	–	(366)	(1,518)	(1,884)
Disposals	–	–	–	–
Closing balance	**–**	**(895)**	**(18,455)**	**(19,350)**
Net book value				
Opening balance	**1,850**	**631**	**6,650**	**9,131**
Closing balance	**1,850**	**1,940**	**8,191**	**11,981**

	Indefinite life	Finite life		
	Trademarks $'000	Customer contracts $'000	Capitalised development costs $'000	Total $'000
2015 year:				
Cost				
Opening balance	**1,850**	**1,160**	**21,451**	**24,461**
Additions – internally developed	–	–	2,136	2,136
Disposals	–	–	–	–
Closing balance	**1,850**	**1,160**	**23,587**	**26,597**
Accumulated amortisation				
Opening balance	**–**	**(352)**	**(14,492)**	**(14,844)**
Amortisation expense	–	(177)	(2,445)	(2,622)
Disposals	–	–	–	–
Closing balance	**–**	**(529)**	**(16,937)**	**(17,466)**
Net book value				
Opening balance	**1,850**	**808**	**6,959**	**9,617**
Closing balance	**1,850**	**631**	**6,650**	**9,131**

17. TRADE AND OTHER PAYABLES

Accounting policies

Trade and other payables are recognised at the fair value of the invoice received from the supplier. The carrying value of trade and other payables is considered to approximate fair value.

Good and Services Tax (GST)

Payables in the balance sheet are shown inclusive of GST.

	2016 $'000	2015 $'000
Trade payables	9,486	11,233
Other payables and accruals	9,090	12,357
Unearned revenue	4,550	4,415
	23,126	**28,005**

For more information about the Group's exposure to liquidity risk, see Note 31.

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18. LOANS AND BORROWINGS

Accounting policies

Loans and borrowings are recognised initially at fair value, being the consideration received, less directly attributable transaction costs, with subsequent measurement at amortised cost using the effective interest rate method.

a) Composition

	2016 $'000	2015 $'000
Unsecured loans	3,663	5,199
Bank borrowings	106,000	123,000
	109,663	**128,199**

b) Disclosure in the Consolidated Statement of Financial Position

Current liability	3,663	5,199
Non-current liability	106,000	123,000
	109,663	**128,199**

The unsecured loans are at-call and bear variable interest rates at 2%. All bank borrowings are denominated in Australian dollars. The bank borrowings are secured by a registered first mortgage over all commercial properties and first registered charge over the fixed and floating assets of the Group. The bank borrowing facility is a revolving facility and is reviewed annually with the bank. The total bank borrowing of $106m as at 30 June 2016 is repayable in the 2018 financial year.

Bank borrowings bear interest at rates from 3.35% to 3.7%.

In August 2016, the Company entered into agreements with its lending banks to extend its current finance facility term for a further two years from 1 July 2017 to 1 July 2019. The Company also reduced the finance facility limits from $200 million to $160 million given an extended period of operating significantly within our credit facility levels and recognising the commitment fee cost of unutilised lines of credit.

For more information about the Group's exposure to interest rate and liquidity risk, see Note 31.

19. EMPLOYEE BENEFITS

Accounting policies

Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave represent the present obligations resulting from employees' services provided up to reporting date. The provisions have been calculated at undiscounted amounts based on expected wage and salary rates that the Group expects to pay as at reporting date and include related on-costs, such as workers' compensation insurance and payroll tax. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Long service leave

The provision for employee benefits for long service leave represents the present value of the estimated future cash outflows to be made by the Group resulting from employees' services provided up to the reporting date. The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the rates attaching to corporate bonds at reporting date which most closely match the terms of maturity of the related liabilities.

Superannuation plans

The Group contributes to defined contribution superannuation funds for the benefit of employees or their dependants on retirement, resignation, disablement or death. The Group contributes a percentage of individual employees' gross income and employees may make additional contributions on a voluntary basis. Obligations for contributions to defined contribution superannuation funds are recognised as an employee benefits expense in profit or loss in the periods during which services are rendered by employees.

a) Composition

	2016 $'000	2015 $'000
Annual leave provision	2,178	2,302
Long service leave provision	2,557	2,823
	4,735	**5,125**

b) Disclosure in the Consolidated Statement of Financial Position

Current provision	4,095	4,298
Non-current provision	640	827
	4,735	**5,125**

20. SHARE CAPITAL AND RESERVES

Accounting policies

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Foreign Currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investment is derecognised or impaired.

Employee Compensation Reserve

The fair value of LTI plans granted is recognised in the employee compensation reserve over the vesting period.

a) Composition and movement in issued capital (number of shares)

	2016 (number)	2015 (number)
Composition of issued capital		
Fully paid ordinary shares	**120,430,683**	**120,430,683**

b) Composition and movement in share capital (dollars)

	2016 $'000	2015 $'000
Composition of share capital		
Fully paid ordinary shares	**138,325**	**138,325**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

20. SHARE CAPITAL AND RESERVES (CONTINUED)

c) Options over unissued shares

No options were granted during the year and there were no options outstanding at the end of the financial year. Performance rights were awarded during the year and they may be converted into ordinary shares, subject to Board's discretion.

d) Terms and conditions applicable to ordinary shares

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation. The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid.

e) Composition and movement in reserves

	Foreign currency translation reserve $'000	Hedging reserve $'000	Capital reserve $'000	Fair value reserve $'000	Employee compensation reserve $'000	Total $'000
2016 year:						
Opening balance	**(1,010)**	**(689)**	**(914)**	**3,303**	**78**	**768**
Net change in fair value of available-for-sale financial assets, net of tax	–	–	–	–	–	–
Net change in fair value of available-for-sale financial assets transferred to profit or loss, net of tax	–	–	–	(3,312)	–	(3,312)
Effective portion of change in fair value of cash flow hedge	–	603	–	–	–	603
Share of associates' change in reserve, net of tax	(3,035)	–	–	–	–	(3,035)
Share-based payments	–	–	–	–	91	91
Closing balance	**(4,045)**	**(86)**	**(914)**	**(9)**	**169**	**(4,885)**
2015 year:						
Opening balance	**(4,104)**	**(625)**	**(914)**	**2,124**	**–**	**(3,519)**
Net change in fair value of available-for-sale financial assets, net of tax	–	–	–	1,269	–	1,269
Net change in fair value of available-for-sale financial assets transferred to profit or loss, net of tax	–	–	–	(90)	–	(90)
Effective portion of change in fair value of cash flow hedge	–	(64)	–	–	–	(64)
Share of associates' change in reserve, net of tax	3,094	–	–	–	–	3,094
Share-based payments	–	–	–	–	78	78
Closing balance	**(1,010)**	**(689)**	**(914)**	**3,303**	**78**	**768**

21. DIVIDENDS

Accounting policies

Dividends

Dividends are recognised as a liability in the period in which they are declared.

The following fully franked dividends were paid, franked at a tax rate of 30%.

	2016 $'000	2015 $'000
2016 year interim – 10.0 cents per share	12,043	–
2015 year final – 10.0 cents per share	12,043	–
2015 year interim – 10.0 cents per share	–	12,043
2014 year final – 10.0 cents per share	–	12,043
Total dividends paid	**24,086**	**24,086**

Dividends cents per share – paid / payable

	2016	2015
Interim	10.00	10.00
Final	10.00	10.00
Total	**20.00**	**20.00**

The final 10 cents per share fully franked dividend was declared after balance date and has not been provided for. It is scheduled for payment on 31 October 2016. The declaration and subsequent payment of dividends has no income tax consequences to the Company. The financial effect of these dividends has not been brought to account in the financial statements for the financial year ended 30 June 2016 and will be recognised in subsequent financial statements.

22. EARNINGS PER SHARE (EPS)

Accounting policies

Basic earnings per share (EPS) is calculated by dividing the profit attributable to equity holders for the reporting period by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by dividing the profit attributable to equity holders for the reporting period by the weighted average number of ordinary shares outstanding including dilutive potential ordinary shares.

	2016	2015
Consolidated profit attributable to ordinary shareholders of the Company (in thousands of AUD)	25,616	46,548
Weighted average number of fully paid ordinary shares outstanding during the year used in calculation of basic EPS (in thousands of shares)	120,431	120,431

Any potential dilution in Cabcharge's earnings per share which might arise following the exercise of the LTI awards is immaterial given the number of existing shares on issue.

	2016	2015
Basic EPS	21.3 cents	38.7 cents
Diluted EPS	21.3 cents	38.7 cents

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For the year ended 30 June 2016

23. DIVIDEND FRANKING BALANCE

	2016 $'000	2015 $'000
Balance at the end of the financial year including franking credits arising from income tax payable in respect of the financial year.	78,126	71,841

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:

(a) franking credits that will arise from the payment of the current tax liabilities;

(b) franking debits that will arise from the payment of dividends recognised as a liability at the year-end;

(c) franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated group at the year-end; and

(d) franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. The impact on the dividend franking account of dividends proposed after the balance sheet date but not recognised as a liability is to reduce it by $5,161,000 (2015: $5,161,000). In accordance with the tax consolidation legislation, the Company as the head entity in the tax consolidated group has also assumed the benefit of $78,126,000 (2015: $71,841,000) franking credits.

24. PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ended 30 June 2016 the parent entity of the Group was Cabcharge Australia Limited.

	Parent Entity	
	2016 $'000	2015 $'000
Result of the parent entity		
Profit for the year	32,814	39,785
Other comprehensive income	(1,161)	1,166
Total comprehensive income for the year	**31,653**	**40,951**
Financial position of parent entity at year end		
Current assets	86,461	83,640
Non-current assets	445,229	458,541
Total assets	**531,690**	**542,181**
Current liabilities	7,982	6,867
Non-current liabilities	247,774	264,886
Total liabilities	**255,756**	**271,753**
Total equity of the parent entity comprising of:		
Share capital	138,325	138,325
Reserves	168	3,390
Retained earnings	137,441	128,713
Total equity	**275,934**	**270,428**

Parent entity financial guarantees

The Company's policy is to provide financial guarantees only to wholly-owned subsidiaries and associates. An associate of the Company (ComfortDelGro Cabcharge Pty Ltd) has a secured loan facility of $8.4 million provided by an unrelated financial institution. The Company has guaranteed the loan to the extent of its 49% ownership interest in the associate. The fair value of financial guarantee contract is estimated to be zero based on the Directors' assessment of the probability of a default event.

Parent entity capital expenditure commitments

The Company has not entered into any contracts to purchase plant and equipment for which amounts have not been provided as at 30 June 2016 (2015: nil).

Parent entity guarantees in respect of the debts of its subsidiaries

The parent entity has entered into a Deed of Cross Guarantee with the effect that the Company guarantees debts in respect of certain subsidiaries.

Further details of the Deed of Cross Guarantee and the subsidiaries subject to the deed are disclosed in Note 25.

25. DEED OF CROSS GUARANTEE

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly-owned subsidiaries listed below are relieved from the *Corporations Act 2001* requirements for preparation, audit and lodgement of financial reports, and Directors' reports.

It is a condition of the Class Order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the *Corporations Act 2001*. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

During the year the Company has entered into a Deed of Cross Guarantee with its wholly-owned subsidiaries.

The subsidiaries subject to the Deed are:

- Taxis Combined Services Pty Ltd
- Black Cabs Combined Pty Ltd
- Yellow Cabs (South Australia) Pty Ltd

The Consolidated income statement and retained earnings for the Company and controlled entities which are a party to the Deed is as follows:

	2016 $'000	2015 $'000
Revenue	166,194	161,244
Expenses	(110,139)	(103,713)
Results from operating activities	**56,055**	**57,531**
Finance income	896	1,296
Finance costs	(5,615)	(6,702)
Profit before income tax	**51,336**	**52,125**
Income tax expense	(16,581)	(11,801)
Profit after income tax	**34,755**	**40,324**
Retained earnings at beginning of year	225,280	209,042
Dividends provided for or paid	(24,086)	(24,086)
Retained earnings at end of year	**235,949**	**225,280**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

25. DEED OF CROSS GUARANTEE (CONTINUED)

The Consolidated financial position for the Company and controlled entities which are a party to the Deed is as follows:

	2016 $'000	2015 $'000
CURRENT ASSETS		
Cash and cash equivalents	9,192	19,731
Trade and other receivables	61,515	48,257
Inventories	1,213	1,556
Other current assets	982	1,177
TOTAL CURRENT ASSETS	**72,902**	**70,721**
NON-CURRENT ASSETS		
Trade and other receivables	1,140	2,388
Advances to associates	18,812	18,812
Investments	363,522	369,644
Property, plant and equipment	30,849	29,455
Net deferred tax assets	1,611	359
Taxi plate licences	25,736	43,987
Goodwill	14,392	14,175
Intellectual property	6,131	5,341
TOTAL NON-CURRENT ASSETS	**462,193**	**484,161**
TOTAL ASSETS	**535,095**	**554,882**
CURRENT LIABILITIES		
Trade and other payables	20,534	32,902
Interest rate swaps	123	985
Current tax liabilities	4,103	1,506
Employee benefits	3,390	3,505
TOTAL CURRENT LIABILITIES	**28,150**	**38,898**
NON-CURRENT LIABILITIES		
Non-interest bearing liabilities	25,582	25,582
Loans and borrowings	106,000	123,000
Employee benefits	520	688
TOTAL NON-CURRENT LIABILITIES	**132,102**	**149,270**
TOTAL LIABILITIES	**160,252**	**188,168**
NET ASSETS	**374,843**	**366,714**
EQUITY		
Share capital	138,325	138,325
Reserves	569	3,109
Retained earnings	235,949	225,280
TOTAL EQUITY	**374,843**	**366,714**

26. RELATED PARTY AND KEY MANAGEMENT PERSONNEL (KMP) DISCLOSURES

Apart from the details disclosed in this note, no key management personnel (KMP) have entered into a material contract with the Company or the Group since the end of the previous financial year and there are no material contracts involving key management personnel interests existing at year end.

a) KMP compensation (including Non-executive Directors)

	2016 $	2015 $
Short-term employee benefits – salary, fees, non-cash benefits and cash bonus	3,011,828	3,611,374
Post-employment benefits – superannuation	191,260	207,983
Other long-term benefits	34,041	62,211
Termination benefits	18,355	–
Share-based payment expense	91,154	77,520
	3,346,638	**3,959,088**

The Company has taken advantage of the relief provided by Corporations Act Regulation 2M.3.03 and has transferred the detailed remuneration disclosures to the Directors' Report. The relevant information can be found in the Remuneration Report within the Directors' Report.

b) Loans to Directors and other KMP

No loans are made to Directors or other KMP.

c) Transactions with Directors and other KMP

The Group has no transactions with related parties in the reporting period.

d) Other related party transactions

Related parties	Relationship	Nature of transaction	2016 $	2015 $
ComfortDelGro Cabcharge Pty Ltd (CDC)	Associate	(i)	(18,812,086)	(18,812,086)

(i) The shareholders in CDC have loaned funds to CDC, in amounts pro rata to their respective shareholdings, for bus acquisitions and other capital expenditures. The amount receivable by the Group is $18,812,086 reflecting 49% of the total shareholder loans. The shareholder loans shall be repaid after external bank borrowings are repaid.

27. REMUNERATION OF AUDITORS

	2016 $	2015 $
Audit services		
Auditors of the Company – KPMG Australia		
Audit and review of financial reports	349,000	358,300
Other regulatory services	65,600	14,200
Other auditors		
Audit and review of financial reports	75,000	50,000
Other services		
Auditors of the Company – KPMG Australia		
Taxation services	107,121	75,872
Other assurance services	–	8,660
Other auditors		
Others	236,282	75,520
	833,003	**582,552**

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28. PARTICULARS RELATING TO CONTROLLED ENTITIES

	Group Interest % 2016	Group Interest % 2015
135466 Pty Ltd	100	100
ABC Radio Taxi Pty Ltd	100	100
Access Communications Net Pty Ltd	100	100
Arrow Taxi Services Pty Ltd	100	100
Austaxi Group Pty Ltd	100	100
Black Cabs Combined Car Sales Pty Ltd	100	100
Black Cabs Combined Pty Ltd	100	100
Cab Access Pty Ltd	100	100
Cabcharge (Investments) Pty Ltd	100	100
Carbodies Australia Pty Ltd	100	100
Combined Communications Network Pty Ltd	100	100
EFT Solutions Pty Ltd	100	100
Enterprise Speech Recognition Pty Ltd	100	100
Go Taxis Pty Ltd	100	100
Helpline Australia Pty Ltd	100	100
Mact Franchise Pty Ltd	100	100
Mact Network Pty Ltd	100	100
Mact Rental Pty Ltd	100	100
Maxi Taxi (Australia) Pty Ltd	100	100
Melbourne Taxi Cab Service Pty Ltd	100	100
Newcastle Taxis Pty Ltd	100	100
North Suburban Taxis (Vic) Pty Ltd	100	100
Silver Service (Victoria) Pty Ltd	100	100
Silver Service Taxis Pty Ltd	100	100
South Western Cabs (Radio Room) Pty Ltd	100	100
Taxi Data Australia Pty Ltd	58	58
Taxi Services Management (Newcastle) Pty Ltd	100	100
TaxiProp Pty Ltd	100	100
Taxis Australia Pty Ltd	58	58
Taxis Combined Services (Vic) Pty Ltd	100	100
Taxis Combined Services Pty Ltd	100	100
Taxitech Pty Ltd	100	100
TCS Communications (Vic) Pty Ltd	–	100
Thirteen Hundred Pty Ltd	100	100
Voci Asia Pacific Pty Ltd	100	100
Yellow Cabs of Sydney Pty Ltd	100	100
Yellow Cabs South Australia Pty Ltd	100	100
Yellow Cabs Victoria Pty Ltd	100	100
Cabcharge (Europe) Ltd	100	100
Cabcharge International Limited	–	100
Cabcharge New Zealand Limited	100	100
Cabcharge North America Ltd	93	93

29. CAPITAL EXPENDITURE COMMITMENTS

The Group has not entered into any contracts to purchase plant and equipment for which amounts have not been provided as at 30 June 2016 (2015: nil).

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Accounting policies

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Consolidated Statement of Cash Flows.

The carrying value of cash is considered to approximate fair value.

Good and Services Tax (GST)

Cash flows are presented in the Consolidated Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

a) Reconciliation of net cash provided by operating activities with profit from ordinary activities after income tax

	2016 $'000	2015 $'000
Profit from ordinary activities after income tax	25,616	46,548
Adjustment for non-cash items:		
Depreciation and amortisation	15,668	13,428
Net (profit) / loss on disposal of property, plant and equipment	(13,921)	(9)
Net (profit) / loss on sale of investments	(4,493)	(134)
Share-based payments	91	77
Impairment charge	27,680	10,271
Share of associated companies' net profit after income tax	(15,336)	(16,662)
Changes in assets and liabilities, net of the effects of purchase of subsidiaries:		
Change in trade and other debtors	12,714	(3,066)
Change in inventories	1,274	(1,176)
Change in creditors and accruals	(4,880)	5,671
Change in provisions	(449)	(310)
Change in income taxes payable	2,562	(4,866)
Change in deferred tax balances	–	241
Net cash provided by operating activities	**46,526**	**50,013**

b) Cash and cash equivalents

	2016 $'000	2015 $'000
Cash on hand and at bank	10,993	11,181
Money market deposits	2,046	12,675
Balance per Consolidated Statement of Cash Flows	**13,039**	**23,856**

c) Restricted cash

There was no restricted cash at 30 June 2016 (30 June 2015: $nil).

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

a) Overview

The Board of Director's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity. The Board also monitors the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group's target is to achieve a return exceeding its cost of capital. During the year ended 30 June 2016 the return was 6.6% (2015: 11.8%). In comparison, the weighted average interest expense on interest-bearing borrowings (excluding liabilities with imputed interest) was 4.4% (2015: 4.5%).

There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

The Group has exposure to the following risks from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout these Consolidated Financial Statements.

b) Financial risk management objectives

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Audit & Risk Committee, which is responsible for developing and monitoring risk management policies. The Committee reports regularly to the Board of Directors on its activities.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through their training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Audit & Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from Customers, associates and investment securities. The carrying value of cash and cash equivalents, trade and other receivables, advances to associates and available-for-sale financial assets represents the maximum credit exposure of these assets.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The Group minimises concentration of credit risk in relation to trade accounts receivable by undertaking transactions with a large number of Customers. However, all the Customers are concentrated in Australia.

Credit risk in trade receivables is managed in the following ways:

- The Audit & Risk Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered;
- Payment terms are 28 days;
- A risk assessment process is used for Customers over 90 days; and
- Cash or bank guarantee is obtained where appropriate.

The Group assumes the credit risk for the full value of taxi fares settled through the Cabcharge Payment System (see Note 3).

The Group has established an allowance for impairment that represents their estimate of incurred losses in respect of trade and other receivables and investments. An allowance has been made for estimated irrecoverable amounts from billings. The main component of this allowance is a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Investments

The Group limits its exposure to credit risk by investing in liquid securities, unlisted companies which are related to taxi business and having deposits with financial institutions.

The investment in unlisted companies was $1,839,000 as at 30 June 2016 (refer Note 9).

Financial Guarantee

The Company's policy is to provide financial guarantees only to wholly-owned subsidiaries and associates. An associate of the Company (ComfortDelGro Cabcharge Pty Ltd) has a secured loan facility of $8.4 million provided by an unrelated financial institution. The Company has guaranteed the loan to the extent of its 49% ownership interest in the associate. The fair value of financial guarantee contract is estimated to be zero based on the Directors' assessment of the probability of a default event.

d) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group undertakes the following activities to ensure that there will be sufficient funds available to meet obligations:

- Prepare budgeted annual and monthly cash flows;
- Monitor actual cash flows on a daily basis and compare to liquidity requirements;
- Maintain sufficient cash on demand to meet 8 weeks of operational expenses;
- Maintain standby money market and commercial overdraft facilities; and
- Maintain committed borrowing facility in excess of budgeted usage levels.

There has been no change in liquidity risk policies during the financial year.

Maturity profile of financial liabilities by remaining contractual maturities

	Carrying amount $'000	Contractual cashflows $'000	6 months or less $'000	6 to 12 months $'000	1 to 2 years $'000	2 to 5 years $'000
2016 year						
Trade and other payables	23,126	23,126	23,126	–	–	–
Loans and borrowings	109,663	113,556	3,793	–	109,763	–
Interest rate swaps used for hedging	123	123	–	–	123	–
	132,912	**136,805**	**26,919**	**–**	**109,886**	**–**
2015 year						
Trade and other payables	28,005	28,005	28,005	–	–	–
Loans and borrowings	128,199	133,135	5,399	–	–	127,736
Interest rate swaps used for hedging	985	985	–	–	985	–
	157,189	**162,125**	**33,404**	**–**	**985**	**127,736**

	2016 $'000	2015 $'000
Financial facilities		
Revolving credit facility	192,500	192,500
Multi option facility	7,500	7,500
Total facility	**200,000**	**200,000**
Amount used	**106,000**	**123,000**
Amount unused	**94,000**	**77,000**

The bank borrowings, as disclosed in Note 18, require the Group to comply with certain financial covenants which, if breached, could result in repayment of a portion or all of the borrowings earlier than indicated in the above table. The interest payments on variable interest rate loans and the future cash flows from interest rate swaps reflect market forward interest rate at the period end and these amounts may change as market interest rate change. The cash flows associated with interest rate swaps used for hedging are expected to impact profit or loss in the same periods in which they occur. Except for these financial liabilities, it is not expected that the cash flows included in the maturity profile could occur significantly earlier, or at significantly different amounts.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 8 weeks, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Group maintains lines of credit as detailed in the above table.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

e) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i) Currency risk

The Group has no significant exposure to foreign exchange risk in respect of the Company and the entities it controls. The Group used to have an available-for-sale investment denominated in Singapore Dollars (SGD) to which a currency risk applies. However, the Group disposed of this investment during the year.

The Company's associate, CityFleet Networks Ltd, conducts its operations in the United Kingdom and its transactions are denominated in Great British Pounds (GBP). These transactions are presented in the associate's financial statements in GBP. For equity accounting purposes the Group translates its share of profits into Australian Dollars (AUD) based on average monthly exchange rates.

Sensitivity analysis

A 10% strengthening of the AUD against the GBP across the reporting periods would have decreased equity and profit by $84,000 net of tax (2014: $145,000 net of tax). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2015. A 10% weakening of the AUD against the GBP would have had the equal but opposite effect, on the basis that all other variables remain constant.

ii) Interest rate risk

The principal risk to which financial assets and financial liabilities are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. The Group adopts a policy of maintaining a mix of fixed and floating interest rates ranging from 1 month to 2 years, to protect part of the loans from exposure to increasing interest rates. The Group enters into and designates interest rate swaps as hedges of the variability in cash flows attributable to interest rate risk.

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and the hedged item, including the risk management objectives and strategies in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group assesses, both at the inception of the hedge relationship and on an ongoing basis, whether the hedging instruments are expected to be highly effective in offsetting the changes in the cash flows of the respective hedged item attributable to the hedged risk, and whether the actual results of each hedge are within a range of between 80 to 125 percent.

Derivatives are recognised initially at fair value, attributable transaction costs are recognised in profit or loss as incurred. Subsequently, derivatives are measured at fair value. The effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires, or is terminated, then hedge accounting is discontinued prospectively.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amount	
	2016 $'000	2015 $'000
Fixed rate instruments		
Financial assets	9,265	14,626
Financial liabilities	(85,000)	(75,000)
	(75,735)	**(60,374)**
Variable rate instruments		
Financial assets	31,851	42,668
Financial liabilities	(24,663)	(53,199)
	7,188	**(10,531)**

Sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2015.

	Profit or loss		Equity	
	100 bp increase $'000	100 bp decrease $'000	100 bp increase $'000	100 bp decrease $'000
2016	(1,040)	1,040	(1,832)	1,832
2015	(1,215)	1,215	(1,912)	1,912

iii) Other market price risk

Equity price risk arises from available-for-sale equity securities. Management of the Group monitors equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Audit & Risk Committee.

f) Fair values

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, where applicable, are based on the government yield curve at the reporting date plus an adequate credit spread, and were as follows:

	2016	2015
Loans and borrowings	3.4% to 3.7%	3.5% to 4.2%
Finance lease receivables	7.5% to 12%	7.5% to 12%
Interest rate derivatives	2.1% to 3.3%	3% to 5%

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method.

The fair value of interest rate swaps is based on independent market valuations. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate

The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
30 June 2016				
Listed investments – available-for-sale financial assets	–	–	–	–
Interest rate swap used for hedging	–	(123)	–	(123)
	–	**(123)**	**–**	**(123)**
30 June 2015				
Listed investments – available-for-sale financial assets	6,072	–	–	6,072
Interest rate swap used for hedging	–	(985)	–	(985)
	6,072	**(985)**	**–**	**5,087**

There have been no transfers between levels for the year ended 30 June 2016.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

32. OPERATING SEGMENT

Accounting policies

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

The Group operates predominantly in one business and geographic segment being the provision of taxi related services in Australia and through an equity accounted associate in the UK.

An associate Company which is equity accounted by Cabcharge operates in a different business segment – being the provision of route, school and charter bus services in Australia.

	Taxi related services		Bus & coach services		Consolidated	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Revenue						
External revenue	168,808	187,963	–	–	168,808	187,963
Result						
Reported result	27,057	52,169	–	–	27,057	52,169
Share of net profit of associates	836	1,449	14,500	15,213	15,336	16,662
Segment result	27,893	53,618	14,500	15,213	42,393	68,831
Net finance costs					(393)	(5,567)
Income tax expense					(16,384)	(16,716)
Profit for the period					25,616	46,548
Other disclosures						
Segment assets, excluding investments accounted for using the equity method	234,017	272,510	–	–	234,017	272,510
Other-investments accounted for using the equity method	44,807	47,006	251,786	237,286	296,593	284,292
Segment liabilities	141,698	164,077	–	–	141,698	164,077
Depreciation and amortisation	15,668	13,428	–	–	15,668	13,428
Impairment charges	27,680	10,271	–	–	27,680	10,271

33. SHARE-BASED PAYMENT

Accounting policies

Long Term Incentives (LTI)

The Group has provided LTI awards to the CEO and other executives and granted them annually in the form of Rights. The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

Details of the operation of LTI awards are outlined in the Remuneration Report from page 44 to 58.

The total share-based payment expense for the year was $91,154 (FY15: $77,422).

a) Fair value

The fair value of the awards as at the valuation date is set out in the following table:

Grant date/employees entitled	Number of Rights	Vesting conditions	Valuation methodology	Fair Value	Expected vesting date	Performance Period
2016 year						
Rights granted to CEO and key management personnel On 6 June 2016	122,408	Absolute Total Shareholder Return (market condition)*	Monte Carlo simulation	$0.80	15 September 2019	1 July 2015 to 30 June 2019
	61,204	Strategic Milestone (non-market condition)*	Black Scholes	$2.67		
Total number of Rights	183,612					
2015 year						
Rights granted to CEO On 17 December 2014	28,834	Absolute Total Shareholder Return (market condition)*	Monte Carlo simulation	$1.56	15 September 2018	1 July 2014 to 30 June 2018
	14,202	Strategic Milestone (non-market condition)*	Binomial tree	$3.43		
Rights granted to key management personnel On 20 May 2015	49,386	Absolute Total Shareholder Return (market condition)*	Monte Carlo simulation	$2.30	15 September 2018	1 July 2014 to 30 June 2018
	24,324	Strategic Milestone (non-market condition)*	Binomial tree	$4.21		
Total number of Rights	116,746					

* Details of the operation of LTI awards are outlined in the Remuneration Report from page 44 to 58.

b) Key assumptions

The key assumptions adopted for valuation of the awards are summarised in the following table:

	2016	2015	
	6 June 2016	17 December 2014	20 May 2015
Share price at grant date	$3.22	$4.22	$4.82
Expected life	4 years	3.7 years	3.3 years
Expected volatility	35%	30%	30%
Dividend yield	5.9%	5.5%	4.1%
Risk-free interest rate	1.53%	2.25%	2.14%

c) Reconciliation

The reconciliation of outstanding rights is shown the following table:

	Number of Rights	
Performance Rights reconciliation	2016	2015
Rights outstanding as at 1 July	116,746	–
Rights granted	183,612	116,746
Rights forfeited	–	–
Rights lapsed	–	–
Rights exercised	–	–
Rights outstanding as at 30 June	**300,358**	**116,746**
Rights exercisable as at 30 June	–	–

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

34. SUBSEQUENT EVENT

Dividends

The Directors have declared a final dividend of 10 cents per share (fully franked) scheduled to be paid on 31 October 2016. The record date to determine entitlement to dividend is 30 September 2016.

Bank Facility

In August 2016, the Company entered into agreements with its lending banks to extend its current finance facility term for a further two years from 1 July 2017 to 1 July 2019. The Company also reduced the finance facility limits from $200 million to $160 million given an extended period of operating significantly within our credit facility levels and recognising the commitment fee cost of unutilised lines of credit.

Taxi plate licences in Victoria

On 23 August 2016 Victoria State Government announced that all taxi licensing requirements will be removed effective early 2018. The Group has recognised the impairment charge to reduce the carrying amount of all taxi plate licences in Victoria to zero.

Other than the matters above, there have been no events subsequent to the reporting date that would have had a material impact on the Group's financial statements as at 30 June 2016.

Directors' Declaration

1. In accordance with a resolution of the Directors of Cabcharge Australia Limited (Company), we declare that
   a. in the opinion of the Directors, the Consolidated Financial Statements and Notes set out on page 61 to 96, and the Remuneration Report in the Directors' Report, set out on page 44 to 58, are in accordance with the *Corporations Act 2001*, including:
      i. giving a true and fair view of the Group's financial position at 30 June 2016 and of the performance for the financial year ended on that date; and
      ii. complying with Australian Accounting Standards and the Corporations Regulations 2001;
   b. in the opinion of the Directors, there are reasonable grounds to believe that the Company and the controlled entities identified which are a party to the Deed as identified in Note 25 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.
   c. the Directors have been given the declarations required to be made in accordance with Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2016.

Note 2(a) confirms that the financial statement also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Signed in accordance with the resolution of the Directors.

Russell Balding, AO
Chairman

Andrew Skelton
Managing Director

Dated at Sydney this 26 day of August 2016.

Independent Auditor's Report

For the year ended 30 June 2016

Independent auditor's report to the members of Cabcharge Australia Limited

Report on the financial report

We have audited the accompanying financial report of Cabcharge Australia Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2016, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 34 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company and 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 2a, 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.

Independence

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

KPMG

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 June 2016 and of its performance for the year ended on that date; and

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

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

Report on the remuneration report

We have audited the Remuneration Report included in 45 to 58 of the directors' report for the year ended 30 June 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 Cabcharge Australia Limited for the year ended 30 June 2016, complies with Section 300A of the Corporations Act 2001.

KPMG

KPMG

Julie Cleary
Partner

Sydney

26 August 2016

Additional ASX Information

For the year ended 30 June 2016

SPREAD OF SHAREHOLDERS AS AT 29 JULY 2016

Holding	No of shareholders	No of shares	% of issued capital
1 – 1,000	2,126	1,167,789	0.97
1,001 – 5,000	2,165	5,598,832	4.65
5,001 – 10,000	602	4,108,290	3.41
10,001 – 100,000	582	14,678,828	12.19
100,001 and over	35	94,876,944	78.78
Total	**5,510**	**120,430,683**	**100.00**

There were 346 shareholders each holding less than a marketable parcel of shares (based on CAB's closing market price on 29 July 2016).

SUBSTANTIAL HOLDINGS AS AT 29 JULY 2016

Entity name	Number of shares held
Lazard Asset Management Pacific Co	17,743,215
Aberdeen Group	11,831,027
ComfortDelGro	11,611,680
Edgbaston Investment Partners	7,221,474
Dimensional Fund Advisors	5,918,191

Information included in the substantial holdings table is sourced from publicly disclosed document releases or the register that the Company maintains in accordance with section 672DA of the Corporations Act, in each case as at 29 July 2016.

TOP 20 SHAREHOLDERS AS AT 29 JULY 2016

	Name	No. Shares	% Issued Capital
1	HSBC Custody Nominees (Australia) Limited	22,142,967	18.39
2	J P Morgan Nominees Australia Limited	16,663,614	13.84
3	National Nominees Limited	10,172,804	8.45
4	BNP Paribas Noms Pty Ltd	9,740,239	8.09
5	Pershing Australia Nominees Pty Ltd	8,980,676	7.46
6	Citicorp Nominees Pty Limited	7,247,648	6.02
7	RBC Investor Services Australia Nominees Pty Limited	4,383,019	3.64
8	BNP Paribas Nominees Pty Ltd	3,752,109	3.12
9	Swan Taxis Pty Ltd	2,631,004	2.18
10	Legion Cabs (Trading) Co-Operative Society Limited	1,750,000	1.45
11	Brispot Nominees Pty Ltd	1,380,319	1.15
12	Warbont Nominees Pty Ltd	752,256	0.62
13	Sandhurst Trustees Ltd	530,000	0.44
14	Ms Faby Fielan Chong	525,487	0.44
15	RBC Investor Services Australia Nominees Pty Limited	506,364	0.42
16	National Exchange Pty Ltd	500,000	0.42
17	Mr Raymond John Meredith	303,702	0.25
18	HSBC Custody Nominees (Australia) Limited - A/C 2	297,641	0.25
19	Paden Valley Investments Pty Ltd	270,080	0.22
20	Prudential Nominees Pty Ltd	250,000	0.21
	Total	**92,779,929**	**77.06**

VOTING RIGHTS

In accordance with the Company's constitution, at a general meeting:

(a) on a show of hands, every shareholder present has one vote; and

(b) on a poll, every shareholder present has one vote for each fully paid share held by the shareholder and in respect of which the shareholder is entitled to vote.

At a general meeting, each member entitled to vote, may vote:

(a) in person, or, where a member is a body corporate, by its representative;

(b) by not more than two proxies; or

(c) by not more than two attorneys.

The Company has only one class of ordinary shares on issue, each with the same voting rights.

ASX LISTING

The Company's ordinary shares are quoted on the Australian Securities Exchange under the trading code 'CAB', with Sydney being the home exchange.

Details of trading activity are published in most daily newspapers and are also available on a 20 minute delayed basis, on our website. The Company is not currently conducting an on-market buy-back of its shares.

WEBSITE

All annual and half year results are available the Company's website www.cabcharge.com.au

A printed copy of the Annual Report will only be sent to shareholders who have elected to receive one.

ABN 99 001 958 390

Corporate Directory

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